

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

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

Commission File No. 1-12616

SUN COMMUNITIES, INC.
(Exact name of registrant as specified in its charter)

STATE OF MARYLAND
State of Incorporation

38-2730780
I.R.S. Employer I.D. No.

31700 MIDDLEBELT ROAD
SUITE 145
FARMINGTON HILLS, MICHIGAN 48334
(248) 932-3100
(Address of principal executive offices and telephone number)

Securities Registered Pursuant to Section 12(b) of the Act:
COMMON STOCK, PAR VALUE \$.01 PER SHARE

Securities Registered Pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[X]

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 X No

As of March 2, 1998, the aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant was approximately \$544,257,925 determined in accordance with the highest price at which the stock was sold on such date as reported by the New York Stock Exchange.

As of March 2, 1998, there were 16,625,341 shares of the Registrant's common stock issued and outstanding.

PART I

ITEM 1. BUSINESS

GENERAL

Sun Communities, Inc. (the "Company") owns, operates and finances manufactured housing communities concentrated in the midwestern and southeastern United States. The Company is a fully integrated real estate company which, together with its affiliates and predecessors, has been in the business of acquiring, operating and expanding manufactured housing communities since 1975. At December 31, 1997, the Company owned and managed a portfolio of 95 properties located in twelve states (the "Properties"), including eighty-four manufactured housing communities, five recreational vehicle communities, and six properties containing both manufactured housing and recreational vehicle sites. At December 31, 1997, the Properties contained an aggregate of 28,752 developed manufactured home sites, approximately 3,600 manufactured home sites suitable for development and 5,200 recreational vehicle sites. In order to enhance property performance and cash flow, the Company, through Sun Home Services, Inc., a Michigan corporation ("Home Services" or "SHS"), actively markets and sells new and used manufactured homes for placement in the Properties.

The Company made an election to be taxed as a REIT for federal income tax purposes commencing with the calendar year beginning January 1, 1994, and is self-administered and self-managed.

The Company's executive and principal property management office is located at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334 and its telephone number is (248) 932-3100. The Company has regional property management offices located in Elkhart, Indiana and Tampa, Florida. The Company, which is a Maryland corporation, employed 547 people as of December 31, 1997.

HISTORY OF THE COMPANY

The immediate predecessor to Sun Communities, Inc. was incorporated in January 1985 to continue and expand the business of acquiring, owning and operating manufactured housing communities that was originally started in 1975. Since its inception, the Company's strategy has been to acquire and in many cases expand or renovate existing manufactured housing communities. The Company has maintained this strategy because it believes attractive investment returns can be obtained by purchasing existing properties with expansion potential.

STRUCTURE OF THE COMPANY

The operations of the Company are carried on through certain subsidiaries (the "Subsidiaries"), including Sun Communities Operating Limited Partnership, a Michigan limited partnership (the "Operating Partnership") and Sun Communities Finance Limited Partnership, a Michigan limited partnership (the "Financing Partnership"), which, among other things, enables the Company to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs. The Company established the Operating Partnership to allow the Company to acquire manufactured housing communities in transactions that defer some or all of the sellers' tax consequences. Substantially all of the Company's assets are held by or through the Operating Partnership, of which the Company is the sole general partner, and wholly-owned subsidiaries of the Company. In addition to the Operating Partnership and the Financing Partnership, the Subsidiaries include Home Services, which provides manufactured home sales and other services to current and prospective tenants of the Properties. The Operating Partnership owns 100% of the non-voting preferred stock of Home Services, which entitles the Operating Partnership to 95% of the cash flow

from operating activities of Home Services. The voting common stock of Home Services is owned by Milton M. Shiffman, Gary A. Shiffman and Jeffrey P. Jorissen, executive officers of the Company, entitling them to the remaining 5% of such cash flow from operating activities. Sun Water Oak Golf, Inc. ("Sun Golf") is a wholly-owned subsidiary of Home Services. Sun Golf was organized to own and operate the golf course, restaurant and related facilities located on the Water Oak Property that were acquired in November 1994.

THE MANUFACTURED HOUSING COMMUNITY INDUSTRY

A manufactured housing community is a residential subdivision designed and improved with sites for the placement of manufactured homes and related improvements and amenities. Manufactured homes are detached, single-family homes which are produced off-site by manufacturers and installed on sites within the community. Manufactured homes are available in a wide array of designs, providing owners with a level of customization generally unavailable in other forms of multi-family housing.

Modern manufactured housing communities, such as the Properties, contain improvements similar to other garden-style residential developments, including centralized entrances, paved streets, curbs and gutters, and parkways. In addition, these communities also often provide a number of amenities, such as a clubhouse, a swimming pool, shuffleboard courts, tennis courts, laundry facilities and cable television service.

The owner of each home in the Company's communities leases the site on which the home is located. The Company owns the underlying land, utility connections, streets, lighting, driveways, common area amenities and other capital improvements and is responsible for enforcement of community guidelines and maintenance. Some communities provide water and sewer service through public or private utilities, while others provide these services to residents from on-site facilities. Each owner within the Company's communities is responsible for the maintenance of his home and leased site. As a result, capital expenditure needs tend to be less significant, relative to multi-family rental apartment complexes.

PROPERTY MANAGEMENT

The Company's property management strategy emphasizes intensive, hands-on management by dedicated, on-site property managers. The Company believes that this on-site focus enables it to continually monitor and address tenant concerns, the performance of competitive properties and local market conditions. Of the Company's 547 employees, 499 are located on-site as property managers, support staff, or maintenance personnel.

The Company's property managers are overseen by Brian W. Fannon, Senior Vice President and Chief Operating Officer, who has 28 years of property management experience, three Vice Presidents and eleven Regional Property Managers. In addition, the Regional Property Managers are responsible for semi-annual market surveys of competitive parks, interaction with local manufactured home dealers and regular property inspections.

Each property manager performs regular inspections in order to continually monitor the property's physical condition and provides managers with the opportunity to understand and effectively address tenant concerns. In addition to a property manager, each property has an on-site maintenance person and management support staff. The Company holds periodic training sessions for all property management personnel to ensure that management policies are implemented effectively and professionally.

HOME SALES

Home Services offers manufactured home sales services to tenants and prospective tenants in the Company's communities. Since tenants often purchase a home already on-site within a community, such services enhance occupancy and property performance. Additionally, since many of the homes in the Properties are sold through Home Services, better control of home quality in the Company's communities can be maintained than if sales services were conducted solely through third-party brokers.

COMPETITION

All of the Properties are located in developed areas that include other manufactured housing community properties. The number of competitive manufactured housing community properties in a particular area could have a material effect on the Company's ability to lease sites and on rents charged at the Properties or at any newly acquired properties. The Company may be competing with others that have greater resources than the Company and whose officers and directors have more experience than the Company's officers and directors. In addition, other forms of multi-family residential properties, such as private and federally funded or assisted multi-family housing and single-family housing, provide housing alternatives to potential tenants of manufactured housing communities.

REGULATIONS AND INSURANCE

General. Manufactured housing community properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, clubhouses and other common areas. The Company believes that each Property has the necessary operating permits and approvals.

Americans with Disabilities Act ("ADA"). The Properties and any newly acquired manufactured housing communities must comply with the ADA. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that public facilities such as clubhouses, pools and recreation areas be made accessible to people with disabilities. Compliance with ADA requirements could require removal of access barriers and other capital improvements at the Company's properties. Noncompliance could result in imposition of fines or an award of damages to private litigants. The Company does not believe the ADA will have a material adverse impact on the Company's results of operations. If required property improvements involve a greater expenditure than the Company currently anticipates, or if the improvements must be made on a more accelerated basis than it anticipates, the Company's ability to make expected distributions could be adversely affected. The Company believes that its competitors face similar costs to comply with the requirements of the ADA.

Rent Control Legislation. State and local rent control laws in certain jurisdictions limit the Company's ability to increase rents and to recover increases in operating expenses and the costs of capital improvements. Enactment of such laws has been considered from time to time in other jurisdictions. The Company presently expects to continue to operate manufactured housing community properties, and may purchase additional properties, in markets that are either subject to rent control or in which rent-limiting legislation exists or may be enacted. For example, 29 of the Properties are located in Florida, which has enacted a law which provides that a majority of tenants in a manufactured housing community may require that a proposed increase in site rental rates, reduction in services or utilities or change in the community's rules and regulations be submitted for formal mediation or arbitration if they believe that the proposal is unreasonable.

Insurance. Management believes that the Properties are covered by adequate fire, flood, property and business interruption insurance provided by reputable companies and with

commercially reasonable deductibles and limits. The Company maintains a blanket policy that covers all of the Properties. The Company has obtained title insurance insuring fee title to the Properties in an aggregate amount which the Company believes to be adequate.

ITEM 2. PROPERTIES

General. At December 31, 1997, the Properties consisted of eighty-four manufactured housing communities, five recreational vehicle communities, and six properties containing both manufactured housing and recreational vehicle sites concentrated in twelve states in the midwestern and southeastern United States. At December 31, 1997, the Properties contained 28,752 developed manufactured home sites, approximately 3,600 manufactured home sites suitable for development and 5,200 recreational vehicle sites. Most of the Properties include amenities oriented towards family and retirement living. Of the 95 Properties, forty-four have more than 300 developed manufactured home sites, with the largest having 913 developed manufactured home sites.

The Properties had an aggregate occupancy rate of 95% as of December 31, 1997, excluding recreational vehicle sites. Since January 1, 1997, the Properties have averaged an aggregate annual turnover of homes (where the home is moved out of the community) of approximately 2.8% and an average annual turnover of residents (where the home is sold and remains within the community, typically without interruption of rental income) of approximately 8.5%.

The Company believes that its Properties' high amenity levels contribute to low turnover and generally high occupancy rates. All of the Properties provide residents with attractive amenities with most offering a clubhouse, a swimming pool, laundry facilities and cable television service. Many Properties offer additional amenities such as sauna/whirlpool spas, tennis, shuffleboard and basketball courts and/or exercise rooms.

The Company has sought to concentrate its communities within certain geographic areas in order to achieve economies of scale in management and operation. Except for five Properties located in Texas and one property located in Colorado, the Properties are located in the midwestern and southeastern United States. The Company has identified Florida as a key market in which to expand its existing operations in the southeast because of Florida's stable tenant base, relatively low cost of living and attractive acquisition opportunities. Additionally, the Company's midwestern operations serve as a source of prospective tenants for the Florida Properties, which are generally oriented towards retirement living. Because the Company believes that geographic diversification will help insulate the portfolio from regional economic influences, the Company is also interested in acquiring properties in the western United States.

The following table sets forth certain information relating to the Properties owned as of December 31, 1997:

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/95 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97 (1)
MIDWEST				
MICHIGAN				
Allendale				
Allendale, MI	281	96%	97%	80%(2)
Alpine				
Grand Rapids, MI	381	96%	99%	99%
Bedford Hills				
Battle Creek, MI	339	94%	94%	98%
Brentwood				
Kentwood, MI	197	97%	99%	99%
Byron Center				
Byron Center, MI	143	92%	97%	100%
Candlewick Court				
Owosso, MI	211	100%	99%	98%
College Park Estates				
Canton, MI	230	98%	99%	99%
Continental Estates				
Davison, MI	385	(4)	93%	92%
Continental North				
Davison, MI	334	(4)	95%	96%
Country Acres				
Cadillac, MI	182	98%	98%	96%
Country Meadows				
Flat Rock, MI	577	99%	99%	96%(2)
Countryside Village				
Perry, MI	359	99%	96%	96%
Creekwood (3)				
Burton, MI	140	---	---	98%
Cutler Estates				
Grand Rapids, MI	281	96%	98%	98%
Davison East				
Davison, MI	190	(5)	99%	97%
Fisherman's Cove				
Flint, MI	162	98%	97%	97%
Grand				
Grand Rapids, MI	311	95%	98%	99%
Hamlin				
Webberville, MI	146	99%	100%	98%
Kensington Meadows				
Lansing, MI	251	94%	67% (6)	77%(2)
Kings Court				
Traverse City, MI	613	94%	92% (6)	95%(2)
Lincoln Estates				
Holland, MI	191	98%	97%	100%
Maple Grove Estates				
Dorr, MI	46	100%	100%	98%
Meadow Lake Estates				
White Lake, MI	425	97%	100%	100%

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/95 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97(1)
Meadowbrook Estates Monroe, MI	453	100%	100%	100%
Meadowstream Village Sodus, MI	159	98%	99%	99%
Parkwood Grand Blanc, MI	249	96%	97%	98%
Presidential Hudsonville, MI	364	96%	98%	92%(2)
Scio Farms Ann Arbor, MI	913	100%	99%	100%
Sherman Oaks Jackson, MI	366	100%	99%	98%
Timberline Estates Grand Rapids, MI	296	98%	100%	100%
Town & Country Traverse City, MI	192	98%	100%	99%
White Lake White Lake, Michigan	268	(5)	(5)	97%
White Oak Estates Mt. Morris, Michigan	376	(5)	(5)	97%
Michigan Total	10,011	97%	98%	97%
	=====	===	===	===
INDIANA				
Brookside Village Goshen, IN	430	99%	99%	84%(2)
Carrington Pointe Ft. Wayne, IN	170	(5)	(5)	76%
Clear Water Village South Bend, IN	202	93%	97%	94%(2)
Cobus Green Elkhart, IN	386	98%	98%	98%
Holiday Village Elkhart, IN	326	98%	99%	98%
Liberty Farms Valparaiso, IN	220	100%	92% (2)	100%
Maplewood Lawrence, IN	207	97%	99%	97%
Meadows Nappanee, IN	330	96%	98%	99%
Meadowbrook Indianapolis, IN	444	96%	98%	81%(2)
Pine Hills Middlebury, IN	126	99%	96%	94%
Timberbrook Bristol, IN	567	84%	88% (2)	97%
Valley Mills Indianapolis, IN	356	99%	98%	98%
West Glen Village Indianapolis, IN	552	99%	99%	99%
Woods Edge West Lafayette, IN	430	92%	99%	98%
	-----	---	---	---

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/95 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97(1)
Indiana Total	4,746 =====	96% ===	97% ===	94% ===
OTHER				
Autumn Ridge				
Ankeny, IA	400	100%	98%	99%
Boulder Ridge				
Pflugerville, TX	135	--	--	18%(6)
Branch Creek Estates				
Austin, TX	392	98%	94% (6)	99%
Candlelight				
Chicago Heights, IL	309	93%	95%	99%
Casa del Valle (9)				
Alamo, TX	114	(5)	(5)	96%
Catalina Community				
Middletown, OH	462	98%	99%	97%
Chisholm Point Estates				
Pflugerville, TX	405	98%	83% (2)	98%
Douglas				
Atlanta, GA	203	89%	95%	96%
Edwardsville				
Edwardsville, KS	634	90%	93%	90%(2)
Flagview				
Atlanta, GA	198	93%	98%	100%
Paradise				
Chicago Heights, IL	278	99%	98%	100%
Pine Ridge				
Petersburg, VA	245	100%	98%	99%
Pin Oak Parc				
O'Fallon, MO	400	99%	99%	96%(2)
Snow to Sun (9)				
Weslaco, TX	176	(5)	(5)	98%
Southfork				
Belton, MO	476	(5)	(5)	98%
Timber Ridge				
Ft. Collins, CO	582	100%	100%	100%
Willowbrook (8)				
Toledo, OH	266	(5)	(5)	97%
Woodside Terrace (8)				
Springfield, OH	439	(5)	(5)	98%
Worthington Arms				
Delaware, OH	224	99%	100%	99%
Other Total	6,338 =====	97% ===	96% ===	96% ===
SOUTHEAST				
FLORIDA				
Arbor Terrace				
Bradenton, FL	(7)	100%	100%	100%
Ariana Village				
Lakeland, FL	210	72% (6)	78% (6)	79%
Bonita Lake				
Bonita Springs, FL	(7)	100%	100%	100%

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/95 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97(1)
Breezy Hills (9) Pompano Beach, FL	169	100%	99%	94%
Chain O'Lakes Grand Island, FL	308	97%	95%	95%
Elmwood Mobile Home Park Daytona Beach, FL	100	(5)	(5)	100%
Gold Coaster (9) Florida City, FL	222	(5)	(5)	100%
Golden Lakes Plant City, FL	426	91%	92%	94%
Groves RV Resort Lee County, FL	(7)	(5)	(5)	100%
Holly Forrest Estates Holly Hill, FL	402	(5)	(5)	100%
Indian Creek (9) Ft. Myers Beach, FL	353	100%	100%	100%
Island Lakes Merritt Island, FL	301	100%	100%	99%
Kings Lake Debary, FL	245	62% (6)	66% (6)	76%
Kings Pointe Winter Haven, FL	229	43% (6)	48% (6)	52%
Kissimmee Gardens Kissimmee, FL	239	99%	100%	100%
Lake Juliana Auburndale, FL	293	54% (6)	57% (6)	59%
Lake San Marino Naples, FL	(7)	100%	100%	100%
Leesburg Landing Lake County, FL	96	(4)	54% (6)	50%
Meadowbrook Village Tampa, FL	257	100%	97%	100%
Orange Tree Orange City, FL	246	78% (6)	83% (6)	89%
Plantation Manor Ft. Pierce, FL	376	95%	97%	97%
Pleasure Cove Ft. Pierce, FL	209	95%	95%	94%
Royal Country Miami, FL	864	100%	99%	99%
Saddle Oak Club Ocala, FL	376	98%	100%	99%
Siesta Bay Ft. Myers Beach, FL	(7)	100%	100%	100%
Silver Star Orlando, FL	426	96%	96%	95%
Tallowood Coconut Creek, FL	273	62%	63%	68%
Water Oak Country Club Estates Lady Lake, FL	713	100%	100%	100%

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/95 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97(1)
Whispering Palm (9) Sebastian, FL	324	100%	96%	92%
	-----	---	---	---
Florida Total	7,657	89%	93%	92%
	=====	===	===	===
TOTAL/AVERAGE	28,752	93%	95%	95%
	=====	===	===	===

(1) Excludes 5,200 recreational vehicle sites owned at December 31, 1997.

(2) Occupancy in these Properties reflects the recent development of sites which are in their initial lease-up phase.

(3) This Property is owned by a joint venture in which the Operating Partnership has a 50% interest.

(4) Acquired in 1996.

(5) Acquired in 1997.

(6) Occupancy in these Properties reflects the fact that these communities are in their initial lease-up phase.

(7) This Property contains only recreational vehicle sites.

(8) The Company leases this Property. The Company has the option to purchase the Property upon the expiration of the lease. If the Company does not exercise its option to purchase, the lessor has the right to cause the Company to purchase the Property at the expiration of the lease at the option price.

(9) This Property also contains recreational vehicle sites.

Leases. The typical lease entered into between a tenant and the Company for the rental of a site is month-to-month or year-to-year, renewable upon the consent of both parties, or, in some instances, as provided by statute. In some cases, leases are for one-year terms, with up to ten renewal options exercisable by the tenant, with rent adjusted for increases in the consumer price index. These leases are cancelable for non-payment of rent, violation of community rules and regulations or other specified defaults. See "Regulations and Insurance."

ITEM 3. LEGAL PROCEEDINGS

Certain partnerships which previously owned twenty-four of the Properties (the "Sun Partnerships") were involved in a variety of legal proceedings arising in the ordinary course of business prior to the transfer of the Properties to the Operating Partnership, and the Company has become a successor party-in-interest to these proceedings as a result of the contribution of the Properties to the Company, as well as other proceedings that have arose in the ordinary course of operating the Properties. All such proceedings, taken together, are not expected to have a material adverse impact on the Company's business or financial condition.

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

No matters were submitted to a vote of the Company's security holders during the fourth quarter of the fiscal year covered by this report.

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock has been listed on the New York Stock Exchange ("NYSE") since December 8, 1993 under the symbol "SUI." On March 2, 1998, the closing sales price of the Common Stock was \$34 7/8 and the Common Stock was held by approximately 1,671 holders of record. The following table sets forth the high and low closing sales prices per share for the Common Stock for the periods indicated as reported by the NYSE and the distributions paid by the Company with respect to each such period.

	High ----	Low -----	Distribution -----
FISCAL YEAR ENDED DECEMBER 31, 1996			
First Quarter of 1996.....	27 5/8	25 1/4	.455
Second Quarter of 1996.....	27 3/8	24 7/8	.455
Third Quarter of 1996.....	29	25 5/8	.455
Fourth Quarter of 1996.....	34 3/4	28 1/8	.455
FISCAL YEAR ENDED DECEMBER 31, 1997			
First Quarter of 1997.....	33 5/8	31 1/2	.47
Second Quarter of 1997.....	34 3/4	30 1/2	.47
Third Quarter of 1997.....	37 7/8	33 9/16	.47
Fourth Quarter of 1997.....	36 9/16	33 7/8	.47

ITEM 6. SELECTED FINANCIAL DATA

SUN COMMUNITIES, INC. AND PREDECESSOR BUSINESS

	YEAR ENDED DECEMBER 31, (2)				
	1997	1996	1995	1994	1993
(IN THOUSANDS EXCEPT FOR PER SHARE DATA AND OTHER DATA)					
OPERATING DATA:					
Revenues:					
Income from property.....	\$ 93,188	\$ 71,312	\$ 44,048	\$ 30,461	\$ 14,222
Income from SHS and BFSC.....	1,518	506	325	432	--
Other income.....	1,535	1,381	739	1,450	199
Total revenues.....	96,241	73,199	45,112	32,343	14,421
Expenses:					
Property operating and maintenance.....	21,111	15,970	9,838	7,404	3,222
Real estate taxes.....	7,481	5,654	2,981	2,167	1,024
General and administrative.....	4,520	3,458	2,535	2,005	893
Depreciation and amortization.....	20,668	14,887	9,747	6,949	2,611
Interest.....	14,534	11,277	6,420	4,894	5,280
Predecessor business expenses.....	-	-	-	-	1,315
Total expenses.....	68,314	51,246	31,521	23,419	14,345
Income before extraordinary item and minority interests.....	27,927	21,953	13,591	8,924	76
Extraordinary item, early extinguishment of debt.....	-	(6,896)	-	-	-
Income before minority interests.....	27,927	15,057	13,591	8,924	76
Income (loss) allocated to minority interests.....	5,672	3,353	1,930	1,138	(212)
Net income.....	\$ 22,255	\$ 11,704	\$ 11,661	\$ 7,786	\$ 288
Net income per weighted average share:					
Basic.....	\$ 1.38	\$.85	\$ 1.19	\$ 1.05	\$.05
Diluted.....	\$ 1.37	\$.85	\$ 1.19	\$ 1.04	\$.05
Weighted average common shares outstanding.....	16,081	13,733	9,792	7,416	5,326
Distribution per common share(1).....	\$ 1.865	\$ 1.81	\$ 1.335	\$ 1.78	\$.077
OTHER DATA:					
Total properties (at end of period)(3)..	99	83	54	46	31
Total sites (at end of period)(3).....	35,936	30,026	18,145	14,318	9,036
BALANCE SHEET DATA:					
Rental property, before accumulated depreciation.....	\$684,821	\$588,813	\$326,613	\$257,030	\$148,668
Total assets.....	\$690,914	\$585,056	\$325,104	\$267,370	\$157,462
Total debt.....	\$264,264	\$185,000	\$107,055	\$ 62,931	\$ 46,413
Stockholders' equity.....	\$326,780	\$300,932	\$177,593	\$174,978	\$ 92,985

- (1) The distribution of \$.445 per share for the fourth quarter of 1995 was declared and paid in January, 1996, and accordingly is not included in the \$1.335.
- (2) See the Consolidated Financial Statements of the Company included elsewhere herein.
- (3) Includes communities financed by the Company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and notes thereto.

RESULTS OF OPERATIONS

Comparison of year ended December 31, 1997 to year ended December 31, 1996

For the year ended December 31, 1997, income before extraordinary item and minority interests increased by \$5.9 million from \$22.0 million to \$27.9 million, when compared to the year ended December 31, 1996. The increase was due to increased revenues of \$23.0 million while expenses increased by \$17.1 million.

Income from property increased by \$21.9 million from \$71.3 million to \$93.2 million due primarily to the acquisition of communities comprising approximately 5,200 developed sites during 1997 and 29 communities comprising in excess of 11,300 developed sites during 1996.

Income from Home Services and Bingham Financial Services Corporation ("Bingham" or "BFSC") increased by \$1.0 million to \$1.5 million from \$0.5 million due to increased sales of homes and the financing operations of the Company's newly formed affiliate, Bingham.

Property operating and maintenance expenses increased by \$5.1 million from \$16.0 million to \$21.1 million due primarily to the acquired communities.

Real estate taxes increased by \$1.8 million from \$5.7 million to \$7.5 million due primarily to the acquired communities.

General and administrative expenses increased by \$1.0 million from \$3.5 million to \$4.5 million due primarily to additional staff as a result of the Company's growth.

Interest expense increased by \$3.2 million from \$11.3 million to \$14.5 million due primarily to \$150 million Senior Notes which were issued May 1, 1996. Included in interest is amortization of deferred finance costs of \$0.2 million in 1997 and 1996.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by \$15.0 million from \$48.1 million to \$63.1 million. EBITDA as a percent of revenues was 65.6% compared to 65.7% in 1996.

Depreciation and amortization expense increased by \$5.8 million from \$14.9 million to \$20.7 million due primarily to the acquisition of communities in 1997 and 1996.

Comparison of year ended December 31, 1996 to year ended December 31, 1995

For the year ended December 31, 1996, income before extraordinary item and minority interests increased by \$8.4 million from \$13.6 million to \$22.0 million, when compared to the year ended December 31, 1995. The increase was due to increased revenues of \$28.1 million while expenses increased by \$19.7 million.

Income from property increased by \$27.3 million from \$44.0 million to \$71.3 million due primarily to the acquisition of 29 communities comprising in excess of 11,300 developed sites during 1996 and six additional communities comprising in excess of 2,200 developed sites during 1995.

Other income increased by \$.7 million from \$.7 million to \$1.4 million due to higher levels of interest income resulting primarily from investment of proceeds of financings and interest on mortgage notes receivable for a full year in 1996.

Property operating and maintenance expenses increased by \$6.2 million from \$9.8 million to \$16.0 million due primarily to the acquired communities.

Real estate taxes increased by \$2.7 million from \$3.0 million to \$5.7 million due primarily to the acquired communities.

General and administrative expenses increased by \$1.0 million from \$2.5 million to \$3.5 million due primarily to additional staff as a result of the Company's growth.

Interest expense increased by \$4.9 million from \$6.4 million to \$11.3 million due to higher levels of borrowings at a slightly higher weighted average interest rate. Included in interest is amortization of deferred finance costs of \$.2 million and \$.6 million in 1996 and 1995, respectively.

EBITDA increased by \$18.3 million from \$29.8 million to \$48.1 million. EBITDA as a percent of revenues was 65.7% compared to 66.0 % in 1995.

Depreciation and amortization expense increased by \$5.2 million from \$9.7 million to \$14.9 million due primarily to the acquisition of communities in 1996 and 1995.

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the years ended December 31, 1997 and 1996. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 1996. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The table includes sites where the Company's interest is in the form of shared appreciation notes or where the Company is providing financing and managing the properties. Such amounts relate to 1,873 sites in 1997 and 1,218 sites in 1996 and were formerly classified in other income.

	SAME PROPERTY		TOTAL PORTFOLIO	
	1997	1996	1997	1996
	(in thousands)		(in thousands)	
Property revenues, including other	\$52,241	\$48,725	\$93,188	\$71,312
Property operating expenses:				
Property operating and maintenance	10,135	9,720	21,111	15,970
Real estate taxes	3,857	3,640	7,481	5,654
Property operating expenses	13,992	13,360	28,592	21,624
Property EBITDA	\$38,249	\$35,365	\$64,596	\$49,688
Number of properties	54	54	99	83
Developed sites	18,904	18,539	35,936	30,026
Occupied sites	17,954	17,404	33,415	27,949
Occupancy %	95.0%	93.9%	95.0%(1)	94.4%(1)
Weighted average monthly rent per site	\$ 251	\$ 241	\$ 255 (1)	\$ 250 (1)
Sites available for development	1,423	1,943	3,641 (2)	3,268
Sites in development	291	509	904	779

(1) Occupancy % and weighted average rent relates to manufactured housing sites, excluding recreational vehicle sites.

(2) Includes 750 sites related to zoned land.

On a same property basis, property revenues increased by \$3.5 million from \$48.7 million to \$52.2 million, or 7.2 percent, due primarily to increases in rents and occupancy related charges including water and property tax pass throughs. Also contributing to revenue growth was the increase of 550 leased sites at December 31, 1997 compared to December 31, 1996 and the increase in weighted average monthly rent per site from \$241 in 1996 to \$251 in 1997.

Property operating expenses increased by \$.6 million from \$13.4 million to \$14.0 million, or 4.7 percent, due to increased occupancies and costs and increases in assessments and millage by local taxing authorities. Property EBITDA increased by \$2.9 million from \$35.4 million to \$38.3 million, or 8.2 percent.

Sites available for development in the total portfolio increased by 373 from 3,268 to 3,641.

LIQUIDITY SOURCES AND REQUIREMENTS

Cash and cash equivalents decreased by \$7.0 million to \$2.2 million at December 31, 1997 compared to \$9.2 million at December 31, 1996 primarily because cash used in investing activities exceeded cash provided by operating and financing activities.

Net cash provided by operating activities increased by \$4.8 million from \$35.4 million to \$40.2 million for the year ended December 31, 1997 as compared to the year ended December 31, 1996. This increase was due primarily to a \$16.4 million increase in income before depreciation and amortization, minority interests and extraordinary item offset by a \$4.3 million increase in other assets and a \$7.4 million decrease in accounts payable and other liabilities.

Net cash used in investing activities increased by \$30.8 million from \$76.9 million to \$107.7 million for the year ended December 31, 1997 as compared to the year ended December 31, 1996. This was due to increased investments in mortgage notes, affiliates and officer notes.

Net cash provided by financing activities increased by \$9.8 million from \$50.6 million to \$60.5 million for the year ended December 31, 1997 as compared to the year ended December 31, 1996. This increase was due to proceeds from the sale of shares of Common Stock pursuant to the Company's Dividend Reinvestment Plan exceeding the distributions paid to stockholders and OP Unit holders by \$13.7 million offset by a reduction in net borrowings, including proceeds from a 1996 Common Stock offering and deferred financing activities of \$3.9 million.

The Company expects to meet its short-term liquidity requirements generally through its working capital provided by operating activities. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities and property acquisitions through the issuance of equity or debt securities, or interests in the Operating Partnership. The Company considers these sources to be adequate and anticipates they will continue to be adequate to meet operating requirements, capital improvements, investment in development, and payment of distributions by the Company in accordance with REIT requirements in both the short and long term. The Company can also meet these short-term and long-term requirements by utilizing its \$75 million line of credit which bears interest at LIBOR plus .90% and is due November 1, 1999.

At December 31, 1997, the Company's debt to total market capitalization approximated 28.8% (assuming conversion of all Common and Preferred OP Units to shares of Common Stock), with a weighted average maturity of approximately 5.9 years and a weighted average interest rate of 7.23%.

Capital expenditures for 1997 included recurring capital expenditures of \$4.6 million, including \$.4 million for additional space and related costs at corporate headquarters, and revenue producing capital expenditures of \$1.2 million which principally consisted of water metering programs.

Development costs including land acquisitions of \$0.2 million aggregated \$17.5 million for the year ended December 31, 1997.

RATIO OF EARNINGS TO FIXED CHARGES

The Company's ratio of earnings to fixed charges for the years ended December 31, 1995, 1996, and 1997 was 3.03:1, 2.49:1, and 2.40:1, respectively.

INFLATION

Most of the leases allow for periodic rent increases which provide the Company with the opportunity to achieve increases in rental income as each lease expires. Such types of leases generally minimize the risk of inflation to the Company.

OTHER

The Company does not anticipate the Year 2000 compliance requirements will have a material impact on earnings. The Company has initiated replacement of the Company's most significant computer programs with new updates that are warranted to be Year 2000 compliant. Installation of these updates is anticipated to be completed prior to December 31, 1998. All other programs subject to Year 2000 concerns will be evaluated utilizing internal and external resources to re-program, replace or test each of them. A formal communication plan with significant third party vendors will be initiated during 1998 to determine their Year 2000 compliance programs.

Industry analysts consider funds from operations ("FFO") to be an appropriate measure of the performance of an equity REIT. It is defined as income before minority interests plus non-cash items such as depreciation and amortization. FFO should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity.

The following table presents FFO for each of the quarters during 1997, 1996 and 1995:

QUARTERS ENDED	1997	1996	1995
-----	-----	-----	-----
March 31	\$11,204	\$6,201	\$5,288
June 30	11,178	8,960	5,878
September 30	11,485	9,652	5,998
December 31	12,081	10,282	6,114
	-----	-----	-----
	\$45,948	\$35,095	\$23,278
	=====	=====	=====
Weighted average OP Units used for basic FFO per share:	18,444	15,646	11,420
Dilutive securities:			
Stock options	187	87	34
Convertible preferred OP Units	1,224	883	--
	-----	-----	-----
Weighted average OP Units used for diluted FFO per share:	19,855	16,616	11,454
	=====	=====	=====

Diluted FFO per unit reflects the potential dilution that would occur if securities were exercised or converted into OP Units. For purposes of calculating diluted FFO per OP Unit, \$2,505 and \$1,670 would be added to FFO in 1997 and 1996, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data are filed herewith under Item 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes in the Company's independent public accountants during the past two fiscal years.

PART III

The information required by ITEMS 10, 11, 12 AND 13 will be included in the Company's proxy statement for its 1998 Annual Meeting of Shareholders, and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed herewith as part of this Form 10-K:

(1) A list of the financial statements required to be filed as a part of this Form 10-K is shown in the "Index to the Consolidated Financial Statements and Financial Statement Schedule" filed herewith.

(2) A list of the financial statement schedules required to be filed as a part of this Form 10-K is shown in the "Index to the Consolidated Financial Statements and Financial Statement Schedule" filed herewith.

(3) A list of the exhibits required by Item 601 of Regulation S-K to be filed as a part of this Form 10-K is shown on the "Exhibit Index" filed herewith.

(b) Reports on Form 8-K

The Company filed a report on Form 8-K detailing the twelve (12) manufactured housing communities which it acquired during the 1997 calendar year. The date of the report was December 31, 1997. The following financial statements were filed as exhibits to such report: (i) Historical Summaries of Gross Income and Direct Operating Expenses for each of Southfork Mobile Home Park, White Oak Estates, Willowbrook Place and Woodside Terrace; (ii) Pro-Forma Condensed Consolidated Statement of Operations for the year ended December 31, 1997 (unaudited); and (iii) Pro-Forma Condensed Consolidated Balance Sheet as of December 31, 1997 (unaudited).

	PAGES
Report of Independent Accountants	F-2
Financial Statements:	
Consolidated Balance Sheet as of December 31, 1997 and 1996	F-3
Consolidated Statement of Income for the Years Ended December 31, 1997, 1996 and 1995	F-4
Consolidated Statement of Stockholders' Equity for the Years Ended December 31, 1997, 1996 and 1995	F-5
Consolidated Statement of Cash Flows for the Years Ended December 31, 1997, 1996 and 1995	F-6
Notes to Consolidated Financial Statements	F-7 - F-14
Schedule III - Real Estate and Accumulated Depreciation	F-15 - F-18

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Sun Communities, Inc.:

We have audited the accompanying consolidated balance sheet of Sun Communities, Inc. as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. We have also audited the consolidated financial statement schedule listed under 14(a)(2) of this form 10-K. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sun Communities, Inc. as of December 31, 1997 and 1996 and the consolidated results of its operations and cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information stated therein.

Coopers & Lybrand L.L.P.
Detroit, Michigan
February 23, 1998

SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1997 AND 1996
(AMOUNTS IN THOUSANDS)

ASSETS	1997	1996
	----	----
Investment in rental property, net	\$634,737	\$558,278
Cash and cash equivalents	2,198	9,236
Investment in Sun Home Services, Inc. ("SHS")	11,973	5,103
Investment in Bingham Financial Services, Corp. ("BFSC")	4,586	--
Mortgage notes receivable	19,269	4,176
Other assets	18,151	8,263
	-----	-----
Total assets	\$690,914	\$585,056
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	\$ 17,000	\$ --
Debt	247,264	185,000
Accounts payable and accrued expenses	8,765	7,718
Deposits and other liabilities	8,853	9,123
	-----	-----
	281,882	201,841
	-----	-----
Minority interests	82,252	82,283
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000 shares authorized, none issued		
Common stock, \$.01 par value, 100,000 shares authorized, 16,587 and 15,389 issued and outstanding in 1997 and 1996, respectively	166	154
Paid-in capital	364,050	328,321
Officers' notes	(11,773)	(9,173)
Distributions in excess of accumulated earnings	(25,663)	(18,370)
	-----	-----
Total stockholders' equity	326,780	300,932
	-----	-----
Total liabilities and stockholders' equity	\$690,914	\$585,056
	=====	=====

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENT OF INCOME
 FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
 (AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

	1997	1996	1995
	-----	-----	-----
REVENUES			
Income from property	\$93,188	\$71,312	\$44,048
Income from SHS and BFSC	1,518	506	325
Other income, principally interest	1,535	1,381	739
	-----	-----	-----
Total revenues	96,241	73,199	45,112
	-----	-----	-----
EXPENSES			
Property operating and maintenance	21,111	15,970	9,838
Real estate taxes	7,481	5,654	2,981
General and administrative	4,520	3,458	2,535
Depreciation and amortization	20,668	14,887	9,747
Interest	14,534	11,277	6,420
	-----	-----	-----
Total expenses	68,314	51,246	31,521
	-----	-----	-----
Income before extraordinary item and minority interests	27,927	21,953	13,591
Extraordinary item, early extinguishment of debt	--	6,896	--
	-----	-----	-----
Income before minority interests	27,927	15,057	13,591
Less income allocated to minority interests:			
Preferred OP Units	2,505	1,670	--
Common OP Units	3,167	1,683	1,930
	-----	-----	-----
Net income	\$22,255	\$11,704	\$11,661
	=====	=====	=====
Basic earnings per share:			
Income before extraordinary item	\$ 1.38	\$ 1.35	\$ 1.19
Extraordinary item	--	.50	--
	-----	-----	-----
Net income	\$ 1.38	\$.85	\$ 1.19
	=====	=====	=====
Weighted average common shares outstanding	16,081	13,733	9,792
	=====	=====	=====
Diluted earnings per share:			
Income before extraordinary item	\$ 1.37	\$ 1.35	\$ 1.19
Extraordinary item	--	.50	--
	-----	-----	-----
Net income	\$ 1.37	\$.85	\$ 1.19
	=====	=====	=====

The accompanying notes are an integral part of the consolidated financial statement

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

	COMMON STOCK -----	PAID-IN CAPITAL -----	DISTRIBUTIONS IN EXCESS OF EARNINGS -----
Balance, January 1, 1995	\$ 95	\$ 180,944	\$ (6,061)
Issuance of 400 shares of common stock for officer notes	4	8,646	
Exercise of stock options and other, net		887	
Reclassification and conversion of minority interests		3,098	
Net income			11,661
Cash distributions declared of \$1.335 per share			(13,031)
Balance, December 31, 1995	----- 99	----- 193,575	----- (7,431)
Issuance of 4,807 shares of common stock for officer notes	48	118,245	
Dividend reinvestment plan and other, net	7	15,198	
Reclassification and conversion of minority interests		1,303	
Net income			11,704
Cash distributions declared of \$1.81 per share			(22,643)
Balance, December 31, 1996	----- 154	----- 328,321	----- (18,370)
Dividend reinvestment plan and other, net	12	36,712	
Reclassification and conversion of minority interests		(983)	
Net income.....			22,255
Cash distributions declared of \$1.865 per share			(29,548)
Balance, December 31, 1997	----- \$ 166 =====	----- \$ 364,050 =====	----- \$ (25,663) =====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(AMOUNTS IN THOUSANDS)

	1997	1996	1995
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 22,255	\$ 11,704	\$ 11,661
Adjustments to reconcile net income to cash provided by operating activities:			
Income allocated to minority interests	3,167	1,683	1,930
Extraordinary item, net of prepayment penalties	--	1,390	--
Depreciation and amortization costs	20,668	14,887	9,747
Deferred financing costs	235	236	598
Increase in other assets	(6,919)	(2,659)	(3,474)
Increase in accounts payable and other liabilities	796	8,173	4,521
	-----	-----	-----
Net cash provided by operating activities	40,202	35,414	24,983
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in rental properties	(78,552)	(78,722)	(38,214)
Investment in mortgage notes receivable	(15,093)	--	(4,143)
Investment in SHS.	(6,870)	1,804	1,872
Investment in BFSC	(4,586)	--	--
Officer note	(2,600)	--	--
	-----	-----	-----
Net cash used in investing activities	(107,701)	(76,918)	(40,485)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from sales of common stock	--	117,770	--
Proceeds from borrowings	62,000	185,000	41,257
Repayments on borrowings	(189)	(241,114)	(10,077)
Payments for deferred financing costs	(4,326)	(277)	(990)
Distributions	(33,748)	(25,965)	(19,832)
Retirement of common operating partnership units	--	--	(1,001)
Dividend reinvestment plan and other, net	36,724	15,205	887
	-----	-----	-----
Net cash provided by financing activities	60,461	50,619	10,244
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(7,038)	9,115	(5,258)
Cash and cash equivalents, beginning of year	9,236	121	5,379
	-----	-----	-----
Cash and cash equivalents, end of year	\$ 2,198	\$ 9,236	\$ 121
	=====	=====	=====
SUPPLEMENTAL INFORMATION			
Cash paid for interest including capitalized amounts of \$645, \$380 and \$192 in 1997, 1996 and 1995, respectively	\$ 14,742	\$ 9,958	\$ 5,499
Noncash investing and financing activities:			
Increase in minority interests for rental properties and other assets ..	--	53,437	15,444
Debt assumed for rental properties and other	--	134,059	12,944
Capitalized lease obligations for rental properties and other	17,453	--	--
Transfer of rental homes with SHS	--	(3,720)	4,018
Issuance of common stock for officers' notes	--	523	8,650

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES:

- A. BUSINESS: Sun Communities, Inc. and its subsidiaries (the "Company") is a real estate investment trust ("REIT") which owns and operates or finances 99 manufactured housing communities located in 13 states concentrated principally in the Midwest and Southeast comprising approximately 36,000 developed sites and approximately 3,600 sites suitable for development. The Company generally will not be subject to federal or state income taxes to the extent it distributes its REIT taxable income to its stockholders.

The preparation of financial statements in conformity with generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

- B. PRINCIPLES OF CONSOLIDATION: The accompanying financial statements include the accounts of the Company and all majority-owned subsidiaries. The minority interests include Common Operating Partnership Units ("OP Units") which are convertible into an equivalent number of shares of the Company's common stock. Such conversion would have no effect on earnings per share since the allocation of earnings to an OP Unit is equivalent to earnings allocated to a share of common stock. Of the 18.9 million OP Units outstanding, the Company owns 16.6 million or 87.5 percent. The minority interests are adjusted to their relative ownership interest annually by reclassification to/from paid-in capital.

Also included in minority interest are 1.3 million Preferred OP Units ("POP Units") issued at \$27 per unit bearing an annual dividend of \$1.89 and redeemable at par or convertible in June, 2002. The POP Units are convertible one-for-one into OP Units at prices up to \$31.50 per share. At prices above \$31.50 per share, the POP Units are convertible into OP Units based on a formula the numerator of which is \$31.50 plus 25 percent of stock price appreciation above \$36 per share. The denominator is the then stock price. Had conversion occurred at the December 31, 1997 stock price of \$35.94, the 1.325 million POP Units would have converted into 1.161 million OP Units.

SHS provides home sales and other services to current and prospective tenants. The Company owns 100 percent of the outstanding preferred stock of SHS, is entitled to 95 percent of the operating cash flow, and accounts for its investment utilizing the equity method of accounting. The common stock is owned by three officers of the Company who are entitled to receive 5 percent of the operating cash flow.

BFSC provides financing to current and prospective tenants. The Company owns 25,000 common shares or 2% of BFSC. The Company has 730,000 warrants exercisable at prices ranging from \$10 to \$14 per share from 2001 through 2018. The market price of BFSC stock at December 31, 1997 was \$10 .

- C. RENTAL PROPERTY: Rental property is recorded at the lower of cost, less accumulated depreciation or fair value. Management evaluates the recoverability of its investment in rental property whenever events or changes in circumstances such as recent operating results, expected net operating cash flow and plans for future operations indicate that full asset recoverability is questionable.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Useful lives are 30 years for land improvements and buildings and 7 to 15 years for furniture, fixtures and equipment. Expenditures for ordinary maintenance and repairs are charged to operations as incurred and significant renovations and improvements, which improve and/or extend the useful life of the asset, are capitalized and depreciated over their estimated useful lives.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
DECEMBER 31, 1997, 1996 AND 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED:

- D. CASH AND CASH EQUIVALENTS: The Company considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.
- E. REVENUE RECOGNITION: Rental income attributable to leases is recorded on a straight-line basis when earned from tenants. Leases entered into by tenants range from month-to-month to twelve years and are renewable by mutual agreement of the Company and resident or, in some cases, as provided by statute.
- F. FAIR VALUE OF FINANCIAL INSTRUMENTS: The carrying value of financial instruments which includes cash and cash investments, mortgages and notes receivable and debt approximates fair value.
- G. TAX STATUS OF DIVIDENDS: Approximately 31.2, 56.6, and 47.8 percent of the distributions paid in 1997, 1996, and 1995, respectively, represent a return of capital.
- H. CASH FLOW HEDGES: The company periodically enters into hedge transactions utilizing Treasury securities to lock-in the basic interest cost of financing acquisitions. The gain or loss on such hedges is amortized as an adjustment to interest expense over the term of the related financing.
- I. RECLASSIFICATIONS: Certain 1995 and 1996 amounts have been reclassified to conform with the 1997 financial statement presentation. Such reclassifications have no effect on operations as originally presented.

2. ACQUISITIONS:

During 1997, the Company acquired 12 manufactured housing communities comprising 4,258 developed sites and 425 sites suitable for development. The cost of acquisitions aggregated \$69.8 million excluding \$4.5 million of future payments contingent upon certain events. Consideration consisted of \$51.3 million in cash and \$18.5 million in capitalized lease obligations.

During 1996, the Company acquired 29 manufactured housing communities comprising in excess of 11,350 developed sites and 500 sites suitable for development for \$247.9 million. Consideration consisted of \$134.1 million in the assumption or issuance of debt, \$53.4 million in issuance of Common and Preferred OP Units and \$60.4 million of cash.

These transactions have been accounted for as purchases, and the statements of income include the operations of the acquired communities from the dates of their respective acquisitions. In conjunction with an acquisition, the Company is obligated to issue \$12.1 million of OP Units over the expected lease-up of the community through 2009 based on the per unit price of the OP Units on each annual date.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 1997, 1996 AND 1995

2. ACQUISITIONS, CONTINUED:

The following unaudited table of pro forma information has been prepared as if the Company's acquisition of 29 manufactured housing communities in 1996 and 12 manufactured housing communities in 1997 had occurred as of January 1, 1996. In management's opinion, the pro forma information is not necessarily indicative of consolidated results of operations that may have occurred had the above transactions taken place on January 1 1996. In the following table, the amounts are in thousands except per share amounts:

PRO FORMA FOR THE
 YEAR ENDED
 DECEMBER 31

(UNAUDITED)

1997 1996

Revenues	\$103,401	\$ 95,126
Operating income	\$ 67,697	\$ 61,980
Net income	\$ 24,762	\$ 20,981
Net income per share	\$ 1.34	\$ 1.21

Net income has not been reduced for minority interests and net income per share assumes that all OP Units have been converted to shares of the Company's common stock. Operating income is defined as total revenues less property operating and maintenance expense, real estate tax expense and general and administrative expense. Operating income is not necessarily an indication of the performance of the Company or a measure of liquidity.

3. RENTAL PROPERTY:

AT DECEMBER 31

1997 1996

Land	\$ 67,677	\$ 58,943
Land improvements and buildings	598,699	510,726
Furniture, fixtures, and equipment	12,676	9,826
Property under development	5,769	9,318
	684,821	588,813
Less accumulated depreciation	(50,084)	(30,535)
	\$634,737	\$558,278
	=====	=====

Land improvements and buildings consist primarily of infrastructure, roads, landscaping, clubhouses, maintenance buildings and amenities. Included in rental property at December 31, 1997 are net carrying amounts related to capitalized leases of \$18.4 million.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 1997, 1996 AND 1995

4. NOTES RECEIVABLE:

Mortgage notes receivable consisted of the following (amounts in thousands):

	AT DECEMBER 31	
	1997	1996
Mortgage notes receivable with minimum monthly interest payments at 7%, maturing June 30, 2012, collateralized by manufactured housing/recreational vehicle communities located in Dover, DE (a)	\$15,093	\$ --
Second mortgage and third shared appreciation mortgage notes with monthly interest payments at an average rate of 17 % and excess interest as defined, maturing May 1, 2001, collateralized by manufactured housing communities located in Alberta, Canada	4,176	4,176
	\$19,269	\$ 4,176

(a) The stated interest rate is 12%. The excess of the interest earned at the stated rate over the pay rate is added to the principal balance and will also accrue interest at the stated rate.

The officers' notes are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 372,206 shares of the Company's common stock and 127,794 OP Units with personal liability up to approximately \$7.2 million. Interest income of \$.8 million and \$.6 million has been recognized in 1997 and 1996, respectively. Accrued interest of \$.2 million and \$.3 million has been recorded at December 31, 1997 and 1996, respectively of which \$.2 million was paid in both February, 1998 and January, 1997.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 1997, 1996 AND 1995

5. DEBT:

	AT DECEMBER 31	
	1997	1996
Collateralized term loan, interest at 7.01%, due September 9, 2007	\$ 44,889	--
Collateralized term loan, interest at LIBOR plus 1.50% due November 1, 1997	--	\$ 35,000
Senior notes, interest at 7.375%, due May 1, 2001	65,000	65,000
Senior notes, interest at 7.625%, due May 1, 2003	85,000	85,000
Senior notes, interest at 6.97%, due December 3, 2007	35,000	--
Collateralized lease obligations, interest at 6.1%, due December 1, 2002	17,375	--
	<u>\$ 247,264</u>	<u>\$ 185,000</u>

The Company has a \$75 million unsecured line of credit at LIBOR plus .90% maturing in November, 1999, of which \$58 million was available at December 31, 1997. The interest rate at December 31, 1997 was 6.89%.

The term loan is collateralized by 7 communities comprising approximately 3,400 sites. Annual payments under capitalized lease obligations range from \$1.3 million to \$1.4 million during their terms. The extraordinary item of \$6.9 million in 1996 results from the early extinguishment of debt and includes prepayment penalties and related deferred financing costs.

At December 31, 1997, the Company has Treasury Rate Locks for a total notional amount of \$88.7 million and an unrealized loss of \$1.5 million for the purpose of hedging against the potential for increased interest expense on anticipated future fixed rate financings. At the present time, the Company anticipates issuing fixed rate securities in 1998 with a maturity of at least five to ten years. Should medium term interest rates increase, the value of the Treasury Rate Locks will increase offsetting a portion of the additional interest expense incurred. Alternatively, should medium term interest rates decrease, the Company will incur costs which would be offset by lower interest expense.

At December 31, 1997, the maturities of debt during the next five years were approximately as follows: 1998 - \$.8 million; 1999 - \$.8 million; 2000 - \$.9 million; 2001 \$66.0 million; and 2002 - \$16.6 million.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 1997, 1996 AND 1995

6. STOCK OPTIONS:

Data pertaining to stock option plans are as follows:

	1997 -----	1996 -----	1995 -----
Options outstanding, January 1	767,434	301,167	300,000
Options granted	262,000	482,950	375,430
Option price	\$27-\$35.39	\$26.625-\$28.637	\$21.625-\$24.875
Options exercised	61,033	16,683	356,763
Option price	\$20-\$28.64	\$20-\$23.125	\$20-\$21,625
Options forfeited	2,501	--	17,500
Option price	\$24.88-\$28.64	--	\$22-\$23.125
Options outstanding, December 31	965,900 (a)	767,434	301,167
Option price	\$20-\$35.39	\$20-\$28.637	\$20-\$24.875
Options exercisable, December 31	482,651 (a)	392,949	232,833

- (a) There are 337,700 and 300,031 options outstanding and exercisable, respectively, which range from \$20.00 - \$27.99. The weighted average exercise price for these outstanding and exercisable options is \$22.78 and \$22.28, respectively. There are 628,200 and 182,620 options outstanding and exercisable, respectively, which range from \$28.00 - \$35.99. The weighted average exercise price for these outstanding and exercisable options is \$30.26 and \$28.70, respectively. The weighted average contractual life of outstanding options is 6.9 years.

At December 31, 1997, 432,000 shares of common stock were available for the granting of options. Options are granted at fair market value and generally vest over a two-year period and may be exercised for 10 years after date of grant. The stock option plans provide for the grant of up to 1,593,000 options. In addition, the Company established a Long-Term Incentive Plan for its nonexecutive officer employees permitting a grant of up to 240,000 options which were granted in 1997, and become exercisable in equal installments in 2002-2004 based on corporate profit performance.

The Company has opted to measure compensation cost utilizing the intrinsic value method. The fair value of each option grant was estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions for options granted

	1997 -----	1996 -----
Estimated fair value value per share of options granted during year	\$2.82	\$1.94
Assumptions:		
Annualized dividend yield	7.1%	6.9%
Common stock price volatility	15.6%	15.1%
Risk-free rate of return	6.7%	6.2%
Expected option term (in years)	7	8

If compensation cost for stock option grants had been recognized based on the fair value at the grant date, this would have resulted in net income of \$21.9 million and \$11.5 million and basic net income per share of \$1.36 and \$.84 in 1997 and 1996, respectively.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 1997, 1996 AND 1995

7. EARNINGS PER SHARE:

	1997	1996	1995
	-----	-----	-----
Earnings used for basic and diluted earnings per share computation	\$22,255	\$11,704	\$11,661
	=====	=====	=====
Total shares used for basic earnings per share	16,081	13,733	9,792
Dilutive securities:			
Stock options	187	87	34
	-----	-----	-----
Total shares used for diluted earnings per share computation	16,268	13,820	9,826
	=====	=====	=====

Diluted earnings per share reflect the potential dilution that would occur if securities were exercised or converted into common stock. Convertible POP Units are excluded from the computations as their inclusion would have an anti-dilutive effect on earnings per share in 1997 and 1996.

8. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following unaudited quarterly amounts are in thousands, except for per share amounts:

	FIRST QUARTER MARCH 31	SECOND QUARTER JUNE 30	THIRD QUARTER SEPT. 30	FOURTH QUARTER DEC. 31
	-----	-----	-----	-----
1997				
Total revenues	\$23,393	\$23,233	\$24,117	\$25,498
Operating income (a)	\$15,305	\$15,188	\$15,740	\$16,896
Income before allocation to minority interests ..	\$ 7,039	\$ 6,878	\$ 6,992	\$ 7,018
Net income	\$ 5,568	\$ 5,447	\$ 5,573	\$ 5,667
Weighted average common shares outstanding	15,632	15,924	16,243	16,527
Earnings per common share	\$.36	\$.34	\$.34	\$.34

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 1997, 1996 AND 1995

8. QUARTERLY FINANCIAL DATA (UNAUDITED)CONTINUED:

	FIRST QUARTER MARCH 31 -----	SECOND QUARTER JUNE 30(b) -----	THIRD QUARTER SEPT. 30 -----	FOURTH QUARTER DEC. 31 -----
1996				
Total revenues	\$12,442	\$18,149	\$20,862	\$21,746
Operating income (a)	\$ 8,254	\$12,063	\$13,538	\$14,262
Income before allocation to minority interests ..	\$ 3,456	\$ 5,647	\$ 6,278	\$ 6,572
Net income	\$ 2,937	\$ 4,631	\$ 5,012	\$ 5,230
Weighted average common shares outstanding	10,013	14,489	15,092	15,337
Earnings per common share	\$.29	\$.32	\$.33	\$.34

(a) Operating income is defined as total revenues less property operating and maintenance expense, real estate tax expense, and general and administrative expenses. Operating income is a measure of the performance of the operations of the properties before the effects of depreciation, amortization and interest expense. Operating income is not necessarily an indication of the performance of the Company or a measure of liquidity.

(b) Net income and earnings per share are presented before an extraordinary item arising from debt extinguishment of which \$6,106 or \$.42 per share is attributable to common stockholders.

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY	
			LAND	BUILDING AND FIXTURES
Allendale	Allendale, MI	-	\$ 393	\$ 3,684
Alpine	Grand Rapids, MI	-	729	6,692
Arbor Terrace	Bradenton, FL	-	481	4,410
Ariana Village	Lakeland, FL	-	240	2,195
Autumn Ridge	Ankeny, IO	-	890	8,054
Bedford Hills	Battle Creek, MI	- (1)	1,265	11,562
Bonita Lake	Bonita Springs, FL	-	285	2,641
Boulder Creek	Pflugerville, TX	-	1,000	500
Branch Creek	Austin, TX	-	796	3,716
Breezy Hill	Pompano Beach, FL	-	1,778	16,085
Brentwood	Kentwood, MI	-	385	3,592
Brookside Village	Goshen, IN	-	260	1,080
Byron Center	Byron Center, MI	-	257	2,402
Candlelight Village	Chicago Heights, IL	-	600	5,623
Candlewick Court	Owosso, MI	-	125	1,900
Carrington Pointe	Ft. Wayne, IN	-	1,076	3,632
Casa Del Valle	Alamo, TX	-	246	2,316
Catalina	Middletown, OH	-	653	5,858
Chain O'Lakes	Grand Island, FL	-	551	5,003
Chisholm Point	Pflugerville, TX	-	609	5,286
Clearwater Village	South Bend, IN	-	80	1,270
Cobus Green	Elkhart, IN	-	762	7,037
College Park Estates	Canton, MI	-	75	800
Continental Estates	Davison, MI	-	1,625	16,581
Country Acres	Cadillac, MI	-	380	3,495
Country Meadows	Flat Rock, MI	-	924	7,583
Countryside Village	Perry, MI	- (1)	275	3,920
Creekwood Meadows	Burton, MI	-	808	2,043

PROPERTY NAME	LOCATION	COST CAPITALIZED SUBSEQUENT TO ACQUISITION		GROSS AMOUNT CARRIED AT DECEMBER 31, 1997	
		LAND	BUILDING AND FIXTURES	LAND	BUILDING AND FIXTURES
Allendale	Allendale, MI	-	\$ 1,154	\$ 393	\$ 4,838
Alpine	Grand Rapids, MI	-	517	729	7,209
Arbor Terrace	Bradenton, FL	-	46	481	4,456
Ariana Village	Lakeland, FL	-	222	240	2,417
Autumn Ridge	Ankeny, IO	-	142	890	8,196
Bedford Hills	Battle Creek, MI	-	116	1,265	11,678
Bonita Lake	Bonita Springs, FL	-	37	285	2,678
Boulder Creek	Pflugerville, TX	\$ 493	1,564	1,493	2,064
Branch Creek	Austin, TX	-	3,837	796	7,553
Breezy Hill	Pompano Beach, FL	-	53	1,778	16,138
Brentwood	Kentwood, MI	-	64	385	3,656
Brookside Village	Goshen, IN	386	3,919	646	4,999
Byron Center	Byron Center, MI	-	63	257	2,465
Candlelight Village	Chicago Heights, IL	-	120	600	5,743
Candlewick Court	Owosso, MI	132	769	257	2,669
Carrington Pointe	Ft. Wayne, IN	-	-	1,076	3,632
Casa Del Valle	Alamo, TX	-	-	246	2,316
Catalina	Middletown, OH	-	207	653	6,065
Chain O'Lakes	Grand Island, FL	-	55	551	5,058
Chisholm Point	Pflugerville, TX	-	1,206	609	6,492
Clearwater Village	South Bend, IN	61	1,119	141	2,389
Cobus Green	Elkhart, IN	-	279	762	7,316
College Park Estates	Canton, MI	174	4,309	249	5,109
Continental Estates	Davison, MI	150	63	1,775	16,644
Country Acres	Cadillac, MI	-	46	380	3,541
Country Meadows	Flat Rock, MI	296	7,409	1,220	14,992
Countryside Village	Perry, MI	185	1,411	460	5,331
Creekwood Meadows	Burton, MI	404	1,588	1,212	3,631

PROPERTY NAME	LOCATION	TOTAL	ACCUMULATED DEPRECIATION	DATE OF ACQUISITION
Allendale	Allendale, MI	\$ 5,231	\$ 222	1996
Alpine	Grand Rapids, MI	7,938	360	1996
Arbor Terrace	Bradenton, FL	4,937	233	1996
Ariana Village	Lakeland, FL	2,657	287	1994
Autumn Ridge	Ankeny, IO	9,086	415	1996
Bedford Hills	Battle Creek, MI	12,943	599	1996
Bonita Lake	Bonita Springs, FL	2,963	138	1996
Boulder Creek	Pflugerville, TX	3,557	36	1996
Branch Creek	Austin, TX	8,349	339	1995
Breezy Hill	Pompano Beach, FL	17,916	840	1996
Brentwood	Kentwood, MI	4,041	192	1996
Brookside Village	Goshen, IN	5,645	547	1985
Byron Center	Byron Center, MI	2,722	132	1996
Candlelight Village	Chicago Heights, IL	6,343	298	1996
Candlewick Court	Owosso, MI	2,926	363	1985
Carrington Pointe	Ft. Wayne, IN	4,708	64	1997
Casa Del Valle	Alamo, TX	2,562	42	1997
Catalina	Middletown, OH	6,718	856	1993
Chain O'Lakes	Grand Island, FL	5,609	319	1996
Chisholm Point	Pflugerville, TX	7,101	460	1995
Clearwater Village	South Bend, IN	2,530	253	1986
Cobus Green	Elkhart, IN	8,078	999	1993
College Park Estates	Canton, MI	5,358	591	1978
Continental Estates	Davison, MI	18,419	840	1996
Country Acres	Cadillac, MI	3,921	183	1996
Country Meadows	Flat Rock, MI	16,212	1,243	1994
Countryside Village	Perry, MI	5,791	664	1987
Creekwood Meadows	Burton, MI	4,843	52	1996

SUN COMMUNITIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION, CONTINUED
 (AMOUNTS IN THOUSANDS)

SCHEDULE III

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY	
			LAND	BUILDING AND FIXTURES
Cutler Estates	Grand Rapids, MI	- (1)	822	7,604
Douglas Estates	Austell, GA	-	508	2,125
Edwardsville	Edwardsville, KS	- (1)	425	8,805
Elmwood	Holly Hill, FL	-	230	2,076
Fisherman's Cove	Flint, MI	-	380	3,438
Flagview Village	Douglasville, GA	-	508	2,125
Goldcoaster	Homestead, FL	-	446	4,234
Golden Lakes	Plant City, FL	-	1,092	7,161
Grand	Grand Rapids, MI	-	578	5,396
Groves	Ft. Myers, FL	-	249	2,396
Hamlin	Webberville, MI	-	125	1,675
Holly Forest	Holly Hill, FL	-	920	8,376
Holiday Village	Elkhart, IN	-	100	3,207
Indian Creek	Ft. Myers Beach, FL	-	3,832	34,660
Island Lake	Merritt Island, FL	-	700	6,431
Kensington Meadows	Lansing, MI	-	250	2,699
King's Court	Traverse City, MI	-	1,473	13,782
King's Lake	Debary, FL	-	280	2,542
King's Pointe	Winter Haven, FL	-	262	2,359
Kissimmee Gardens	Kissimmee, FL	-	594	5,522
Lake Juliana	Auburndale, FL	-	335	2,848
Lake San Marino	Naples, FL	-	650	5,760
Leesburg Landing	Leesburg, FL	-	50	429
Liberty Farms	Valparaiso, IN	-	66	1,201
Lincoln Estates	Holland, MI	-	455	4,201
Maple Grove Estates	Dorr, MI	-	15	210
Maplewood	Lawrence, IN	-	280	2,122
Meadow Lake Estates	White Lake, MI	-	1,188	11,498
Meadowbrook	Indianapolis, IN	-	927	3,833
Meadowbrook Estates	Monroe, MI	-	431	3,320
Meadowbrook Village	Tampa, FL	-	519	4,728

PROPERTY NAME	LOCATION	COST CAPITALIZED SUBSEQUENT TO ACQUISITION		GROSS AMOUNT CARRIED AT DECEMBER 31, 1997	
		LAND	BUILDING AND FIXTURES	LAND	BUILDING AND FIXTURES
Cutler Estates	Grand Rapids, MI	-	47	822	7,651
Douglas Estates	Austell, GA	-	521	508	2,646
Edwardsville	Edwardsville, KS	541	1,350	966	10,155
Elmwood	Holly Hill, FL	-	-	230	2,076
Fisherman's Cove	Flint, MI	-	313	380	3,751
Flagview Village	Douglasville, GA	-	391	508	2,516
Goldcoaster	Homestead, FL	-	-	446	4,234
Golden Lakes	Plant City, FL	1	393	1,093	7,554
Grand	Grand Rapids, MI	-	49	578	5,445
Groves	Ft. Myers, FL	-	-	249	2,396
Hamlin	Webberville, MI	77	638	202	2,313
Holly Forest	Holly Hill, FL	-	-	920	8,376
Holiday Village	Elkhart, IN	143	819	243	4,026
Indian Creek	Ft. Myers Beach, FL	-	119	3,832	34,779
Island Lake	Merritt Island, FL	-	61	700	6,492
Kensington Meadows	Lansing, MI	-	1,612	250	4,311
King's Court	Traverse City, MI	-	220	1,473	14,002
King's Lake	Debary, FL	-	870	280	3,412
King's Pointe	Winter Haven, FL	-	142	262	2,501
Kissimmee Gardens	Kissimmee, FL	-	147	594	5,669
Lake Juliana	Auburndale, FL	-	247	335	3,095
Lake San Marino	Naples, FL	-	41	650	5,801
Leesburg Landing	Leesburg, FL	-	70	50	499
Liberty Farms	Valparaiso, IN	116	1,606	182	2,807
Lincoln Estates	Holland, MI	-	82	455	4,283
Maple Grove Estates	Dorr, MI	19	222	34	432
Maplewood	Lawrence, IN	-	484	280	2,606
Meadow Lake Estates	White Lake, MI	127	1,146	1,315	12,644
Meadowbrook	Indianapolis, IN	350	2,164	1,277	5,997
Meadowbrook Estates	Monroe, MI	379	5,370	810	8,690
Meadowbrook Village	Tampa, FL	-	130	519	4,858

PROPERTY NAME	LOCATION	TOTAL	ACCUMULATED DEPRECIATION	DATE OF ACQUISITION
Cutler Estates	Grand Rapids, MI	8,473	395	1996
Douglas Estates	Austell, GA	3,154	331	1988
Edwardsville	Edwardsville, KS	11,121	1,342	1987
Elmwood	Holly Hill, FL	2,306	35	1997
Fisherman's Cove	Flint, MI	4,131	501	1993
Flagview Village	Douglasville, GA	3,024	330	1988
Goldcoaster	Homestead, FL	4,680	77	1997
Golden Lakes	Plant City, FL	8,647	1,044	1993
Grand	Grand Rapids, MI	6,023	284	1996
Groves	Ft. Myers, FL	2,645	96	1997
Hamlin	Webberville, MI	2,515	303	1984
Holly Forest	Holly Hill, FL	9,296	142	1997
Holiday Village	Elkhart, IN	4,269	564	1986
Indian Creek	Ft. Myers Beach, FL	38,611	1,813	1996
Island Lake	Merritt Island, FL	7,192	542	1995
Kensington Meadows	Lansing, MI	4,561	270	1995
King's Court	Traverse City, MI	15,475	712	1996
King's Lake	Debary, FL	3,692	355	1994
King's Pointe	Winter Haven, FL	2,763	300	1994
Kissimmee Gardens	Kissimmee, FL	6,263	821	1993
Lake Juliana	Auburndale, FL	3,430	373	1994
Lake San Marino	Naples, FL	6,451	303	1996
Leesburg Landing	Leesburg, FL	549	25	1996
Liberty Farms	Valparaiso, IN	2,989	341	1985
Lincoln Estates	Holland, MI	4,738	221	1996
Maple Grove Estates	Dorr, MI	466	61	1979
Maplewood	Lawrence, IN	2,886	351	1989
Meadow Lake Estates	White Lake, MI	13,959	1,493	1994
Meadowbrook	Indianapolis, IN	7,274	660	1989
Meadowbrook Estates	Monroe, MI	9,500	1,181	1986
Meadowbrook Village	Tampa, FL	5,377	654	1994

SCHEDULE III

SUN COMMUNITIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION, CONTINUED
 (AMOUNTS IN THOUSANDS)

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY	
			LAND	BUILDING AND FIXTURES
Meadows	Nappanee, IN	-	300	2,300
Meadowstream Village	Sodus, MI	-	100	1,175
Orange Tree	Orange City, FL	-	283	2,530
Paradise	Chicago Heights, IL	-	723	6,638
Parkwood	Grand Blanc, MI	-	477	4,279
Pin Oak Parc	St. Louis, MO	-	1,038	3,250
Pine Hills	Middlebury, IN	-	72	544
Pine Ridge	Petersburg, VA	-	405	2,397
Plantation Manor	Ft. Pierce, FL	-	950	8,891
Pleasure Cove	Ft. Pierce, FL	-	550	5,005
Presidential	Hudsonville, MI	-	680	6,314
Royal Country	Miami, FL	- (1)	2,290	20,758
Saddle Oak Club	Ocala, FL	-	730	6,743
Scio Farms	Ann Arbor, MI	-	2,300	22,659
Sherman Oaks	Jackson, MI	- (1)	200	2,400
Siesta Bay	Ft. Myers Beach, FL	-	2,051	18,549
Silver Star	Orlando, FL	-	1,067	9,685
Southfork	Belton, MO	-	1,000	9,011
Snow to Sun	Weslaco, TX	-	190	2,143
Tallowwood	Coconut Creek, FL	-	510	5,099
Timber Ridge	Ft. Collins, CO	-	990	9,231
Timberbrook	Bristol, IN	- (1)	490	3,400
Timberline Estates	Grand Rapids, MI	-	536	4,867
Town and Country	Traverse City, MI	-	406	3,736
Valley Mills	Indianapolis, IN	-	150	3,500
Water Oak Country Club Est.	Lady Lake, FL	-	2,503	17,478
West Glen Village	Indianapolis, IN	-	1,100	10,028
Whispering Palm	Sebastian, FL	-	975	8,754
White Lake	White Lake, MI	-	673	6,179

PROPERTY NAME	LOCATION	COST CAPITALIZED SUBSEQUENT TO ACQUISITION		GROSS AMOUNT CARRIED AT DECEMBER 31, 1997	
		LAND	BUILDING AND FIXTURES	LAND	BUILDING AND FIXTURES
Meadows	Nappanee, IN	-1	1,732	299	4,032
Meadowstream Village	Sodus, MI	109	1,044	209	2,219
Orange Tree	Orange City, FL	15	235	298	2,765
Paradise	Chicago Heights, IL	-	41	723	6,679
Parkwood	Grand Blanc, MI	-	338	477	4,617
Pin Oak Parc	St. Louis, MO	44	1,423	1,082	4,673
Pine Hills	Middlebury, IN	52	1,348	124	1,892
Pine Ridge	Petersburg, VA	-	889	405	3,286
Plantation Manor	Ft. Pierce, FL	-	68	950	8,959
Pleasure Cove	Ft. Pierce, FL	-	-	550	5,005
Presidential	Hudsonville, MI	-	535	680	6,849
Royal Country	Miami, FL	-	275	2,290	21,033
Saddle Oak Club	Ocala, FL	-	196	730	6,939
Scio Farms	Ann Arbor, MI	-	2,178	2,300	24,837
Sherman Oaks	Jackson, MI	240	2,974	440	5,374
Siesta Bay	Ft. Myers Beach, FL	-	72	2,051	18,621
Silver Star	Orlando, FL	-	57	1,067	9,742
Southfork	Belton, MO	-	-	1,000	9,011
Snow to Sun	Weslaco, TX	-	-	190	2,143
Tallowwood	Coconut Creek, FL	-	437	510	5,536
Timber Ridge	Ft. Collins, CO	-	148	990	9,379
Timberbrook	Bristol, IN	101	4,151	591	7,551
Timberline Estates	Grand Rapids, MI	-	252	536	5,119
Town and Country	Traverse City, MI	-	38	406	3,774
Valley Mills	Indianapolis, IN	-	533	150	4,033
Water Oak Country Club Est.	Lady Lake, FL	-	1,364	2,503	18,842
West Glen Village	Indianapolis, IN	-	385	1,100	10,413
Whispering Palm	Sebastian, FL	-	26	975	8,780
White Lake	White Lake, MI	-	-	673	6,179

PROPERTY NAME	LOCATION	TOTAL	ACCUMULATED DEPRECIATION	DATE OF ACQUISITION
Meadows	Nappanee, IN	4,331	512	1987
Meadowstream Village	Sodus, MI	2,428	319	1984

Orange Tree	Orange City, FL	3,063	321	1994
Paradise	Chicago Heights, IL	7,402	347	1996
Parkwood	Grand Blanc, MI	5,094	619	1993
Pin Oak Parc	St. Louis, MO	5,755	467	1994
Pine Hills	Middlebury, IN	2,016	255	1980
Pine Ridge	Petersburg, VA	3,691	441	1986
Plantation Manor	Ft. Pierce, FL	9,909	1,073	1994
Pleasure Cove	Ft. Pierce, FL	5,555	606	1994
Presidential	Hudsonville, MI	7,529	339	1996
Royal Country	Miami, FL	23,323	2,839	1994
Saddle Oak Club	Ocala, FL	7,669	732	1995
Scio Farms	Ann Arbor, MI	27,137	1,993	1995
Sherman Oaks	Jackson, MI	5,814	730	1986
Siesta Bay	Ft. Myers Beach, FL	20,672	970	1996
Silver Star	Orlando, FL	10,809	508	1996
Southfork	Belton, MO	10,011	-	1997
Snow to Sun	Weslaco, TX	2,333	40	1997
Tallowwood	Coconut Creek, FL	6,046	647	1994
Timber Ridge	Ft. Collins, CO	10,369	484	1996
Timberbrook	Bristol, IN	8,142	891	1987
Timberline Estates	Grand Rapids, MI	5,655	618	1994
Town and Country	Traverse City, MI	4,180	195	1996
Valley Mills	Indianapolis, IN	4,183	548	1989
Water Oak Country Club Est.	Lady Lake, FL	21,345	2,606	1993
West Glen Village	Indianapolis, IN	11,513	1,224	1994
Whispering Palm	Sebastian, FL	9,755	456	1996
White Lake	White Lake, MI	6,852	104	1997

SCHEDULE III

SUN COMMUNITIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION, CONTINUED
 (AMOUNTS IN THOUSANDS)

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY	
			LAND	BUILDING AND FIXTURES
White Oak	Mt. Morris, MI	-	782	7,245
Willowbrook	Toledo, OH	-	781	7,054
Woods Edge	West Lafayette, IN	-	100	2,600
Woodside Terrace	Holland, OH	-	1,064	9,625
Worthington Arms	Delaware, OH	-	376	2,624
Corporate Headquarters	Farmington Hills, MI	-	-	-
Property Under Development		-	-	190
			<u>\$ 63,080</u>	<u>\$ 542,604</u>

PROPERTY NAME	LOCATION	COST CAPITALIZED SUBSEQUENT TO ACQUISITION		GROSS AMOUNT CARRIED AT DECEMBER 31, 1997	
		LAND	BUILDING AND FIXTURES	LAND	BUILDING AND FIXTURES
White Oak	Mt. Morris, MI	-	-	782	7,245
Willowbrook	Toledo, OH	-	-	781	7,054
Woods Edge	West Lafayette, IN	3	1,581	103	4,181
Woodside Terrace	Holland, OH	-	-	1,064	9,625
Worthington Arms	Delaware, OH	-	800	376	3,424
Corporate Headquarters	Farmington Hills, MI	-	1,851	-	1,851
Property Under Development		-	-	-	190
		<u>\$ 4,597</u>	<u>\$ 74,540</u>	<u>\$ 67,677</u>	<u>\$ 617,144</u>

PROPERTY NAME	LOCATION	TOTAL	ACCUMULATED DEPRECIATION	DATE OF ACQUISITION
White Oak	Mt. Morris, MI	8,027	124	1997
Willowbrook	Toledo, OH	7,835	-	1997
Woods Edge	West Lafayette, IN	4,284	512	1985
Woodside Terrace	Holland, OH	10,689	162	1997
Worthington Arms	Delaware, OH	3,800	467	1990
Corporate Headquarters	Farmington Hills, MI	1,851	448	Various
Property Under Development		190	-	1997
		<u>\$ 684,821</u>	<u>\$ 50,084</u>	

(1) These communities collateralize \$45 million of secured debt.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 20, 1998

SUN COMMUNITIES, INC.

By /s/ Gary A. Shiffman

Gary A. Shiffman, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME -----	TITLE -----	DATE -----
/s/ Milton M. Shiffman ----- Milton M. Shiffman	Chairman of the Board of Directors	March 20, 1998
/s/ Gary A. Shiffman ----- Gary A. Shiffman	Chief Executive Officer, President and Director	March 20, 1998
/s/ Jeffrey P. Jorissen ----- Jeffrey P. Jorissen	Senior Vice President, Chief Financial Officer, Treasurer, Secretary and Principal Accounting Officer	March 20, 1998
/s/ Paul D. Lapidés ----- Paul D. Lapidés	Director	March 20, 1998
/s/ Ted J. Simon ----- Ted J. Simon	Director	March 20, 1998
/s/ Clunet R. Lewis ----- Clunet R. Lewis	Director	March 20, 1998

NAME

TITLE

DATE

Ronald L. Piasecki Director

March , 1998
--

/s/ Arthur A. Weiss
----- Director
Arthur A. Weiss

March 20, 1998

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
2.1	Form of Common Stock Certificate	(1)
2.2	Agreement of Sale pertaining to White Oak Estates	
2.3	Agreement of Sale pertaining to Southfork	
2.4	Agreement of Sale pertaining to Holly Forest Estates and Elmwood Mobile Home Park	
3.1	Amended and Restated Articles of Incorporation of Sun Communities, Inc.	(1)
3.2	Bylaws of Sun Communities, Inc.	(3)
4.1	Indenture, dated as of April 24, 1996, among the Operating Partnership, the Company and Bankers Trust Company, as Trustee	(4)
4.2	Form of Note for the 2001 Notes	(4)
4.3	Form of Note for the 2003 Notes	(4)
4.4	First Supplemental Indenture, dated as of August 20, 1997, by and between the Operating Partnership and Bankers Trust Company, as Trustee	
4.5	Form of Medium-Term Note (Floating Rate)	
4.6	Form of Medium-Term Note (Fixed Rate)	
10.1	Second Amended and Restated Agreement of Limited Partnership of Sun Communities Operating Limited Partnership	(8)
10.2	Amended and Restated 1993 Stock Option Plan#	(8)
10.3	Amended and Restated 1993 Non-Employee Director Stock Option Plan#	(8)
10.4	Form of Stock Option Agreement between the Company and certain directors, officers and other individuals#	(1)
10.5	Form of Non-Employee Director Stock Option Agreement between the Company and certain directors#	(5)
10.6	Employment Agreement between the Company and Gary A. Shiffman#	(8)
10.7	Agreement regarding termination of Robert B. Bayer's Employment Agreement#	(6)
10.8	Registration Rights and Lock-Up Agreement with the Company	(5)
10.9	Senior Unsecured Line of Credit Agreement with Lehman Brothers Holdings Inc.	
10.10	Amended and Restated Loan Agreement between Sun Communities Funding Limited Partnership and Lehman Brothers Holdings Inc.	
10.11	Amended and Restated Loan Agreement among Miami Lakes Venture Associates, Sun Communities Funding Limited Partnership and Lehman Brothers Holdings Inc.	

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.12	Form of Indemnification Agreement between each officer and director of the Company and the Company	
10.13	Loan Agreement among the Operating Partnership, Sea Breeze Limited Partnership and High Point Associates, LP.	
10.14	Option Agreement by and between the Operating Partnership and Sea Breeze Limited Partnership	
10.15	Option Agreement by and between the Operating Partnership and High Point Associates, LP	
10.16	Purchase Agreement with respect to Mortgage Debt	(1)
10.17	Credit Agreement between Fort McMurray Housing Inc. and Sun Communities Alberta Limited Partnership	(3)
10.18	First Amending Agreement to Credit Agreement between Fort McMurray Housing Inc. and Sun Communities Alberta Limited Partnership	(3)
10.19	Demand Note Agreement from Sun Communities Operating Limited Partnership to NBD Bank, Canada	(3)
10.20	Fee and Commission Agreement between Sun Communities Operating Limited Partnership and Fort McMurray Housing Inc.	(3)
10.21	\$1,022,538.12 Promissory Note from Gary A. Shiffman to the Company	(7)
10.22	\$1,022,538.13 Promissory Note from Gary A. Shiffman to the Company	(7)
10.23	\$6,604,923.75 Promissory Note from Gary A. Shiffman to the Company	(7)
10.24	Stock Pledge Agreement between Gary A. Shiffman and the Company for 94,570 shares of Common Stock	(7)
10.25	Stock Pledge Agreement between Gary A. Shiffman and the Company for 305,430 shares of Common Stock	(7)
10.26	\$ 1,300,195.40 Promissory Note from Gary A. Shiffman to the Operating Partnership	
10.27	\$ 1,300,195.40 Promissory Note from Gary A. Shiffman to the Operating Partnership	
10.28	Stock Pledge Agreement between Gary A. Shiffman and the Operating Partnership with respect to 80,000 shares of Common Stock	
10.29	Registration Rights Agreement between Gary A. Shiffman and the Company	(3)
10.30	Registration Rights and Lock Up Agreement among the Company and the partners of Miami Lakes Venture Associates, as amended	(3)
10.31	Registration Rights and Lock Up Agreement among the Company and the partners of Scio Farms Estates Limited Partnership	(3)
10.32	Registration Rights and Lock Up Agreement among the Company and the partners of Kensington Meadows Associates	(3)

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.33	Registration Rights and Lock Up Agreement among the Company and certain affiliates of Aspen Enterprises, Ltd. (Preferred OP Units)	(8)
10.34	Registration Rights and Lock Up Agreement among the Company and certain affiliates of Aspen Enterprises, Ltd. (Common OP Units)	(8)
10.35	Registration Rights Agreement among the Company and the partners of S&K Smith Co.	(8)
10.36	Employment Agreement between the Company and Jeffrey P. Jorissen#	(8)
10.37	Long Term Incentive Plan	
12.1	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Dividends	
21	List of Subsidiaries	
23	Consent of Coopers & Lybrand L.L.P., independent accountants	
27	Financial Data Schedule	

-
- (1) Incorporated by reference to the Company's Registration Statement No. 33-69340.
- (2) Incorporated by reference to the Company's Current Report on Form 8-K dated March 20, 1996.
- (3) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
- (4) Incorporated by reference to the Company's Current Report on Form 8-K dated April 24, 1996.
- (5) Incorporated by reference to the Company's Registration Statement No. 33-80972.
- (6) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
- (7) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995.
- (8) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

Management contract or compensatory plan or arrangement required to be identified by Form 10-K Item 14.

AGREEMENT OF SALE

This AGREEMENT OF SALE is made and entered into this 14th day of October, 1997, by and between R.D. LAMMY, R.D. LAMMY, II AND DEBORAH L. CAMPBELL (the "Sellers"), whose address is c/o R.D. Lammy, II, G-3275 West Pasadena Avenue Flint, Michigan 48504-2386 and MT. MORRIS MHC L.L.C., a Michigan limited liability company (the "Purchaser"), a Michigan limited liability company, whose address is 2328 Livernois, Suite B, Troy Michigan 48083.

R E C I T A L S:

A. Sellers are the owners of 100% of the ownership interests in WHITE OAK ESTATES HOLDINGS L.L.C. ("Investment LLC"), a Michigan limited liability company (the "Interests"), and Investment LLC is the owner of 100% of the ownership interests in White Oaks Estates, L.L.C. ("Project LLC").

B. Project LLC is the owner of certain parcels of real property (the "Land") located in Mt. Morris, Genesee County, Michigan, consisting of approximately 40 acres of land, containing at the time of preparation of this Agreement 376 licensed manufactured home sites of which 374 have pads and utilities installed and are currently usable; there are 13 additional sites for which construction of improvements, pads and utilities have been completed and for which licensure has been applied for (collectively, "Developed Sites"); there are 363 sites reflected on the Project's rent roll as being occupied by tenants; and land sufficient for approximately 75 additional manufactured home sites ("Unbuilt Sites"), commonly known as White Oak Estates, as more fully described in Exhibit "A" attached hereto and made a part hereof, together with the buildings, structures, improvements and manufactured home sites on, above or below the Land, and all fixtures attached to, a part of or used in connection with the improvements, structures, buildings and manufactured home sites, and the parking, facilities, walkways, ramps and other appurtenances relating to the Land, excluding any and all manufactured or mobile homes (collectively the "Improvements"). The portion of the Land consisting of the Unbuilt Sites consists of three phases ("Phase 1", "Phase 2", and "Phase 3") as follows: (i) Phase I contains 28 Unbuilt Sites located on the portion of the Land described in Exhibit B-1 ("Phase 1 Land" and "Phase 1 Unbuilt Sites") and located as set forth on the site plan for the Phase I which is Exhibit C-1 hereto ("Phase 1 Site Plan"), (ii) Phase 2 contains 23 Unbuilt Sites located on the portion of the Land described in Exhibit B-2 ("Phase 2 Land" and "Phase 2 Unbuilt Sites") and are located as set forth on the site plan for the Phase 2 which is Exhibit C-2 hereto ("Phase 2 Site Plan"), and (iii) Phase 3 contains 24 Unbuilt Sites located on the portion of the Land described in Exhibit B-3 ("Phase 3 Land" and "Phase 3 Unbuilt Sites") and are located as set forth on the site plan for the Phase 3 which is Exhibit C-3 hereto ("Phase 3 Site Plan").

C. Project LLC is the owner of all machinery, equipment, goods, vehicles, and other personal property (collectively the "Personal Property") described in Exhibit "D" attached hereto and made a part hereof, which is located at or useable in connection with the ownership or operation of the Land and Improvements.

D. The Land, the Improvements, and the Personal Property, together with all of Project LLC's right, title and interest in and to all licenses, permits and franchises issued with respect to the use, occupancy, maintenance or operation of the Land and Improvements, all right, title and interest, if any, of Project LLC in and to any land lying in the bed of any street, road or avenue,

open or proposed, in front of or adjoining the Land to the center line thereof, all easements appurtenant to the Land, including, but not limited to, privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and all rights of use, air, mineral and subsurface rights, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the foregoing, but excluding therefrom any interest in any adjoining land owned by Sellers, Project LLC or their affiliates (hereinafter sometimes collectively referred to as the "Project").

E. Sellers desires to sell the Interests to Purchaser, and Purchaser desires to purchase the Interests from Sellers, all upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, and the mutual promises hereinafter set forth, and the purchase monies to be paid by Purchaser to Sellers, IT IS HEREBY AGREED:

1. AGREEMENT TO SELL.

1.1 Sellers hereby agrees to sell the Interests to Purchaser, and Purchaser hereby agrees to purchase the Interests from Seller, in accordance with the terms and subject to the conditions hereinafter set forth.

2. PURCHASE PRICE AND PAYMENT THEREOF.

2.1 The aggregate purchase price (the "Purchase Price") for the Interests if all Unbuilt Sites are completed pursuant to the requirements of Section 3 below is the sum of Nine Million Four Hundred Seventy One Thousand Five Hundred Seventy Five Dollars (\$9,471,575.00) ("Maximum Purchase Price"). The Maximum Purchase Price includes the Fixed Purchase Price set forth in Subsection 2.1(a) below, and the Conditional Purchase Price set forth in Subsection 2.1(b) below.

(a) The Fixed Purchase Price (adjusted as provided in this Agreement) is an amount equal to the sum of \$7,821,450.00. The Fixed Purchase Price, as adjusted, less the amount of the Road Escrow which will be deposited with Escrow Agent pursuant to Section 3 below and the Road Escrow Agreement, is payable by wire transfer of immediately available funds to Seller's designated financial institution on the Closing Date (as herein defined).

(b) The Conditional Purchase Price is payable upon satisfaction of the requirements of Section 3 below and pursuant to the terms of the Expansion Completion Agreement (as defined below) as follows: \$589,540 on September 15, 1998, \$507,265 on September 15, 1999, and \$553,320 on September 15, 2000, without interest. The Conditional Purchase Price shall be secured by a letter of credit which shall be in form and content reasonably acceptable to Sellers and Purchaser.

(c) Notwithstanding the foregoing provisions of this Section 2.1, in the event the number of Unbuilt Sites completed in Phases 1, 2 and 3 are more or less than 28, 23 and 24, respectively, the amounts payable pursuant to Section 2.1(b) above will be adjusted upwards or downwards, as applicable, by \$21,055 per site in Phase 1, \$22,055 per site in Phase 2, and \$23,055 per site in Phase 3.

3. SELLER'S CONTINUING OBLIGATIONS.

3.1 The Sellers shall complete development and construction of Phases 1, 2 and 3 of the Project and the Unbuilt Sites, according to the Phase 1, 2 and 3 Site Plans and the plans and specifications for each Phase identified in Exhibit C-4 attached hereto ("Expansion Plans"), pursuant to the Expansion Completion Agreement satisfactory in form and content to Purchaser and Sellers. Sellers shall proceed in good faith and due diligence to complete such development and construction so that (a) Phase 1 and all of the Phase I Unbuilt Sites are completed and available for the installation of mobile homes and lease to tenants by August 1, 1998, (b) Phase 2 and all of the Phase 2 Unbuilt Sites are completed and available for the installation of mobile homes and lease to tenants by August 1, 1999, and (c) Phase 3 and all of the Phase 3 Unbuilt Sites are completed and available for the installation of mobile homes and lease to tenants by August 1, 2000, subject only to Project LLC obtaining final permission to occupy such sites pursuant to license; provided, however, that Sellers shall complete the Unbuilt Sites so as to satisfy all applicable requirements pertaining to the development and construction of the Unbuilt Sites so that Project LLC can obtain such license. Purchaser agrees to cooperate with Sellers in Sellers' efforts to complete the development and construction of Phases 1, 2 and 3 and the Unbuilt Sites. The entire cost to develop and construct the Unbuilt Sites shall be paid by Sellers, including, without limitation, any permits, utility connection and other costs related to construction, but excluding, without limitation, property taxes and special assessments.

3.2 The parties acknowledge that the existing roadways in the Project (together with the Project storm drains) as identified in Exhibit E must be reconstructed ("Road Reconstruction"). Sellers shall have the obligation to undertake and complete such road reconstruction and storm drain upgrade in accordance with the requirements set forth in Exhibit F and plans and specifications identified in Exhibit C-5 attached hereto ("Road Plans"). The entire cost to complete the Road Reconstruction shall be paid by Sellers. Sellers agree to proceed with due diligence and use its best efforts to complete the road reconstruction as soon as practical after the date hereof, and in no event later than July 31, 1998. To assure Sellers' performance of the terms of this Section 3.2, on the Closing Date, Sellers shall deposit in escrow with the Title Company the sum of \$800,000 multiplied by the percentage of the Road Reconstruction uncompleted on the Closing Date, as certified by SSOE Engineering, Inc., pursuant to an escrow agreement ("Road Escrow Agreement") satisfactory in form and content to Purchaser and Sellers, that provides that the escrow funds shall be held by Title Company to be disbursed on the terms set forth in such escrow agreement.

3.3 In order to assure to Purchaser the value of the Interests and goodwill being purchased hereunder, each of Sellers ("Restricted Parties") agree that, for a period of three years after the Closing Date, Restricted Parties will not engage in the development, ownership or operation of any manufactured housing or mobile home community located within 25 miles of the Project, whether such operation involves the lease or sale of sites or lots therein, and whether such development, ownership or operation is direct or is indirect, through one or more entities, contractual relationships or familial relationships, and whether such development, ownership or operation is as owner, principal, agent, partner, shareholder, officer, director, member, trustee, beneficiary, employer, employee, consultant, manager, lessor, lessee or otherwise. Sellers recognize that irreparable harm will result to Purchaser in the event of the violation of any of the covenants contained in this Section 3.3, and agrees that in the event of any such violation, the Purchaser shall be entitled, in addition to its other legal and equitable remedies and damages, to temporary and permanent injunctive relief to restrain the Restricted Parties from committing any such violations. For purposes of this Section 3.3, the term "development" shall not include the

supplying of building and other materials to mobile home communities. The provisions of this Section 3.3 shall survive the Closing.

4. PERMITTED EXCEPTIONS.

4.1 At Closing, the Project LLC's right, title and interest in the Project shall be subject only to the following matters (the "Permitted Exceptions"):

(a) Those liens, encumbrances, easements and other matters set forth on Schedule B-2 of the Commitment to be delivered pursuant to Section 4.1 hereof which the Purchaser does not designate as Title Defects pursuant to Section 5.1 hereof;

(b) The rights of parties in occupancy of all or any portion of the Land and Improvements under leases, subleases or other written agreements, to the extent set forth and described in the current Rent Roll (the "Rent Roll") attached hereto as Exhibit "H", as the same shall be updated to the Closing Date; and

(c) All presently existing and future liens for unpaid real estate taxes, assessments for public improvements installed after the Closing Date, and water and sewer charges and rents, subject to adjustment thereof as hereinafter provided.

5. EVIDENCE OF TITLE; SURVEY; LIEN SEARCHES.

5.1 Within ten (10) days after the date hereof, Sellers shall furnish Purchaser with a commitment (the "Commitment") for an A.L.T.A. Form B Owner's Policy of Title Insurance, without standard exceptions, issued by a nationally recognized title insurance company reasonably acceptable to Purchaser (the "Title Company"), along with copies of all instruments described in Schedule B of the Commitment, in the amount of the Purchase Price for the Interests, and showing marketable and insurable title to the Project in Project LLC subject only to: (a) the Permitted Exceptions; and (b) such other title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money at the Closing, and which Project LLC has the right to remove and Sellers shall cause Project LLC to have removed at or prior to Closing (the "Removable Liens"). At Closing, the Sellers shall cause to be provided to Project LLC, at Sellers' expense, a policy of title insurance issued pursuant to the Commitment, insuring Project LLC as owner of the Project, without the "standard exceptions" and containing, at Purchaser's expense, such additional endorsements as Purchaser shall reasonably request.

5.2 Within ten (10) days after the date hereof, Sellers shall furnish Purchaser with a current ALTA "as built" survey (the "Survey") of the Project prepared by SSOE Engineering, Inc. or such other licensed surveyor or engineer approved by Purchaser, certified to Project LLC, the Purchaser, the Title Company, and any other parties designated by Purchaser, using the form attached as Exhibit "G" hereto. The Survey shall show the legal description of the Land, the total acreage of each parcel comprising the Land, all structures and improvements located thereon, all boundaries, courses and dimensions, set-back lines, easements and rights of way (including any recording references), the location of all highways, streets and roads upon or adjacent to the Land, and the location of all utility lines and connections with such utility lines. The Survey shall be sufficient for removal of the standard survey exception from the policy of title insurance to be issued pursuant to the Commitment and shall not reveal any of the following: (i) encroachments on the Project or any portion thereof from any adjacent property, (ii) the encroachment of the Project,

or any portion thereof, on any adjacent property, or (iii) any violation by any portion of the Project of any recorded building liens, restrictive covenants or easements affecting the Project.

5.3 Prior to the Closing Date, Purchaser shall obtain Uniform Commercial Code financing statement and tax lien searches with respect to the Sellers, Investment LLC and Project LLC, from the State of Michigan, their County of residence or principal place of business (as applicable) (collectively, "UCC Search") showing no security interests, pledges, liens, claims or encumbrances in or affecting the Interests, Investment LLC, Project LLC or the Project, including the Personal Property, except for security interests of a definite or ascertainable amount which may be removed by the payment of money at Closing and which the Sellers, Investment LLC or Project LLC, as applicable, has a right to, and does remove at Closing.

6. TITLE OBJECTIONS.

6.1 If the Commitment, Survey or UCC Search discloses exceptions encumbering Investment LLC, Project LLC, the Project or the Interests which are not reasonably acceptable to Purchaser other than the Removable Liens, Purchaser shall notify Sellers in writing of its objections to such exceptions (the "Title Defects"), and Sellers agree to use their best efforts to cure or to cause Investment LLC or Project LLC to cure any such Title Defects. If Purchaser so objects to any exception disclosed on the Commitment, Survey or UCC Search, such exception shall not be treated as a Permitted Exception hereunder. If Sellers fail to have the Title Defects deleted from the Commitment, Survey, or UCC filings, as the case may be, or discharged within thirty (30) days after receipt of notice from Purchaser (or such longer time period designated by Purchaser and the date of Closing shall be extended by such thirty (30) day (or longer) period) or to remove the Removable Liens at or prior to Closing as required herein, Purchaser may: (a) terminate this Agreement by delivery of written notice to Sellers, whereupon the Deposit, as herein defined, shall be returned immediately to Purchaser, and neither Sellers nor Purchaser shall have any further duties or obligations under this Agreement; (b) elect to accept title to the Project as it then is; or (c) extend for up to ninety (90) days the period for Sellers to cure such Title Defects, and if such Title Defects are not deleted during the extended period, Purchaser may then exercise its rights under subparagraphs (a) or (b) above. If Sellers cause such Title Defects to be deleted from the Commitment, the Closing shall be held within ten (10) days after delivery of the revised Commitment, Survey or UCC Search or on the Closing Date specified in Section 18 hereof, whichever is later.

7. INFORMATION AND ACCESS TO PROJECT.

7.1 Immediately upon the complete execution hereof, Sellers shall cause the Project LLC to deliver to Purchaser, or make available at the office of the Project, and thereafter Purchaser shall have access to, the following:

(a) Copies of all leases, subleases, occupancy and tenancy agreements, and written commitments to lease currently in effect and covering any portion of the Project (the "Tenant Leases"); all collection and credit reports pertaining to the Tenant Leases; the monthly management and operating reports customarily prepared by or on behalf of Project LLC for the last twelve (12) calendar months; and the Project's operating budget for the current year;

(b) Copies of all equipment leases, service, utility, supply, maintenance, concession and employment contracts, agreements, and other continuing contractual

obligations (collectively the "Project Contracts") affecting the ownership or operation of the Project;

(c) Annual statements of the results of the operation of the Project for each of the last three (3) full calendar years, and copies of federal tax returns for Project LLC covering Project LLC's last three (3) fiscal years;

(d) Architectural drawings, plans and specifications and site plans for the Project, to the extent available;

(e) Copies of all written notices of any zoning, safety, building, fire, environmental, health code or other violation relating to the Project and not cured prior to the date hereof;

(f) All plans, contracts, permits or other written information pertaining to the Roadway Reconstruction and the development and construction of Phases 1, 2 and 3 and the Unbuilt Sites; and

(g) All other financial data, operating data, contracts, leases, instruments, invoices and other writings relating to the Project which Purchaser may reasonably request, including, without limitation, tax bills and correspondence with the tax assessor, rent rolls for the past two years, information concerning capital improvements installed by Project LLC, information concerning historical rent increases imposed by Project LLC, a list of recurring services not furnished to the Project through the Project Contracts, information concerning any pending or threatened litigation, utility bills for the past two (2) years, insurance policies and information regarding insurance claims, certificates of occupancy, existing environmental reports, appraisals and market studies, and the organizational documents of the Project's homeowners association, if organized, and any agreements between Project LLC and such homeowners association.

7.2 At all reasonable times from and after the date hereof and subject to the rights of tenants, Sellers shall cause Project LLC to afford Purchaser and its representatives full and free access to the Project, including, but not limited to, the right to conduct environmental, soil, engineering and other tests and to inspect the mechanical, plumbing and utility systems located at the Project, together with all other aspects of the Project; provided, however, if Purchaser or its representatives enter upon the Project pursuant to the terms hereof, Purchaser agrees to indemnify and hold Sellers and Project LLC harmless from all damage caused to any person or the Project as a result of such entry and the acts or omissions of Purchaser or its representatives.

7.3 Purchaser shall have the right, at its expense, to cause its accountant to prepare audited financial statements of Project LLC (or its predecessor) as to the operations at the Project for the calendar years ended December 31, 1994, December 31, 1995 and December 31, 1996, and for the period from January 1, 1997 through the calendar month preceding the Closing Date, and Sellers shall cause Project LLC (or its predecessor, if applicable) to reasonably cooperate and assist it all respects with the preparation of the audited financial statements. Sellers shall cause Project LLC (or its predecessor, if applicable) to furnish to Purchaser and its accountants all financial and other information in its possession or control to enable such accountants to prepare audited financial statements in respect of the Project in conformity with Regulation S-X promulgated by the Securities and Exchange Commission ("SEC") and any registration statement, report or disclosure statement filed with, and any rule issued by, the SEC. Sellers shall also cause Project LLC (or its

predecessor, if applicable) on or before the Closing Date to provide a signed representation letter as prescribed by generally accepted auditing standards as promulgated by the Auditing Standards Divisions of the American Institute of Public Accountants which representation letter is required to enable an independent public accountant to render an opinion on such financial statements. Purchaser shall reimburse Sellers for the reasonable expenses of their accountants in assisting Sellers in connection with the foregoing.

8. ADJUSTMENTS AND PRORATIONS.

8.1 The following adjustments and prorations shall be made at the Closing between Sellers, Project LLC and Purchaser computed to, but not including, the Closing Date.

(a) Real estate taxes and personal property taxes which are a lien upon or levied against any portion of the Project on or prior to the Closing Date, and all special assessments levied on any portion of the Project prior to the Closing Date, shall be paid by Project LLC. The parties acknowledge that property taxes billed as of July 1, 1997 are for the period July 1, 1997 through June 30, 1998, and that property taxes billed on December 15, 1996 are for the period December 15, 1996 through December 14, 1997, thus real estate taxes and personal property taxes levied against any portion of the Project shall be prorated and adjusted between the parties accordingly.

(b) The amount of all unpaid water and other utility bills, and all other expenses incurred with respect to the Project and Project LLC, and relating to the period prior to the Closing Date, shall be paid by Project LLC on or prior to the Closing Date or, if not paid, an amount equal to such unpaid expenses shall be reserved in cash within Project LLC as of the Closing Date, unless, in either case, the same are the direct responsibility of any Tenant.

(c) Charges under Project Contracts shall be paid by Project LLC and all charges due under Project Contracts terminated pursuant to Section 11.2 shall be paid by Project LLC on or prior to the Closing Date, or, if not paid, the amount due shall be reserved in cash within Project LLC as of the Closing Date.

(d) All rental and other revenues collected by Project LLC up to the Closing Date which are allocable to the period prior to the Closing Date shall be disbursed to the Sellers by Project LLC as provided in Section 8.2. To the extent Project LLC collects, within one hundred twenty (120) days after the Closing, any rental or revenues allocable to the period prior to the Closing Date, Project LLC shall pay the same to the Sellers; provided, however, Project LLC is assuming no obligation whatsoever for the collection of such rentals or revenues and all rentals and revenues collected subsequent to the Closing Date shall always, in the first instance, be applied to the most current rentals and revenues, if any, then due under the Tenant Leases or otherwise. Project LLC shall have no obligation to remit to the Sellers any such delinquent rents collected later than one hundred twenty (120) days after the Closing.

(e) An amount equal to all security and other deposits described in the Rent Roll, together with any interest accrued thereon (to the extent applicable law requires interest to be paid by the holder of such deposits) shall be reserved in cash within Project LLC as of the Closing Date.

(f) An amount equal to all expenses (the "Prepaid Expenses") of the Project which have been paid in advance of and from which Project LLC will benefit after the Closing Date shall be disbursed to the Sellers by Project LLC as provided in Section 8.2 below.

(g) Any contracts or agreements of Project LLC with any other party in connection with Road Reconstruction or development and construction of the Unbuilt Sites and Phases 1, 2 and 3 shall be assumed by Sellers, and Sellers shall use their best efforts to obtain a release from liability of Project LLC under such contracts.

(h) All compensation, fringe benefits and other amounts due Project LLC's employees for the period prior to the Closing, whether as hourly pay, salaries, overtime, bonus, vacation or sick pay, severance pay, pensions or otherwise, and all amounts due for the payment of employment taxes with respect thereto, shall be paid by Project LLC on or prior to the Closing Date, or, if not paid, an amount equal to such entire unpaid liability shall be reserved in cash within Project LLC as of the Closing Date.

(i) All costs and expenses incurred by Project LLC prior to the Closing, or the Sellers in connection with the transactions contemplated herein, including, without limitation, attorney and other professional fees and the costs and expenses payable by Project LLC, Investment LLC or the Sellers hereunder shall be paid by the Sellers and shall not be charged to, or the responsibility of, Project LLC or Investment LLC, or, if not paid, an amount equal to such unpaid expenses shall be reserved in cash within Project LLC or Investment LLC as of the Closing Date. All amounts due any lender in respect of any mortgage encumbering the Project shall be paid by Project LLC on or prior to the Closing Date. All federal income tax and Michigan Single Business Tax liability for the period to, through and including the Closing shall be paid by Sellers pursuant to Section 8.4.

8.2 On the Closing Date, immediately prior to the Closing, the Sellers shall certify to Project LLC and the Purchaser a list of all known liabilities of Project LLC and Investment LLC and the amounts for which cash must be reserved within Project LLC or Investment LLC pursuant to Section 8.1 (the "Reserved Liabilities") and that the Reserved Liabilities constitute the only known liabilities of Project LLC and Investment LLC as of the Closing Date. On the Closing Date if (i) all of the cash and cash equivalent assets held by Project LLC as of the Closing Date, after deduction for any costs and expenses payable by Project LLC hereunder, plus the Sellers' share of all Prepaid Expenses as provided in Section 7.1(f), exceed (ii) one hundred percent (100%) of the Reserved Liabilities (the "Reserved Amount"), the Sellers shall be entitled to a distribution from Project LLC in an amount equal to such excess. If the amount described in clause (i) of the preceding sentence is less than the amount described in clause (ii) thereof, the Sellers shall contribute the deficiency to Project LLC. If the amount actually paid by Project LLC to satisfy the Reserved Liabilities, any other obligations of the Sellers hereunder and any other amounts which may become due Project LLC, the Purchaser pursuant to Section 17.2 hereof is less than the Reserved Amount (the "Excess Reserve"), Project LLC shall distribute the Excess Reserve to the Purchaser within thirty (30) days of determination thereof, and the Purchaser shall make a special distribution of the Excess Reserve to the Sellers in proportion to their respective percentage interests in Project LLC.

8.3 Sellers acknowledge that the sale of the Interests will cause a termination of Investment LLC and Project LLC for federal income tax and Michigan Single Business Tax purposes. Sellers shall cause Project LLC and Investment LLC to timely file final tax returns for

the applicable period through and including the Closing, and Purchaser shall cooperate and execute such returns on behalf of Project LLC and Investment LLC for such period. Sellers represent, covenant and warrant that such tax returns shall be complete and correct in all respects and Sellers shall pay all taxes, interest and penalties due from Investment LLC and Project LLC in respect of such period.

9. REPRESENTATIONS AND WARRANTIES.

9.1 The Sellers jointly and severally represent and warrant to the Purchaser as of the date hereof, and as of the Closing Date, the following with the understanding that each of the representations and warranties are material and have been relied on by the Purchaser in connection herewith.

(a) To Sellers' best knowledge, true, correct and complete copies of the Tenant Leases, including all amendments and documents relating thereto, have been or will be delivered to Purchaser pursuant to Section 7.1(a) hereof; the Rent Roll attached hereto as Exhibit "H", as updated to the Closing Date, is and will be an accurate and complete rent roll describing each of the Tenant Leases, including the name of the tenant, the home site occupied by the tenant, the lease term, monthly rent, delinquencies in rent, deposits paid and any prepaid rent or credits due any tenant; except as set forth in the Rent Roll, each Tenant Lease is in full force and effect and not in default and no events have occurred which, with notice or the passage of time, or both, would constitute such a default; the lessor has performed all of its material obligations under each Tenant Lease; and the Tenant Leases have not been modified unless expressly described in the Rent Roll.

(b) To Sellers' knowledge, the Project complies with applicable laws, ordinances, codes, rules and regulations. Subject to obtaining building and other required permits, the development of the Phase I Land, Phase 2 Land, and Phase 3 Land, the construction of the Unbuilt Sites thereon, and the lease of such sites to tenants and the placement of manufactured homes on such sites is permitted under applicable zoning laws, ordinances, codes and rules. Except as otherwise disclosed in Exhibit "I" attached hereto, Sellers and Project LLC have not received any notices of, and Sellers and Project LLC have no knowledge of any existing facts or conditions which may result in the issuance of, any violations of any building, zoning, safety, fire, environmental, health or other codes, laws, ordinances or regulations with respect to the Project, the appurtenances thereto or the maintenance, repair or operation thereof.

(c) Except as otherwise disclosed in Exhibit "J" attached hereto, Sellers and Project LLC have not received notice of and have no knowledge of any existing, pending or threatened litigation or condemnation proceedings or other court, administrative or extra judicial proceedings with respect to or affecting the Project or any part thereof.

(d) Except as otherwise disclosed in Exhibit "K" attached hereto, Sellers and Project LLC have no knowledge of any assessments, charges, paybacks, or obligations requiring payment of any nature or description against the Project which remain unpaid, including, but not limited to, those for sewer, water or other utility lines or mains, sidewalks, streets or curbs. Sellers and Project LLC have no knowledge of any public improvements having been ordered, threatened, announced or contemplated with respect to the Project which have not heretofore been completed, assessed and paid for.

(e) To Sellers' best knowledge, true and complete of all Project Contracts and all amendments thereto have been delivered to Purchaser pursuant to Section 7.1 above; all Project Contracts are in full force and effect and not in default; all Project Contracts are listed in Exhibit "L" attached hereto; and except as described in Exhibit "L", there are no Project Contracts in force with respect to the Project which are not subject to cancellation upon not more than thirty (30) days notice without premium or penalty.

(f) Exhibit "M" attached hereto lists all insurance currently maintained for or with respect to the Project, including types of coverage, policy numbers, insurers, premiums, deductibles and limits of coverage.

(g) Intentionally deleted.

(h) Neither this Agreement nor the performance of Sellers' obligations hereunder, including, without limitation, the conveyance of the Interests as herein contemplated, violates or will violate (i) Project LLC's governing documents and agreements, (ii) any contract, agreement or instrument to which any Sellers or Project LLC is a party or bound or which affects the Project or the Interests, or (iii) any applicable law, regulation, ordinance, order or decree.

(i) Project LLC has not contracted for the furnishing of labor or materials to the Project which will not be paid for in full prior to the Closing Date or has not been assumed by Sellers pursuant to Section 8.1(g), and if any claim is made by any party for the payment of any amount due for the furnishing of labor and/or materials to the Project or Project LLC prior to the Closing Date and a lien is filed against the Project as a result of furnishing such materials and/or labor, Sellers will immediately pay the said claim or bond over such claim and discharge the lien.

(j) To Sellers' best knowledge, all utility services, including water, sanitary sewer, gas, electric, telephone and cable television facilities, are available to the Project and each Developed Site (and will be available to the Unbuilt Sites when completed) in sufficient quantities to adequately service the Project at full occupancy (including Unbuilt Sites, once completed); and to the Sellers' best knowledge, there are no existing, pending or threatened plans, proposals or conditions which could cause the curtailment of any such utility service.

(k) Except as disclosed in Exhibit "N" attached hereto, to the Sellers' and Project LLC's knowledge: (i) other than the roads to be reconstructed as set forth in Section 3, there are no existing material maintenance problems with respect to mechanical, electrical, plumbing, utility and other systems necessary for the operation of the Project; (ii) all such systems are in good working condition and are suitable for the operation of the Project; and (iii) there are no material structural or physical defects in and to the Project.

(l) Attached hereto as Exhibit "O" is a true and complete list of all persons employed by the Project LLC or the manager of the Project in connection with the operation and maintenance of the Project as of the date hereof, including name, job description, term of employment, average hours worked per week, current pay rate, description of all benefits provided such employees and the annual cost thereof. All such employees are terminable at will. To Sellers' best knowledge, Project LLC is and has been in compliance with all laws and regulations governing wages and hours of employees. All accrued obligations relating

to employees as of the Closing, whether arising by operation of law, under contract, by past service, or otherwise, shall be paid or provided for by Project LLC on or before the Closing Date. Investment LLC has no employees.

(m) The Project includes the improvements, amenities and recreational facilities listed in Exhibit "Q" attached hereto and made a part hereof. As of the date hereof, 363 Developed Sites within the Project are occupied. Except as set forth in Exhibit "Q", all unoccupied Developed Sites which exist at the date of Closing, if any, will be in leaseable condition without it being necessary to make any further improvements to permit a tenant to take possession of, and install a manufactured home on, such home site in accordance with Project LLC's standard form lease and the rules and regulations applicable to the Project.

(n) To Sellers' best knowledge, Project LLC has, and Exhibit "R" attached hereto contains a complete and accurate list of, and copies of, all licenses, certificates, permits and authorizations from any governmental authority of which Sellers are aware which are required to develop, operate, use and maintain the Project as a manufactured home park; and all such licenses, certificates, permits and authorizations have been issued and are in full force and effect and on the Closing Date shall remain in full force and effect notwithstanding the transfer of the Interests.

(o) Exhibit "D" attached hereto contains a true and complete list of all Personal Property used in the operation of the Project and owned by Project LLC as of the date hereof; and the Sellers will not permit Project LLC to sell, transfer, remove or dispose of any item of Personal Property listed on Exhibit D from the Project on or prior to the Closing Date, unless such item is replaced with a similar item of no lesser quality or value. Project LLC owns all of its real and personal property free and clear of all liens and encumbrances other than the Removable Liens, the Removable Security Interests, and the Permitted Exceptions, and, except for replacement in the ordinary course of business, will not distribute, sell, convey, assign or dispose of any of its property. Project LLC does not own any manufactured or mobile homes, and does not provide the project manager with a manufactured or mobile home at the Project.

(p) Sellers have not discharged, released, generated, treated, stored, disposed of or deposited in, on or under the Project, and to the best of the Sellers' knowledge, the Project is free of and does not contain, any "toxic or hazardous substance", asbestos, urea formaldehyde insulation, PCBs, radioactive material, flammable explosives, underground storage tanks, or any other hazardous or contaminated substance (collectively, the "Hazardous Materials") prohibited, limited or regulated under the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, or under any other applicable federal, state or local statutes, regulations or ordinances (collectively the "Environmental Laws"). The Sellers have no knowledge of any suit, action or other legal proceeding arising out of or related to any Environmental Laws with respect to the Project which is pending or threatened before any court, agency or government authority, and neither Sellers nor Project LLC has received any notice that the Project is in violation of the Environmental Laws.

(q) Attached hereto as Exhibit "S" are the operating statements for the Project for the periods ending December 31, 1994, December 31, 1995, and December 31, 1996, and profit and loss statements for the Project for the 12-month periods ending December 31,

1994, December 31, 1995, and December 31, 1996 and the eight (8) month period ending August 31, 1997, and the current balance sheet of Project LLC (collectively, the "Project Financial Statements"). To Sellers' best knowledge, the Project Financial Statements are true, correct and complete in all material respects, present fairly and accurately the financial position of Project LLC and the operation of the Project as at such dates and the results of its operations and earnings for the periods indicated thereon, and have been prepared in accordance with generally accepted accounting principals consistently applied throughout the periods indicated.

(r) To Sellers' best knowledge, Project LLC and Investment LLC are duly organized and validly existing as limited liability companies under the laws of the State of Michigan and are duly qualified to do business in and in good standing under the laws of the State of Michigan and both Project LLC and Investment LLC have full power and authority to own, lease and operate their respective properties and assets, including, without limitation, the Project, and to carry on their business as presently conducted. Attached as Exhibit "T" are true and complete copies of Project LLC's and Investment LLC's Operating Agreements, Articles of Organization, and a schedule of minutes of meetings and consent resolutions and any additional documents, relating to Project LLC's and Investment LLC's existence and the Seller's rights and obligations with respect to the Interests, and all amendments to any of the foregoing (collectively, the "Organizational Documents"). As of the date hereof, the Organizational Documents are in full force and effect and only are amended or modified as reflected therein, and from the date hereof to the Closing Date, the Organizational Documents will not be modified or amended without the consent of Purchaser.

(s) The Sellers constitute all of the members of Investment LLC as of the date hereof, and hold one hundred percent (100%) of the membership interests in Investment LLC. Each Seller holds the percentage interest in Investment LLC set forth opposite his name on Exhibit "U" attached hereto. Investment LLC constitutes the only member of Project LLC as of the date hereof, and hold one hundred percent (100%) of the membership interests in Project LLC. To Sellers' knowledge, all Interests were issued without violating any state or federal laws applicable to the issuance of securities or otherwise, and there are no outstanding agreements, commitments, rights, options, warrants or plans of any nature whatsoever for the issuance, sale or purchase of the Interests or any other interests in Investment LLC.

(t) This Agreement is the legal, valid and binding obligation of each of the Sellers, enforceable against each in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting enforcement of creditors' rights generally or by general equity principles. The Sellers are the legal and beneficial owners of the Interests and Investment LLC is the legal and beneficial owner of all ownership interests in Project LLC; such ownership consists of good, valid and indefeasible title thereto, free of all liens and encumbrances of any kind or nature whatsoever; and upon consummation of the transfer of the Interests pursuant to the terms hereof, Purchaser will acquire valid and marketable title to the Interests and, through its ownership of the Interests, to all of the ownership interests in Project LLC, free and clear of all liens and encumbrances whatsoever and will own, in the aggregate, one hundred percent (100%) of the interests in Investment LLC and Project LLC. As of the Closing, there shall not exist any condition, event or circumstance, other than Permitted Exceptions, which constitutes a defect in Project LLC's title to the Project

which (i) is not insured against by the policy of title insurance issued pursuant to Section 10.1(a) and (ii) has not been disclosed in writing to Purchaser. Sellers have the power and authority to sell the Interests and perform their obligations in accordance with the terms and conditions of this Agreement, and each person who executes this Agreement and all other instruments and documents in connection herewith for or on behalf of Project LLC or Sellers, has or will have due power and authority to so act. On or before the Closing Date, the Sellers will have complied with (and have given all notices required under) the organizational documents of Investment LLC and Project LLC to effectively convey and transfer all of their respective rights, title and interest in and to the Interests to Purchaser in the condition herein required.

(u) To Sellers' best knowledge, since December 31, 1996, there has been no material adverse change, which in the aggregate would exceed \$25,000, in the financial condition, properties, assets, liabilities, operations or business of Project LLC, nor has any other event, fact, condition or claim occurred or been threatened which has or may have a Material Adverse Effect on the financial condition, properties, assets, liabilities, business, operations or prospects of Project LLC or Investment LLC. "Material Adverse Effect" means, for purposes of this Agreement, any condition, liability, expense or other matter which could result in economic loss of \$25,000 or more.

(v) Project LLC and Sellers shall continue to conduct Project LLC's business in the ordinary course and will not incur any extraordinary capital expenditures (other than in connection with the Road Reconstruction).

(w) To Sellers' best knowledge, all federal, state and local income, excise, sales, property and other tax returns required to be filed by Project LLC and Investment LLC have been timely filed and are correct and complete in all respects. All known taxes, assessments, penalties and interest due in respect of any such tax returns or the Project and any assessments thereon have been paid in full, and there are no known pending or threatened claims, assessments, deficiencies, audits or notices with respect to any such taxes (including but not limited to the Michigan Single Business Tax for all periods to and including the Closing Date).

(x) To Sellers' best knowledge, neither Project LLC nor Investment LLC is a party or otherwise subject, and the Project is not subject, to any judgment, order, writ, injunction or decree of any court, governmental or any administrative agency or the tribunal having jurisdiction over the Interests, Project LLC, Investment LLC or the Project. Neither Project LLC nor Investment LLC has or will have as of the Closing Date, any outstanding powers of attorney.

(y) Except as set forth on Exhibit "V," neither Project LLC nor Investment LLC maintains, sponsors, participates in or contributes to, or in the past has maintained, sponsored, participated in or contributed to, any employee health or benefit plan (as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), any employee pension benefit plan (as defined in Section 3(2)(A) of ERISA), or any bonus, severance, deferred compensation, retirement option or any other plans or amendments providing for any benefits to employees of Project LLC or Investment LLC, and Project LLC and Investment LLC are not, and have not been a member of any controlled group of entities, a group of trades or businesses under common control, or an

affiliated service group, as defined in ERISA and the Internal Revenue Code of 1986, as amended.

(z) To Sellers' best knowledge, Project LLC owns the right to use the name "White Oak Estates" in connection with the operation of the Project, and Project LLC does not have any liability for infringement for its use of such name and there is not pending or threatened any challenge or claim against Project LLC for its use of the name.

(aa) On the Closing Date Investment LLC shall have no assets other than its interest in Project LLC and shall have no liabilities other than those which are discharged by Sellers at or prior to the Closing.

(bb) All of Project LLC's and Investment LLC's bank accounts, including the name and address of each bank and account numbers, are listed in Exhibit "W" attached hereto.

(cc) Sellers or Project LLC have delivered or will deliver to Purchaser true, correct and complete copies of the information and material referred to Section 6.1 hereof. To Sellers' best knowledge, Project LLC, Investment LLC and Sellers have not received any written notice of any fact which would have a Material Adverse Effect on Project LLC, Investment LLC, the Interests, the Project, or the operation thereof which is not set forth in this Agreement, the Exhibits and Schedules hereto, and has not otherwise been disclosed to Purchaser in writing. Nothing contained in any representations of Sellers set forth in this Agreement, in the Exhibits prepared by Seller or its representatives attached hereto, or the information and material delivered or to be delivered to Purchaser pursuant to the terms hereof, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

9.2 The provisions of Section 9.1 and all representations and warranties contained therein shall be true as of the Closing Date and shall survive the closing of the transaction contemplated herein and the conveyance of the Interests to Purchaser.

9.3 Purchaser hereby represents and warrants to Sellers as of the date hereof, and as of the Closing Date, the following with the understanding that each of the representations and warranties are material and have been relied on by Sellers in connection herewith.

(a) Purchaser has been duly formed and is validly existing as a limited liability company, in good standing under the laws of the State of Michigan, and has, and will have at closing, the power and authority to own, lease and operate its properties and to conduct its business and to enter into and perform its obligations under this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by Purchaser and constitutes the valid and legally binding obligation of Purchaser, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting enforcement of creditors' rights generally or by general equity principles.

(c) Neither this Agreement nor the performance of Purchaser's obligations hereunder, violates or will violate Purchaser's governing documents and agreements, or any

contract, agreement or instrument to which the Purchaser is a party or bound and in any respect which prohibits or restricts such performance.

(d) No consent, approval, authorization, order or decree of any court or governmental agency or body is required for the consummation by Purchaser of the transactions contemplated by this Agreement, except such as have been obtained or rendered, as the case may be.

(e) Members of Purchaser are and have been engaged in the business of buying, selling and operating manufactured housing communities, and are knowledgeable and aware of the business operations of manufactured housing communities; Purchaser is entering into this Agreement without any representation, warranty or guarantee by Sellers as to the operations and profitability of the Project for any time period (i) prior to the Closing, except for those representations and warranties explicitly set forth in this Agreement, or (ii) after the Closing.

(f) Purchaser shall execute at Closing a certificate in the form attached hereto as Exhibit 9.2(f), stating that Purchaser has requested of Sellers and Sellers have cooperated with and allowed Purchaser to (i) review all of the books and records of the Project, (ii) inspect all of the personal and real property of the Project, (iii) interview any and all persons associated with the Project as Purchaser requested, and (iv) engage engineers, accountants, attorneys and other consultants or professionals as Purchaser deemed necessary to conduct the due diligence in respect of the Project.

(g) Purchaser has not received notice of and has no knowledge of any existing, pending or threatened litigation, or other court administrative or extrajudicial proceedings with respect to or affecting this Agreement or Purchaser's obligations under this Agreement.

(h) Nothing contained in any representations of Purchaser set forth in this Agreement, in the Exhibits prepared by Purchaser or its representatives attached hereto, or the information and material delivered or to be delivered to Sellers pursuant to the terms hereof, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

9.4 The provisions of Section 9.3 and all representations and warranties contained therein shall be true as of the Closing Date and shall survive the closing of the transaction contemplated herein and the conveyance of the Interests.

10. CONDITIONS.

10.1 Purchaser's obligation to consummate the purchase of the Interests is expressly conditioned upon the following, each of which constitutes a condition precedent to Purchaser's obligations hereunder which, if not performed or determined to be acceptable to Purchaser on or before the Closing Date (unless a different time for performance is expressly provided herein), shall permit Purchaser, at its sole option, to declare this Agreement null and void and of no further force and effect by written notice to Sellers, whereupon the Deposit shall be returned immediately to Purchaser, and neither Sellers nor the Purchaser shall have any further obligations hereunder to the other (provided that Purchaser shall have the right to waive any one or all of said conditions).

(a) On the Closing Date, Sellers' title to the Interests, Investment LLC's title to the ownership interests in Project LLC, and Project LLC's title to the Project shall be in the condition required herein, and the Title Company shall be in a position to issue the requisite policy of title insurance pursuant to the Commitment.

(b) Sellers shall have complied with and performed all covenants, agreements and conditions on its part to be performed under this Agreement within the time herein provided for such performance.

(c) Sellers' representations, warranties and agreements contained herein are and shall be true and correct as of the date hereof and as of the Closing Date in all material respects.

(d) From and after the date hereof to the Closing Date there shall have been no change that could have a Material Adverse Effect on the Project, Project LLC, Investment LLC or the business conducted at the Project or by Project LLC or Investment LLC.

(e) Purchaser shall have obtained, at its sole cost and expense, within thirty (30) days after the date hereof, a "Phase 1" environmental audit (the "Environmental Audit") of the Project, including the Land and Improvements, addressed to the Purchaser, conducted by an independent environmental investigation and testing firm, reflecting that the Project is free of and does not contain any Hazardous Materials in excess of amounts permitted under applicable federal, state or local laws, regulations, rules or ordinances, including, but not limited to, standards adopted by the Michigan Department of Environmental Quality for unrestricted residential use, and otherwise in form and content acceptable to Purchaser, in its sole discretion. If the Environmental Audit discloses any condition which requires further review or investigation, the Purchaser at its option may obtain a "Phase 2" environmental audit of the Project in form and content acceptable to the Purchaser, in its sole discretion, and the Closing Date shall be extended for up to sixty days to provide Purchaser with sufficient time to receive, review and approve the Phase 2 environmental audit.

11. PERIOD FOR INVESTIGATION.

11.1 Purchaser shall have until October 1, 1997 (the "Investigation Period") to inspect and investigate all aspects of the Project, Project LLC and Investment LLC, including, without limitation, the physical condition of the Project, all items of income and expense arising from Seller's ownership and operation of the Project, and all documents relating thereto. In the event Sellers have failed to deliver or make available to Purchaser the information and material required by Section 7.1 on the date hereof, the Investigation Period shall be extended for a period of time equal to the number of days from the required delivery date of each such item to the actual date of delivery of all such items. At any time prior to the expiration of the Investigation Period, as the same may have been extended pursuant to the provisions of this Section 11.1, and for any reason whatsoever, Purchaser may, at its option and in its sole and absolute discretion, terminate this Agreement, whereupon the deposit shall be returned to Purchaser, and Purchaser and Sellers shall have no further obligation to the other hereunder.

11.2 Purchaser and Sellers shall use their best efforts to agree on the form and content of the Expansion Completion Agreement, Road Escrow Agreement and Letter of Credit on or before October 15, 1997. If the parties have not agreed on the form and content of such documents by

such date, either party hereto may terminate this Agreement by written notice to the other party within two (2) business days of the expiration of the Investigation Period, whereupon the deposit shall be returned to Purchaser, and Purchaser and Sellers shall have no further obligation to the other hereunder.

11.3 If Purchaser fails to notify Sellers in writing prior to the expiration of the Investigation Period, as the same may be extended, that it is terminating this Agreement as provided in Section 11.1 above (the "Termination Notice"), its right under Section 11.1 to terminate this Agreement shall expire.

12. OPERATION OF PROJECT.

12.1 From and after the date hereof to the Closing Date, Sellers shall cause Project LLC to: (a) continue to maintain, operate and conduct business at the Project in substantially the same manner as prior to the date hereof; (b) perform all regular and emergency maintenance and repairs with respect to the Project; (c) will maintain in effect all insurance policies now maintained in respect of the Project; (d) not sell, assign or convey any right, title or interest in any part of the Project; and (e) not change the operation or status of the Project in any manner reasonably expected to impair or diminish its value; provided, however: (i) no Tenant Lease shall be executed or extended for a term in excess of one year; (ii) no Tenant Lease shall be executed or extended at a rental rate that is less than the present rental for such space within the Project; and (iii) Sellers shall at or prior to the Closing Date furnish Purchaser with a copy of each new or renewal lease.

12.2 Effective as of the Closing Date, Project LLC shall terminate those Project Contracts designated by Purchaser at least five (5) days prior to the Closing Date, and all payments of any nature whatsoever payable or claimed as a result of the termination of such Project Contracts and all costs associated therewith shall be paid by Project LLC prior to the Closing Date or shall become Reserved Liabilities hereunder.

12.3 Effective as of the Closing, Project LLC shall terminate the employees of Project LLC; provided, however, that immediately following the Closing, Purchaser shall cause Project LLC to offer new employment to such employees on Purchaser's and its affiliates' standard employment at will basis, at the same hourly wage as they received prior to the Closing, and, in the case of Gale Priuer and Francis Coggins with medical insurance and other benefits available on the same basis as such benefits are provided to employees of Purchaser and its affiliates who are employed in similar positions. All compensation and payments of any nature payable or claimed as a result of the employment of the employees prior to Closing and the termination of such employees at Closing shall be paid by Project LLC prior to the Closing, or shall become Reserved Liabilities hereunder.

13. DESTRUCTION OF PROJECT.

13.1 In the event any part of the Project shall be damaged or destroyed prior to the Closing Date, Sellers shall notify Purchaser thereof, which notice shall include a description of the damage and all pertinent insurance information. If the use or occupancy of the Project is materially affected by such damage or destruction or the cost to repair such damage or destruction exceeds Fifty Thousand Dollars (\$50,000.00), Purchaser shall have the right to terminate this Agreement by notifying Sellers within thirty (30) days following the date Purchaser receives notice of such occurrence, whereupon the Deposit shall be returned immediately to Purchaser, and Sellers and Purchaser shall not have any further obligation hereunder to the other. If Purchaser does not elect to

terminate this Agreement, or shall fail to notify Sellers within the said thirty (30) day period, on the Closing Date Sellers shall assign to Purchaser all of Sellers' right, title and interest in and to the proceeds of the fire and extended coverage insurance presently carried by or payable to Sellers.

14. CONDEMNATION.

14.1 If, prior to the Closing Date, either Sellers or Purchaser receives or obtains notice that any governmental authority having jurisdiction intends to commence or has commenced proceedings for the taking of any portion of the Project by the exercise of any power of condemnation or eminent domain, or notice of any such taking is recorded among the public records of the State of Michigan or Genesee County, Purchaser shall have the option to terminate this Agreement by notifying Sellers within thirty (30) days following Purchaser's receipt of such notice, in which event the Deposit shall be returned immediately to Purchaser, and Sellers and Purchaser shall not have any other or further liability or responsibility hereunder to the other. If Purchaser does not elect to terminate this Agreement or shall fail to notify Sellers within the thirty (30) day period, Purchaser shall close the transaction as if no such notice had been received, obtained or recorded or proceedings commenced, and in such event, any proceeds or awards made in connection with such taking shall be the sole property of the Purchaser.

15. DEFAULT BY SELLERS OR PURCHASER.

15.1 In the event Sellers shall fail to perform any of their obligations hereunder, Purchaser may, at Purchaser's option and in addition to all other rights available at law or in equity: (i) terminate this Agreement by written notice delivered to Sellers at or prior to the Closing Date and receive a full refund of the Deposit; (ii) obtain specific performance of the terms and conditions hereof; or (iii) waive Seller's default and proceed to consummate the transactions with Sellers.

15.2 In the event Purchaser does not elect to terminate this Agreement as permitted herein and the conditions precedent to Purchaser's obligation to purchase the Interests have been satisfied or waived by Purchaser, and thereafter Purchaser fails to purchase the Interests on the Closing Date in accordance with the terms of this Agreement, Sellers may, at their option, (i) terminate this Agreement and have delivered to Seller, as liquidated damages, the Deposit, and Purchaser shall have no further or other liability hereunder or (ii) obtain specific performance of the terms and conditions hereof. Sellers and Purchaser agree that in the event of a default by Purchaser under this Agreement, Seller's damages would be difficult or impossible to ascertain, and the amount of the Deposit represents a reasonable estimate of such damages.

16. DEPOSIT.

16.1 On the date of the complete execution of this Agreement, Purchaser shall deliver the sum of One Hundred Thousand and 00/100 (\$100,000.00) Dollars (the "Deposit") to the Title Company (the "Escrow Agent"), to be held and disbursed pursuant to the terms of an Escrow Agreement in the form of Exhibit "X" attached hereto and made a part hereof, which shall be executed and delivered by the Sellers, Purchaser and Escrow Agent. All interest earned on the Deposit shall belong to Purchaser.

17. LIABILITY AND INDEMNIFICATION.

17.1 Purchaser does not and shall not assume any liability for any claims arising out of the occurrence of any event or the existence of any condition prior to the Closing Date with respect

to the Project, and except for the liability of Project LLC in respect of the Reserved Liabilities for which cash has been reserved by Project LLC or Investment LLC on the Closing Date pursuant to Section 8 above, all accounts payable, obligations, taxes, and liabilities of Project LLC and Investment LLC, accrued or unaccrued, foreseen or unforeseen, contingent or liquidated, incurred as of the Closing Date or arising out of events or occurrences or attributable to operations arising on or prior to the Closing Date (collectively, the "Pre-Closing Liabilities") shall be the responsibility of, and shall be paid by, Sellers. .

17.2 The Sellers, jointly and severally, agree to indemnify and hold harmless Project LLC, Investment LLC, Purchaser, and their respective successors, assigns, constituent members and partners, employees, agents and representatives from and against any and all claims, penalties, damages, liabilities, actions, causes of action, costs and expenses (including reasonable attorneys' fees and costs) arising out of, as a result of or as a consequence of: (i) the Pre-Closing Liabilities, which include, without limitation, (A) any property damage or injuries to persons, including death, caused by any occurrence at the Project or in connection with Project LLC's use, possession, operation, repair and maintenance of the Project prior to the Closing Date; (B) any liabilities of Project LLC in respect of Project Contracts not specifically assumed by Purchaser; and (C) any claims of employees of Project LLC arising in connection with their employment prior to Closing or termination of their employment at Closing; (ii) any contracts or agreements between Project LLC and any other party relating to the Road Reconstruction or development and construction of Phases 1, 2 and 3 and the Unbuilt Sites entered into before the Closing Date; (iii) the imposition of any transfer tax by any governmental authority arising directly or indirectly from the transfer of the Interests to Purchaser (including real estate transfer tax imposed in respect of the Project); (iv) any breach by Sellers of any of their representations, warranties, or obligations set forth herein or in any other document or instrument delivered by the Sellers or Project LLC in connection with the consummation of the transactions contemplated herein; (v) liability of the Project LLC or Investment LLC for federal income or Michigan Single Business Tax, and any interest or penalties in connection therewith, for the period prior to, through and including the Closing; and (vi) any liabilities of Investment LLC as of the Closing Date. The Purchaser shall have the right to offset against the Conditional Purchase Price which otherwise would have been payable to Sellers the amounts Sellers are liable for pursuant to the preceding sentence.

17.3 From and after the Closing Date, Purchaser agrees to indemnify and hold harmless Sellers from and against any and all claims, penalties, damages, liabilities, actions, causes of action, costs and expenses (including reasonable attorneys' fees), arising out of, as a result of or as a consequence of: (i) any property damage or injuries to persons, including death, caused by the occurrence of any event or the existence of any condition at the Project or in connection with the Purchaser's use, ownership, possession, operation, repair and maintenance of the Project from and after the Closing; (ii) any breach by Purchaser of any of their representations or warranties set forth herein; (iii) any liability, cost, expense or damages of Sellers (other than liability for transfer tax (if any) in respect of the Property) arising in respect of any obligation (if any) of Purchaser or Project LLC to file any notice with respect to the transfer of the Interests with the State of Michigan, Genesee County recorder of deeds or the local assessor's office.

18. CLOSING.

18.1 Subject to the provisions of Sections 6.1 and 10, the closing ("Closing") of the transaction contemplated herein shall take place within thirty (30) days after the expiration of the Investigation Period (the "Closing Date"); provided, however, that if the items to be delivered to Purchaser by Sellers pursuant to Section 5, 7 and 10(e) are not delivered by the dates set forth

therein, the Closing Date shall be extended for a period of time equal to the number of days from the required delivery date of each such item to the actual delivery of all such items. The Closing Date shall be mutually agreed upon by Purchaser and Sellers and shall be held at the office of Sellers' attorney or the Title Company, or on or at such other time or place as Purchaser and Sellers shall agree upon.

18.2 At Closing:

(a) Each Seller shall execute and deliver an Assignment of LLC Interest, transferring all of such Seller's Interest to Purchaser, free and clear of all liens and encumbrances whatsoever, in form and content acceptable to Purchaser and Sellers.

(b) The Purchaser shall enter into an amended and restated operating agreement of Investment LLC and an amendment to and restatement of Investment LLC's Articles of Organization, providing for the withdrawal of the Sellers and the admission of Purchaser as the sole member of Investment LLC in place of the Sellers, such Investment LLC documents to be in form and content provided by Purchaser.

(c) Sellers shall deliver to Purchaser the certificate of Reserved Liabilities contemplated by Section 8.2 hereof.

(d) Sellers shall cause the Commitment referred to in paragraph 5.1 hereof to be recertified and updated to the Closing Date, and shall cause the policy of title insurance to be issued to Project LLC pursuant to such updated Commitment together with such endorsements thereto as Purchaser shall request, at Seller's sole cost (except for the cost of additional endorsements requested by Purchaser).

(e) Purchaser shall deliver to Sellers the Fixed Purchase Price, adjusted as provided in this Agreement, by certified or cashier's check or wire transfer of immediately available funds to Seller's designated financial institution.

(f) Purchaser, Sellers and Title Company shall execute and deliver the Road Escrow Agreement, and the amount set forth in Section 3.2 of the Fixed Purchase Price shall be deposited with the Title Company pursuant to the Road Escrow Agreement.

(g) Purchaser shall deliver the letter of credit in the amount of the Conditional Purchase Price to Sellers, in form and substance acceptable to Sellers and Purchaser.

(h) Sellers shall have delivered evidence to Purchaser that any contracts or agreements entered into by Project LLC in connection with the Roadway Reconstruction or development of Phases 1, 2 and 3 has been assumed by Sellers and that Project LLC has been released therefrom.

(i) Sellers shall deliver to Purchaser a certificate confirming the truth and accuracy of Sellers' representations and warranties hereunder, and the Rent Roll, updated to the Closing Date, shall be certified as true and correct in all respects.

(j) Sellers shall deliver to Project LLC originals of: (i) the Tenant Leases, including all amendments thereto and modifications thereof; (ii) all Project Contracts assigned to Purchaser; (iii) all architectural plans and specifications and other documents in

Seller's possession pertaining to the development of the Project; and (iv) all collection, expense and business records and such other documentation reasonably necessary for Purchaser to continue the uninterrupted operation of the Project.

(k) Each Seller (if any) which is a corporation, limited liability company, or partnership shall deliver to Purchaser evidence of the power and authority of such entity to enter into the transactions contemplated hereby, and authorizing and directing the execution and delivery of this Agreement and all documents and instruments to be executed and delivered by such Sellers pursuant to the terms hereof.

(l) Sellers shall deliver to Purchaser an affidavit, in form acceptable to Purchaser, executed by the Sellers, certifying that the Sellers and all persons or entities holding an interest in the Sellers are not non-resident aliens or foreign entities, as the case may be, such that the Sellers and such interest holders are not subject to tax under the Foreign Investment and Real Property Tax Act of 1980.

(m) Purchaser shall deliver to Sellers certificates or such other instruments reasonably necessary to evidence that the execution and delivery of this Agreement and all documents to be executed and delivered by Purchaser hereunder, have been authorized by Purchaser and that all persons or entities who have executed documents on behalf of Purchaser in connection with the transaction have due authority to act on behalf of the Purchaser.

(n) The Sellers and Purchaser shall each deliver to the other such other documents or instruments as shall reasonably be required by such party, its counsel or the Title Company to consummate the transaction contemplated herein and/or to cause the issuance of the policy of title insurance which, in all events, shall not increase such party's liability hereunder or decrease such party's rights hereunder.

19. COSTS.

19.1 Purchaser and Sellers shall each be responsible for their own counsel fees and travel expenses. Sellers shall pay transfer taxes due on the conveyance of the Interests to Purchaser (including any transfer tax (if any) imposed with respect to the Project), sales taxes due on the transfer of any vehicles to Purchaser, title insurance premiums for the Purchaser's policy of title insurance, the cost of the Survey and all recording and filing fees. Escrow fees shall be borne by Purchaser.

20. BROKERS.

20.1 Sellers and Purchaser represent and warrant to each other that the party or parties making the representation have not dealt with any brokers or finders or created or incurred any obligation for a commission, finder's fee or similar remuneration in connection with this transaction and jointly and severally agree to indemnify, warrant and defend each other against and from all liability, loss, damages, claims or expenses, including reasonable attorney fees, arising from the breach or asserted breach of such representation. The provisions of this Section shall survive termination of this Agreement for any reason.

21. ASSIGNMENT.

21.1 Purchaser hereby reserves the right, on or before the Closing Date, to assign all of its right, title and interest in and to this Agreement or to transfer its interest in the Project to any other person or entity, and upon notice of such assignment to Seller, all terms and conditions hereof shall apply equally to such assignee as if the assignee was the original party hereto.

22. CONTROLLING LAW.

22.1 This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of Michigan.

23. ENTIRE AGREEMENT.

23.1 This Agreement, the Escrow Agreement, and the Exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the transactions herein contemplated, and supersedes all prior agreements, written or oral, between the parties relating to the subject matter hereof. Any modification or amendment to this Agreement shall be effective only if in writing and executed by each of the parties hereto.

24. NOTICES.

24.1 Any notice, writing, or other matter or copy of any of the foregoing (collectively, "document") to be delivered hereunder shall be deemed delivered (i) upon hand delivery to or actual receipt by the intended recipient, or (ii) upon the occurrence of any of the following if the same occurs on a business day, or the first business day after the occurrence of any of the following if the same occurs on a day which is not a business day: (A) hand delivery to any adult residing or employed at the applicable address indicated below, (B) facsimile transmission to the address indicated below and receipt by the transmitting party of printed confirmation that the transmission was received, provided that if the transmission occurs after 4:30 P.M. E.S.T or E.D.T. (as appropriate), it shall be deemed to have occurred on the first business day thereafter, or (C) one (1) business day after the document is deposited with an overnight courier service, or three (3) days after the document is deposited in the United States mail, with postage or delivery fees prepaid and addressed as specified below, provided that the document is subsequently delivered by the postal or courier service to the required address in the ordinary course of business. A document shall be addressed as follows:

If to Sellers:

c/o R.D. Lammy, II
 G-3275 West Pasadena Avenue
 Flint, Michigan 48504-2386
 Fax No. _____
 Telephone: _____

With a copy to: William Shedd/Damion Frasier
Winegarden, Shedd, Haley, Lindholm &
Robertson, P.L.C.
501 Citizens Bank Building
Flint, Michigan 48502-1983
Fax No. (810) 767-8776
Telephone: (810) 767-3600

If to Purchaser: Mt. Morris MHC, L.L.C.
c/o Parkbridge Investment Group, Inc.
2328 Livernois, Suite B
Troy, Michigan 48083
Attn: Steven Ureel
Fax No. (810) 740-9295
Telephone: (810) 680-1903

With a contemporaneous
required copy to: Arthur A. Weiss/Gail A. Anderson
Jaffe, Raitt, Heuer & Weiss
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Fax No. (313) 961-8358
Telephone: (313) 961-8380

Either party hereto may change the name and address of the designee to which notice shall be sent by giving written notice of such change to the other party hereto as hereinbefore provided.

25. ARBITRATION. All disputes between the parties arising under this Agreement shall be resolved by arbitration in Flint, Michigan, by a single arbitrator pursuant to the rules of the American Arbitration Association. The award of the arbitrator shall be final and binding upon the parties, and a judgment may be rendered thereon in any court of record.

26. BINDING.

26.1 The terms hereof shall be binding upon and shall inure to the benefit of the parties hereto, their successors, transferees and assigns.

27. PARAGRAPH HEADINGS.

27.1 The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

28. DAYS AND DEADLINES.

28.1 As used in this Agreement, "days" shall mean and refer to calendar days, and "business days" shall mean and refer to days which are not a Saturday, Sunday or legal banking holiday in the State of Michigan. However, if a deadline falls or notice is required on a Saturday, Sunday, or a legal banking holiday in the State of Michigan, then the deadline or notice shall be extended to the next calendar day which is not a Saturday, Sunday, or a legal banking holiday.

29. SURVIVAL AND BENEFIT.

29.1 Except as otherwise expressly provided herein, each agreement, representation or warranty made in this Agreement by or on behalf of either party, or in any instruments delivered pursuant hereto or in connection herewith, shall survive the Closing Date and the consummation of the transactions provided for herein.

29.2 The covenants, agreements and undertakings of each of the parties hereto are made solely for the benefit of, and may be relied on only by, the other party hereto, their transferees and assigns, and are not made for the benefit of, nor may they be relied upon, by any other person whatsoever.

30. COUNTERPARTS.

30.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall be deemed one in the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

SELLERS:

IN THE PRESENCE OF:

- -----
- -----

R.D. LAMMY

R.D. LAMMY, II

DEBORAH L. CAMPBELL

PURCHASER:

MT. MORRIS MHC L.L.C.

By:

- -----
- -----

Steven Ureel, Manager

LIST OF EXHIBITS

EXHIBIT	DESCRIPTION
A	Legal Description of Land
B-1	Phase 1 Land
B-2	Phase 2 Land
B-3	Phase 3 Land
C-1	Phase 1 Site Plan
C-2	Phase 2 Site Plan
C-3	Phase 3 Site Plan
C-4	Expansion Plans
C-5	Road Plans
D	Schedule of Personal Property
E	Road Reconstruction
F	Road Reconstruction Requirements
G	Survey Certificate
H	Rent Roll
I	Violations (Section 9.1(b))
J	Litigation and Condemnation Proceedings (Section 9.1(c))
K	Assessments and Other Charges (Section 9.1(d))
L	Project Contracts (Section 9.1(e))
M	Summary of Insurance (Section 9.1(g))
N	Maintenance Problems (Section 9.1(k))
O	List of Employees (Section 9.1(l))
P	List of Facilities (Section 9.1(m))

Q	Developed Sites Not in Leaseable Condition (Section 9.1(m))
R	Licenses, Authorizations and Permits (Section 9.1(n))
S	Seller's Financial Statements (Section 9.1(q))
T	Organizational Documents (Section 9.1(r))
U	Ownership Interests in Investment LLC (Section 9.1(s))
V	ERISA Plans
W	Bank Accounts (Section 9.1(bb))
X	Form of Escrow Agreement (Deposit)
9.2(f)	Form of Purchaser's Certificate

AGREEMENT OF SALE

This AGREEMENT OF SALE is made and entered into this 24th day of November, 1997, by and between SOUTHFORK GROWTH & INCOME FUND - KANSAS CITY, LTD. (the "Seller"), a Texas limited partnership, having its principal office at 750 North St. Paul, Suite 200, Dallas, Texas 75201, and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP (the "Purchaser"), a Michigan limited partnership having its principal office at 31700 Middlebelt, Suite 145, Farmington Hills, Michigan 48334, or its designee or assignee.

R E C I T A L S:

A. Seller is the owner of parcels of real property (the "Land") located in the City of Belton, Cass County, Missouri, containing 482 developed manufactured home sites on approximately 80 acres, commonly known as Southfork Mobile Home Park, as more fully described in Exhibit "A" attached hereto and made a part hereof, together with the buildings, structures, improvements and manufactured home sites on, above or below the Land, and all fixtures attached to, a part of or used in connection with the improvements, structures, buildings and manufactured home sites, and the parking, facilities, walkways, ramps and other appurtenances relating to the Land (collectively the "Improvements").

B. Seller is the owner of all machinery, equipment, goods, vehicles, manufactured homes and other personal property (collectively the "Personal Property") described in Exhibit "B" attached hereto and made a part hereof, which is located at or useable in connection with the ownership or operation of the Land and Improvements.

C. The Land, the Improvements, and the Personal Property, together with all of Seller's right, title and interest in and to all licenses, permits and franchises issued with respect to the use, occupancy, maintenance or operation of the Land and Improvements, all right, title and interest, if any, of Seller in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Land to the center line thereof, all easements appurtenant to the Land, including, but not limited to, privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and all rights of use, air, mineral and subsurface rights, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the foregoing are hereinafter sometimes collectively referred to as the "Project".

D. Seller desires to sell the Project to Purchaser, and Purchaser desires to purchase the Project from Seller, all upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, and the mutual promises hereinafter set forth, and the purchase monies to be paid by Purchaser to Seller, IT IS HEREBY AGREED:

1. AGREEMENT TO SELL.

1.1 Seller hereby agrees to sell the Project to Purchaser, and Purchaser hereby agrees to purchase the Project from Seller, in accordance with the terms and subject to the conditions hereinafter set forth.

2. PURCHASE PRICE AND PAYMENT THEREOF.

2.1 The aggregate purchase price (the "Purchase Price") for the Project is the sum of Ten Million Two Hundred Fifty Thousand Dollars (\$10,250,000.00). The Purchase Price, adjusted as provided in Section 8 of this Agreement, shall be payable by Purchaser to Seller on the Closing Date (as herein defined) by certified or cashier's check or wire transfer of immediately available funds to Seller's designated financial institution.

2.2 The Purchase Price shall be allocated among the Land, Improvements and Personal Property in accordance with the schedule attached hereto as Exhibit "C" and made a part hereof by this reference.

3. PERMITTED EXCEPTIONS.

3.1 The Project shall be sold and conveyed to Purchaser subject only to the following matters (the "Permitted Exceptions"):

(a) Those liens, encumbrances, easements and other matters set forth on Schedule B-2 of the Commitment to be delivered pursuant to Section 4.1 hereof which the Purchaser does not designate as Title Defects pursuant to Section 5.1 hereof;

(b) The rights of parties in occupancy of all or any portion of the Land and Improvements under leases, subleases or other written agreements, to the extent set forth and described in the current Rent Roll (the "Rent Roll") attached hereto as Exhibit "D", as the same shall be updated to the Closing Date; and

(c) All presently existing and future liens for unpaid real estate taxes, assessments for public improvements installed after the Closing Date, and water and sewer charges and rents, subject to adjustment thereof as hereinafter provided.

4. EVIDENCE OF TITLE; SURVEY; LIEN SEARCHES.

4.1 Within ten (10) days after the date hereof, Seller shall furnish Purchaser with a commitment (the "Commitment") for an A.L.T.A. Form B Owner's Policy of Title Insurance, without standard exceptions, issued by a nationally recognized title insurance company reasonably acceptable to Purchaser (the "Title Company"), along with copies of all instruments described in Schedule B of the Commitment, in the amount of the Purchase Price, and showing marketable and insurable title in the Seller subject only to: (a) the Permitted Exceptions; and (b) such other title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money at the Closing, and which the Seller has the right to remove and shall cause to be removed at or prior to Closing (the "Removable Liens"). At Closing, the Seller shall cause to be provided to Purchaser, at Seller's expense, a policy of title insurance issued pursuant to the Commitment, insuring the interest in the Project being acquired by Purchaser without the "standard exceptions" and containing such additional endorsements as Purchaser shall reasonably request.

4.2 Within fifteen (15) days after the date hereof, Seller shall furnish Purchaser with a current ALTA "as built" survey (the "Survey") of the Project prepared by Smith-Roberts and Associates, Inc., certified to the Purchaser, the Title Company, and any other parties designated by Purchaser, using substantially the form attached as Exhibit "E" hereto. The Survey shall show

the legal description of the Land, the total acreage of each parcel comprising the Land, all structures and improvements located thereon (other than manufactured homes), all boundaries, courses and dimensions, set-back lines, easements and rights of way (including any recording references), the location of all highways, streets and roads upon or adjacent to the Land, and the location of all utility lines and connections with such utility lines. The Survey shall be sufficient for removal of the standard survey exception from the policy of title insurance to be issued pursuant to the Commitment and shall not reveal any of the following: (i) encroachments on the Project or any portion thereof from any adjacent property, (ii) the encroachment of the Project, or any portion thereof, on any adjacent property, or (iii) any violation by any portion of the Project of any recorded building liens, restrictive covenants or easements affecting the Project. The Survey shall be in form and content acceptable to Purchaser and its lenders.

4.3 Prior to the Closing Date, the Seller shall deliver to Purchaser Uniform Commercial Code financing statement and tax lien searches with respect to the Seller from the State of Missouri, the County of Cass, Missouri, and the State of Seller's principal office, if not Missouri, dated within ten (10) days prior to the Closing, showing no security interests, pledges, liens, claims or encumbrances in or affecting the Project, including the Personal Property, except for security interests of a definite or ascertainable amount which may be removed by the payment of money at Closing and which the Seller has a right to, and does remove at Closing.

5. TITLE OBJECTIONS.

5.1 If the Commitment or Survey discloses exceptions which are not acceptable to Purchaser, in its sole discretion, other than the Removable Liens, Purchaser may notify Seller in writing of its objections to such exceptions (the "Title Defects"), and Seller may elect to cure any such Title Defects. If Purchaser objects to any exception disclosed on the Commitment or Survey, such exception shall not be treated as a Permitted Exception hereunder. If Seller fails to have the Title Defects deleted from the Commitment or Survey, as the case may be, or discharged within ten (10) days after receipt of notice from Purchaser (or such longer time period designated by Purchaser) or to remove the Removable Liens at or prior to Closing as required herein, Purchaser may: (a) terminate this Agreement by delivery of written notice to Seller, whereupon the Deposit, as herein defined, shall be returned immediately to Purchaser, and neither Seller nor Purchaser shall have any further duties or obligations under this Agreement; or (b) elect to take title as it then is. If Seller causes such Title Defects to be deleted from the Commitment, the Closing shall be held within seven (7) days after delivery of the revised Commitment and Survey or on the Closing Date specified in Section 18 hereof, whichever is later.

6. INFORMATION AND ACCESS TO PROJECT.

6.1 Within five (5) days after the complete execution hereof, Seller shall deliver to Purchaser, or make available at the office of the Project, and thereafter Purchaser shall have access to, the following:

(a) Copies of all leases, subleases, occupancy and tenancy agreements, and written commitments to lease currently in effect and covering any portion of the Project (the "Tenant Leases"); all collection and credit reports pertaining to the Tenant Leases; the monthly management and operating reports customarily prepared by or on behalf of Seller for the last twelve (12) calendar months; and the Project's operating budget for the current year;

(b) Copies of all equipment leases, service, utility, supply, maintenance, concession and employment contracts, agreements, and other continuing contractual obligations (collectively the "Project Contracts") affecting the ownership or operation of the Project;

(c) Annual statements of the results of the operation of the Project for each of the last three (3) full calendar years, and copies of federal tax returns for Seller covering Seller's last three (3) fiscal years;

(d) Architectural drawings, plans and specifications and site plans for the Project, to the extent available;

(e) Copies of all written notices of any zoning, safety, building, fire, environmental, health code or other violation relating to the Project and not cured prior to the date hereof;

(f) Copies of Seller's organizational documents; and

(g) All other financial data, operating data, contracts, leases, instruments, invoices and other writings relating to the Project in Seller's possession which Purchaser may reasonably request, which may include, without limitation, tax bills and correspondence with the tax assessor for the past two (2) years, rent rolls for the past two years, information concerning capital improvements installed by the Seller, information concerning historical rent increases imposed by Seller, a list of recurring services not furnished to the Project through the Project Contracts, information concerning any pending or threatened litigation, utility bills for the past two (2) years, insurance policies and information regarding insurance claims, certificates of occupancy, existing environmental reports, appraisals and market studies, and the organizational documents of the Project's homeowners association, if organized, and any agreements between the Seller and such homeowners association.

6.2 Within twenty-one (21) days after the date hereof, Purchaser shall obtain, at Seller's expense, a "Phase 1" environmental audit (the "Environmental Audit") of the Project, including the Land and Improvements, dated subsequent to the date hereof and addressed to the Purchaser and its designated lenders, conducted by an independent environmental investigation and testing firm reasonably approved by Purchaser, in form and content acceptable to Purchaser, in its sole discretion. [If the Environmental Audit discloses any condition which requires further review or investigation, Purchaser may obtain, at its sole expense, a "Phase 2" environmental audit of the Project.]

6.3 At all reasonable times from and after the date hereof, Seller shall afford Purchaser and its representatives full and free access to the Project, including, but not limited to, the right to conduct environmental, soil, engineering and other tests and to inspect the mechanical, plumbing and utility systems located at the Project, together with all other aspects of the Project; provided, however, if Purchaser or its representatives enter upon the Project pursuant to the terms hereof, Purchaser agrees to indemnify and hold Seller harmless from all damage caused to any person or the Project as a result of such entry and the negligent acts or omissions of Purchaser or its representatives. In the event the transaction contemplated by this Agreement is not consummated, Purchaser shall restore the Project to its condition prior to Purchaser's test and inspections if changed due to same. Further, Purchaser shall have the right, at its expense, to cause its accountant to prepare audited financial statements of the Seller and its operations at the Project for the calendar years ended December 31, 1994, December 31, 1995 and December 31,

1996, and for the period from January 1, 1997 through the calendar month preceding the Closing Date, and Seller shall cooperate and assist it all respects with the preparation of the audited financial statements. Seller shall furnish to Purchaser and its accountants all financial and other information in its possession or control to enable such accountants to prepare audited financial statements in conformity with Regulation S-X promulgated by the Securities and Exchange Commission ("SEC") and any registration statement, report or disclosure statement filed with, and any rule issued by, the SEC. Seller also shall provide a signed representation letter as prescribed by generally accepted auditing standards as promulgated by the Auditing Standards Divisions of the American Institute of Public Accountants which representation letter is required to enable an independent public accountant to render an opinion on such financial statements.

6.4 All information or photocopies of Seller's books and records obtained hereby shall be held by Purchaser in strict confidence as to the general public solely for the purpose of evaluating the purchase and financing of the Property under this Agreement. Any documents obtained by Purchaser from Seller in connection with this Agreement shall be returned to Seller (or destroyed, at Seller's election), if this Agreement is terminated prior to Closing.

6.5 PURCHASER ACKNOWLEDGES THAT IT SHALL HAVE THE OPPORTUNITY TO FULLY INSPECT THE PROJECT AND THE BOOKS AND RECORDS OF THE PROJECT PURSUANT TO SECTION 6 HEREIN, AND THAT UPON ACQUISITION OF THE PROJECT, PURCHASER SHALL BE CONCLUSIVELY DEEMED TO HAVE ACCEPTED THE PROJECT "AS IS, WHERE IS," WITHOUT WARRANTY BY SELLER, EITHER EXPRESS OR IMPLIED, SUBJECT ONLY TO THE REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 9 OF THIS AGREEMENT AND AS PROVIDED IN SUCH WARRANTY OF TITLE AS MAY BE CONTAINED IN THE DOCUMENTS TO BE DELIVERED BY SELLER TO PURCHASER AT CLOSING. SUBJECT TO THE REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 9 OF THIS AGREEMENT, PURCHASER ACKNOWLEDGES THAT PURCHASER HAS NOT AND WILL NOT RELY UPON SELLER AS TO THE CONDITION OF THE PROJECT, OR ANY OF THE MATTERS MADE OR TO BE MADE AVAILABLE TO PURCHASER FOR PURCHASER'S INSPECTION AND EXAMINATION, AND PURCHASER SHALL MAKE SUCH INSPECTIONS AND EXAMINATIONS AS PURCHASER DEEMS ADVISABLE TO DETERMINE THAT ALL OF SUCH MATTERS ARE IN CONDITION ACCEPTABLE TO PURCHASER. SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONTENT, SUITABILITY FOR ANY PURPOSE, ACCURACY, TRUTHFULNESS OR COMPLETENESS OF ANY AUDITS, REPORTS OR STUDIES PREPARED BY THIRD PARTIES (HEREIN COLLECTIVELY REFERRED TO AS THE "EXPERT REPORTS"); ANY RELIANCE UPON SUCH EXPERT REPORTS SHALL BE AT THE SOLE RISK OF PURCHASER AND PURCHASER HEREBY EXPRESSLY WAIVES ANY RIGHT OF RECOVERY OR SET-OFF IT MAY HAVE AGAINST SELLER, ITS EMPLOYEES, AFFILIATES, AGENTS AND REPRESENTATIVES AS A RESULT OF ANY ERRORS OR OMISSIONS THEREFROM. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING.

7. ASSIGNMENT OF LEASES, PROJECT CONTRACTS AND INTANGIBLES.

7.1 Seller shall assign to Purchaser on the Closing Date all of Seller's rights under all Tenant Leases covering any portion of the Project and all security and other deposits furnished by tenants under the Tenant Leases. Seller shall deliver to Purchaser all original Tenant Leases and documents and records with respect thereto. Seller shall indemnify, defend and hold harmless Purchaser from and against any loss or damage suffered by Purchaser as the result of any breach of the lessor's obligations under the Tenant Leases which occurred prior to the Closing Date or as a result of the Seller's failure to deliver any tenant security or other deposits to the Purchaser. Purchaser shall indemnify, defend and hold harmless Seller from and against any loss or damage suffered by Seller as the result of any breach of the lessor's obligations under the Tenant Leases which occurs subsequent to the Closing Date.

7.2 All Project Contracts which Purchaser, in its sole discretion, has elected to accept an assignment of by notice to Seller on or prior to the end of the Investigation Period shall be assigned by Seller to Purchaser on the Closing Date. Seller shall indemnify, defend and hold harmless Purchaser from and against any loss or damage suffered by Purchaser as a result of any breach of Seller's obligations under the Project Contracts which occurred prior to the Closing Date, whether or not Purchaser has elected to take an assignment of the Project Contract, or as a result of the Seller's termination of any Project Contract which is not assigned to Purchaser. Purchaser shall indemnify, defend and hold harmless Seller from and against any loss or damage suffered by Seller as a result of any breach of Purchaser's obligations under the Project Contracts assigned to Purchaser at its request which may occur subsequent to the Closing Date.

7.3 On the Closing Date, Seller shall assign to Purchaser all of its right, title and interest in and to: (a) all licenses, permits and franchises then held by Seller for the Project which may be lawfully assigned and which may be necessary or desirable, in Purchaser's opinion, to operate the Project; (b) any warranties and guaranties from manufacturers, suppliers and installers pertaining to the Project; (c) the name "Southfork Mobile Home Park" and all variations thereof; (d) the telephone number(s) for all of Seller's telephones installed at the Project; (e) all architectural drawings, plans and specifications and other documents in Seller's possession relating to the development of the Project; (f) all business, operating and maintenance records, reports, notices and other information concerning the Project; and (g) all other intangible property related to the Project (collectively, the "Intangible Property").

8. ADJUSTMENTS AND PRORATIONS.

8.1 The following adjustments and prorations shall be made at the Closing between Seller and Purchaser computed to, but not including, the Closing Date.

(a) Real estate taxes and personal property taxes which are a lien upon or levied against any portion of the Project on or prior to the Closing Date, and all special assessments levied prior to the Closing Date shall be paid by Seller. All current real estate taxes and personal property taxes levied against any portion of the Project shall be prorated and adjusted between the parties in accordance with local custom and practice in Cass County, Missouri, as mutually agreed to by Seller and Purchaser and shall be paid by Seller or Purchaser, as the case may be. If the tax bills for the year of Closing have not been issued by the Closing Date, Seller and Purchaser agree to use 105% of the amount of the taxes for the year immediately preceding the Closing for the purpose of computing the prorations under this Section 7.1(a).

(b) The amount of all unpaid water and other utility bills, and of all other expenses incurred with respect to the Project, relating to the period prior to the Closing Date, shall be paid by Seller.

(c) Charges under Project Contracts which are assigned to Purchaser at Purchaser's request shall be paid by Seller, to the extent attributable to the period prior to the Closing Date, and shall be paid by Purchaser, to the extent attributable to the period after the Closing Date, and all charges due under Project Contracts not assigned to Purchaser shall be paid by Seller.

(d) All rental and other revenues collected by the Seller up to the Closing Date which are allocable to the period subsequent to the Closing Date shall be paid by Seller to Purchaser. To the extent Purchaser collects, within ninety (90) days after the Closing, any rental or revenues allocable to the period prior to the Closing Date including for water and cable television charges billed to tenants, the Purchaser shall pay the same to Seller; provided, however, Purchaser is assuming no obligation whatsoever for the collection of such rentals or revenues and all rentals and revenues collected subsequent to the Closing Date shall always, in the first instance, be applied first to the most current rentals and revenues, if any, then due under the Tenant Leases or otherwise. Purchaser shall have no obligation to remit to Seller any such delinquent rents collected later than ninety (90) days after the Closing.

(e) All security and other deposits held under the Tenant Leases, together with any interest accrued thereon (to the extent applicable law requires interest to be paid by the holder of such deposits), shall be paid by Seller to Purchaser in accordance with the laws of the State of Missouri or Purchaser shall receive an appropriate credit on the closing statement.

(f) Any real estate transfer tax, intangible tax, documentary tax, sales taxes, vehicle transfer, sales and use taxes and other taxes or charges levied on the transfer and conveyance of the Project, whether levied on the Land, Improvements, Personal Property or otherwise, shall be paid by Seller.

8.2 If after the closing either Seller or Purchaser discovers any inaccuracies or errors in the prorations or adjustments done at Closing, Seller and Purchaser shall take all action and pay all sums necessary so that the said prorations and adjustments shall be in accordance with the terms of this Agreement, and the obligations of either party to pay any such amount shall survive the Closing Date.

9. SELLER'S WARRANTIES.

9.1 The Seller represents and warrants to the Purchaser as of the date hereof, and as of the Closing Date, the following with the understanding that each of the representations and warranties are material and have been relied on by the Purchaser in connection herewith.

(a) True, correct and complete copies of the Tenant Leases, including all amendments and documents relating thereto, have been or will be delivered or made available to Purchaser pursuant to Section 6.1(a) hereof; the Rent Roll attached hereto as Exhibit "D", as updated to the Closing Date, is and will be an accurate and complete rent roll describing each of the Tenant Leases, including the name of the tenant, the home site

occupied by the tenant, the lease term, monthly rent, delinquencies in rent, deposits paid and any prepaid rent or credits due any tenant; except as set forth in the Rent Roll, each Tenant Lease is in full force and effect and not in default and no events have occurred which, with notice or the passage of time, or both, would constitute such a default; the lessor has performed all of its obligations under each Tenant Lease; and the Tenant Leases have not been modified nor have any concessions been made with respect thereto unless expressly described in the Rent Roll.

(b) To Seller's knowledge, except as otherwise disclosed in Exhibit "F" attached hereto, Seller has not received any notices of, and Seller, has no knowledge of any violations of any building, zoning, safety, fire, environmental, health or other codes, laws, ordinances or regulations with respect to the Project, the appurtenances thereto or the maintenance, repair or operation thereof, which will not be cured by the Closing Date, at Seller's expense.

(c) Except as otherwise disclosed in Exhibit "G" attached hereto, Seller has not received notice of and has no knowledge of any existing, pending or threatened litigation or condemnation proceedings or other court, administrative or extra judicial proceedings with respect to or affecting the Project or any part thereof.

(d) Except as otherwise disclosed in Exhibit "H" attached hereto, Seller has no knowledge of any assessments, charges, paybacks, or obligations requiring payment of any nature or description against the Project which remain unpaid, including, but not limited to, those for sewer, water or other utility lines or mains, sidewalks, streets or curbs. Seller has no knowledge of any public improvements having been ordered, threatened, announced or contemplated with respect to the Project which have not heretofore been completed, assessed and paid for.

(e) True and complete copies of all Project Contracts for the Project, if applicable, and all amendments thereto have been delivered or made available to Purchaser pursuant to Section 6.1 above; all Project Contracts are in full force and effect and not in default; all Project Contracts are listed in Exhibit "I" attached hereto; and except as described in Exhibit "I", there are no Project Contracts in force with respect to the Project which are not subject to cancellation upon not more than thirty (30) days notice without premium or penalty.

(f) Seller is the lawful owner of the Project and holds insurable and marketable title to the Project, free and clear of all liens and encumbrances other than the Permitted Exceptions and Removable Liens. The Seller will have on the Closing Date the power and authority to sell the Project to Purchaser and perform its obligations in accordance with the terms and conditions of this Agreement, and each person who executes this Agreement and all other instruments and documents in connection herewith, has or will have due power and authority to so act. On or before the Closing Date, the Seller will have complied with all applicable statutes, laws, ordinances and regulations of every kind or nature, in order to effectively convey and transfer all of Seller's right, title and interest in and to the Project to Purchaser in the condition herein required.

(g) Since the date on which the Seller commenced doing business at the Project, it has been insured with respect to risks normally insured against, and in amounts adequate to safeguard the Project.

(h) Neither this Agreement nor anything provided to be done herein by Seller, including, without limitation, the conveyance of all of the Seller's right, title and interest in and to the Project as herein contemplated, violates or will violate the Seller's governing documents or any contract, agreement or instrument to which the Seller is a party or bound and which affects the Project.

(i) Seller has contracted for the furnishing of labor or materials to the Project in connection with certain road repairs as described in Exhibit K ("Work") which is anticipated to be paid for in full prior to the Closing Date, unless the Work has not been completed by Closing, in which event the Purchaser shall receive a credit at Closing to the Purchase Price for the amount remaining unpaid for the Work, and Seller shall assign the contract for the Work to Purchaser and shall obtain the consent to such assignment from the contractor, and if any claim is made by any party for the payment of any amount due for the furnishing of labor and/or materials to the Project or Seller prior to the Closing Date and a lien is filed against the Project as a result of furnishing such materials and/or labor, Seller will immediately pay the said claim and discharge the lien.

(j) All utility services, including water, sanitary sewer, gas, electric, telephone and cable television facilities, are available to the Project and each home site in sufficient quantities to adequately service the Project at full occupancy; and to the Seller's knowledge there are no existing, pending or threatened plans, proposals or conditions which could cause the curtailment of any such utility service.

(k) To Seller's knowledge, the Project was constructed in conformity with all governmental rules, regulations, laws and ordinances applicable at the time the Project was constructed, all Permitted Exceptions, and all development orders and other requirements imposed by governmental authorities; provided, however Seller did not construct the Project and Seller has been involved in litigation with the Project contractor, engineer and others regarding the construction of the Project as more particularly described on Exhibit "K" attached hereto. [Other than the specific representations and warranties set forth in this Section 9, due to the information disclosed in Exhibit "K" attached hereto, Seller makes no representation or warranty as to the condition of the mechanical, electrical, plumbing, utility and other systems necessary for the operation of the Project, including, without limitation, all underground utility lines, water wells and roads or as to the existence of any structural or physical defects in and to the Project. Notwithstanding the foregoing, Seller has disclosed to Purchaser any structural or physical defects in the Project or any material defects or problems with the systems identified in the foregoing sentence of which Seller has actual knowledge.]

(l) Attached hereto as Exhibit "L" is a true and complete list of all persons employed by the Seller or the manager of the Project in connection with the operation and maintenance of the Project as of the date hereof, including name, job description, term of employment, average hours worked per week, current pay rate, a list of all material employee benefits provided such employees. Except as provided in any employment contract furnished to Purchaser, all such employees are terminable at will.

(m) The Project consists of 482 manufactured home sites, approximately 80 acres of Land, and the improvements, amenities and recreational facilities listed in Exhibit "M" attached hereto and made a part hereof. Attached hereto as Exhibit "N" is occupancy rate from 6/92 through 11/10/97, and occupancy data as of 11/10/97. Except as set forth on Exhibit "N", all unoccupied manufactured home sites which exist at the

date of Closing, if any, will be in leasable condition without it being necessary to make any further improvements to permit a tenant to take possession of, and install a manufactured home on, such home site in accordance with the Seller's standard form lease and the rules and regulations applicable to the Project.

(n) To the Seller's knowledge, Seller has delivered or made available to Purchaser copies of, all licenses, certificates, permits and authorizations from any governmental authority of any kind which is required to develop, operate, use and maintain the Project as a manufactured home park; and to Seller's knowledge all such licenses, certificates, permits and authorizations are in full force and effect and on the Closing Date shall, to the extent legally assignable or transferable, be transferred or assigned to Purchaser. Seller shall take all steps and execute all applications and instruments reasonably necessary to achieve such transfer or assignment.

(o) Exhibit "B" attached hereto contains a true and complete list of all Personal Property used in the operation of the Project; such Personal Property is in good working condition and adequate for the operation of the Project at full occupancy; and the Seller will not sell, transfer, remove or dispose of any item of Personal Property from the Project on or prior to the Closing Date, unless such item is replaced with a similar item of no lesser quality or value.

(p) To Seller's knowledge, there has not been, and prior to the Closing Date will not be, discharged, released, generated, treated, stored, disposed of or deposited in, on or under the Project, and to the best of the Seller's knowledge based upon the Phase 1 Environmental Site Assessment dated August 6, 1997, prepared by Terracon Environmental, Inc., the Project is free of and does not contain, any "toxic or hazardous substance", asbestos, urea formaldehyde insulation, PCBs, radioactive material, flammable explosives, underground storage tanks, or any other hazardous or contaminated substance (collectively, the "Hazardous Materials") prohibited, limited or regulated under the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, or under any other applicable federal, state or local statutes, regulations or ordinances (collectively the "Environmental Laws"). The Seller has no knowledge of any suit, action or other legal proceeding arising out of or related to any Environmental Laws with respect to the Project which is pending or threatened before any court, agency or government authority, and Seller has not received any notice that the Project is in violation of the Environmental Laws.

(q) Attached hereto as Exhibit "0" are the balance sheets of the Seller as at December 31, 1994, December 31, 1995, and December 31, 1996, and profit and loss statements for the Seller for the 12-month periods ending December 31, 1994, December 31, 1995, and December 31, 1996 and the ten (10) month period ending October 31, 1997 (collectively, the "Financial Statements"). The Financial Statements are true, correct and complete in all material respects, present fairly and accurately the financial position of the Seller and the operation of the Project as at such dates and the results of its operations and earnings for the periods indicated thereon, and have been prepared in accordance with the accounting basis used for federal income taxes consistently applied throughout the periods indicated.

(r) Seller has delivered or will deliver to Purchaser true, correct and complete copies of the information and material referenced in Section 6.1 hereof. To Seller's

knowledge, nothing contained in this Agreement, the Exhibits attached hereto or the information and material delivered or to be delivered to Purchaser pursuant to the terms hereof, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. Seller has not received any written notice of any fact which would materially adversely affect the Project or the operation thereof which is not set forth in this Agreement, the Exhibits hereto, or has not otherwise been disclosed to Purchaser in writing.

9.2 The provisions of Section 9.1 and all representations and warranties contained therein shall be true as of the Closing Date and shall survive the closing of the transaction contemplated herein and the conveyance of the Project to Purchaser for a period of one (1) year ("Survival Period").

9.3 In the event of a breach with respect to any representation or warranty made by Seller under Section 9 of this Agreement, the Purchaser shall be entitled to pursue a claim with respect to such breach as it relates to the Project if and only if (i) written notice of such breach is given to the Seller on or prior to the expiration of the Survival Period for such breach, and (ii) the breached representation and warranty is of the nature that the breach may be cured, Seller shall have a period of thirty (30) days to cure such breach, or if incapable of cure within 30 days, for so long as Seller is diligently undertaking to cure such breach, but in no event longer than 90 days. During such cure period Purchaser shall not pursue its claim against Seller which respect to such breach; provided, however, Purchaser shall not be so precluded from pursuing its claim during the cure period if the Project or its operation is materially and adversely affected by the event or occurrence which is the basis for the claim, or an action must be filed to avoid expiration of the applicable statute of limitations.

10. CONDITIONS.

10.1 Purchaser's obligation to consummate the purchase of the Project is expressly conditioned upon the following, each of which constitutes a condition precedent to Purchaser's obligations hereunder which, if not performed or determined to be acceptable to Purchaser on or before the Closing Date (unless a different time for performance is expressly provided herein), shall permit Purchaser, at its sole option, to declare this Agreement null and void and of no further force and effect by written notice to Seller, whereupon the Deposit shall be returned immediately to Purchaser, and neither the Seller nor the Purchaser shall have any further obligations hereunder to the other (provided that Purchaser shall have the right to waive any one or all of said conditions).

(a) On the Closing Date, title to the Project shall be in the condition required herein, and the Title Company shall be in a position to issue the requisite policy of title insurance pursuant to the Commitment.

(b) Seller shall have complied with and performed all covenants, agreements and conditions on its part to be performed under this Agreement within the time herein provided for such performance.

(c) Seller's representations, warranties and agreements contained herein are and shall be true and correct as of the date hereof and as of the Closing Date in all material respects.

(d) From and after the date hereof to the Closing Date there shall have been no material adverse change in or to the Project or the business conducted thereon which could have an economic effect of \$25,000 or more.

(e) The Environmental Audit or audits furnished to Purchaser pursuant to Section 6.2 shall be satisfactory to the Purchaser in form and content and shall not indicate the presence of any Hazardous Materials on or about the Project or contain any matter or information objectionable to the Purchaser.

(f) Seller's obligation to consummate the purchase of the Project is expressly conditioned upon Seller's obtaining the requisite approval of its limited partners to the sale of the Project. This constitutes a condition precedent to Seller's obligations hereunder which, if not satisfied within 30 days of the date hereof, shall permit Seller, at its sole option, to declare this Agreement null and void and of no further force and effect by written notice to Purchaser, whereupon the Deposit shall be returned immediately to Purchaser, and neither the Seller nor the Purchaser shall have any further obligations hereunder except pursuant to Sections 6.3 and 6.4.

11. PERIOD FOR INVESTIGATION.

11.1 Commencing on the date hereof, the Purchaser shall have a period of thirty (30) days (the "Investigation Period") to inspect and investigate all aspects of the Project, including, without limitation, the physical condition of the Project, all items of income and expense arising from Seller's ownership and operation of the Project, and all documents relating thereto. In the event Seller has failed to deliver or make available to Purchaser any information or materials required to be made available by it (including, but not limited to, the information and material required by Section 6.1, the Commitment, the Survey and the Environmental Audit) within the time required hereunder, the Investigation Period shall be extended for a period of time equal to the number of days from the required delivery date of each such item to the actual date of delivery of all such items. At any time prior to the expiration of the Investigation Period, as the same may have been extended pursuant to the provisions of this Section 11.1, and for any reason whatsoever, Purchaser may, at its option and in its sole and absolute discretion, terminate this Agreement and receive a refund of the Deposit.

11.2 If Purchaser notifies Seller in writing prior to the expiration of the Investigation Period, as the same may be extended, that it waives its right to terminate this Agreement as provided in Section 11.1 above (the "Investigation Notice"), its right under Section 11.1 to terminate this Agreement shall expire. If Purchaser does not send the Investigation Notice to Seller prior to the expiration of the Investigation Period, as the same may be extended, Purchaser, without further action, shall be deemed to have elected to terminate this Agreement, the Deposit shall be returned to Purchaser, and Purchaser and Seller shall have no further obligation to the other hereunder.

12. OPERATION OF PROJECT.

12.1 From and after the date hereof to the Closing Date, Seller shall: (a) continue to maintain, operate and conduct business at the Project in substantially the same manner as prior to the date hereof; (b) perform all regular and emergency maintenance and repairs with respect to the Project; (c) keep the Project insured against all usual risks and will maintain in effect all insurance policies now maintained on the same; (d) not sell, assign or convey any right, title or interest in any part of the Project; and (e) not change the operation or status of the Project in any manner reasonably expected to impair or diminish its value; provided, however: (i) no Tenant Lease shall be executed or extended for a term in excess of one year; (ii) no Tenant Lease shall be executed or extended at a rental rate that is less than the present rental for such space within the Project; and (iii) Seller shall at or prior to the Closing Date furnish Purchaser with a copy of each new or renewal lease.

12.2 The Purchaser shall have the right, but not the obligation, to hire those employees of the Seller and the Project's management agent who worked at or provided services to the Project, effective as of the Closing Date. Upon the consummation of the transactions contemplated herein, such employees will remain employees of Seller or the manager unless expressly retained by Purchaser, and all compensation and fees due such employees, including any amount payable or that becomes payable as a result of the termination of the employees, and all costs and taxes attributable to such employment, shall be paid by Seller or the manager, as the case may be. Effective as of the Closing Date, the Seller shall terminate the existing manager of the Project and any Project Contracts not assigned to Purchaser.

12.3 In order to assure to Purchaser the value of the Project and goodwill being purchased hereunder, each of Seller, and its general partners, (collectively, the "Restricted Parties") for themselves and their affiliates, agree that, for a period of three years after the Closing Date, no such person or entity will engage in the development, ownership or operation of any manufactured housing or mobile home community located within 25 miles of the Project, whether such operation involves the lease or sale of sites or lots therein, and whether such development, ownership or operation is direct or is indirect, through one or more entities, contractual relationships or familial relationships, and whether such development, ownership or operation is as owner, principal, agent, partner, shareholder, officer, director, member, trustee, beneficiary, employer, employee, consultant, manager, lessor, lessee or otherwise. The Seller recognizes that irreparable harm will result to the Purchaser in the event of the violation of any of the covenants contained in this Section 12.3, and agrees that in the event of any such violation, the Purchaser shall be entitled, in addition to its other legal and equitable remedies and damages, to temporary and permanent injunctive relief to restrain the Restricted Parties from committing any such violations. At Closing, the Seller shall execute and deliver, and cause the Restricted Parties to execute and deliver, an agreement confirming their covenants herein.

13. DESTRUCTION OF PROJECT.

13.1 In the event any part of the Project shall be damaged or destroyed prior to the Closing Date, Seller shall notify Purchaser thereof, which notice shall include a description of the damage and all pertinent insurance information. If the use or occupancy of the Project is materially affected by such damage or destruction or the cost to repair such damage or destruction exceeds Fifty Thousand Dollars (\$50,000.00), Purchaser shall have the right to terminate this Agreement by notifying Seller within thirty (30) days following the date Purchaser receives notice of such occurrence, whereupon the Deposit shall be returned immediately to

Purchaser, and Seller and Purchaser shall not have any further obligation hereunder to the other. If Purchaser does not elect to terminate this Agreement, or shall fail to notify Seller within the said thirty (30) day period, on the Closing Date Seller shall assign to Purchaser all of Seller's right, title and interest in and to the proceeds of the fire and extended coverage insurance presently carried by or payable to Seller.

14. CONDEMNATION.

14.1 If, prior to the Closing Date, either Seller or Purchaser receives or obtains notice that any governmental authority having jurisdiction intends to commence or has commenced proceedings for the taking of any portion of the Project by the exercise of any power of condemnation or eminent domain, or notice of any such taking is recorded among the public records of the State of Missouri or Cass County, Purchaser shall have the option to terminate this Agreement by notifying Seller within thirty (30) days following Purchaser's receipt of such notice, in which event the Deposit shall be returned immediately to Purchaser, and Seller and Purchaser shall not have any other or further liability or responsibility hereunder to the other. If Purchaser does not elect to terminate this Agreement or shall fail to notify Seller within the thirty (30) day period, Purchaser shall close the transaction as if no such notice had been received, obtained or recorded or proceedings commenced, and in such event, any proceeds or awards made in connection with such taking shall be the sole property of the Purchaser.

15. DEFAULT BY SELLER OR PURCHASER.

15.1 In the event Seller shall fail to perform any of its obligations hereunder, Purchaser may, at Purchaser's option and in addition to all other rights available at law or in equity: (i) terminate this Agreement by written notice delivered to Seller at or prior to the Closing Date and receive a full refund of the Deposit; or (ii) obtain specific performance of the terms and conditions hereof; or (iii) waive Seller's default and proceed to consummate the transactions with Seller, without a reduction in the Purchase Price.

15.2 In the event Purchaser does not elect to terminate this Agreement as permitted herein and the conditions precedent to Purchaser's obligation to purchase the Project have been satisfied or waived by Purchaser, and thereafter Purchaser fails to purchase the Project on the Closing Date in accordance with the terms of this Agreement, Seller shall be entitled to terminate this Agreement and have delivered to Seller, as liquidated damages, the Deposit, the same being Seller's sole remedy, and Purchaser shall have no further or other liability hereunder. Seller and Purchaser agree that in the event of a default by the Purchaser under this Agreement, the Seller's damages would be difficult or impossible to ascertain, and the amount of the Deposit represents a reasonable estimate of such damages.

16. DEPOSIT.

16.1 Within five (5) days after the complete execution of this Agreement, the Purchaser shall deliver the sum of Fifty Thousand and 00/100 (\$50,000.00) Dollars (the "Deposit") to the Title Company (the "Escrow Agent"), to be held and disbursed pursuant to the terms of an Escrow Agreement in the form of Exhibit "P" attached hereto and made a part hereof, which shall be executed and delivered by the Seller, Purchaser and Escrow Agent. All interest earned on the Deposit shall belong to the Purchaser. If Purchaser terminates this Agreement pursuant to any right of termination provided for herein, the Deposit shall be returned to Purchaser.

17. LIABILITY AND INDEMNIFICATION.

17.1 Purchaser does not and shall not assume any liability for any claims arising out of the occurrence of any event or the existence of any condition prior to the Closing Date with respect to the Project.

17.2 From and after the Closing Date, Seller agrees to indemnify, defend and hold harmless Purchaser, and Purchaser's successors and assigns, from and against any and all claims, penalties, damages, liabilities, actions, causes of action, costs and expenses (including attorneys' fees), arising out of, as a result of or as a consequence of: (i) any property damage or injuries to persons, including death, which occurred at the Project prior to the Closing Date or in connection with the Seller's use, possession, operation, repair and maintenance of the Project prior to the Closing Date; (ii) any breach by Seller of any of its representations, warranties, or obligations set forth herein or in any other document or instrument delivered by Seller in connection with the consummation of the transactions contemplated herein; or (iii) clean up costs and future response costs incurred by Purchaser under the Environmental Laws arising with respect to or in connection with a condition which existed or any event which occurred during Seller's ownership of the Project.

18. CLOSING.

18.1 Subject to the provisions of Sections 5.1 and 10, the closing ("Closing") of the transaction contemplated herein shall take place within ten (10) days after the expiration of the Investigation Period (the "Closing Date"); provided, however, that if the items to be delivered to Purchaser by Seller pursuant to Section 4 and 10(e) are not delivered by the dates set forth therein, the Closing Date shall be extended for a period of time equal to the number of days from the required delivery date of each such item to the actual delivery of all such items. The Closing Date shall be designated by Purchaser on not less than five (5) days prior written notice to Seller. The Closing shall be held at the office of the Title Company, or on or at such other time or place as Purchaser and Seller shall agree upon.

18.2 At Closing:

(a) Seller shall execute and deliver a Special Warranty Deed in recordable form conveying to Purchaser marketable and insurable title to the Land and Improvements, subject only to the Permitted Exceptions.

(b) Seller shall execute and deliver a Warranty Bill of Sale conveying the Personal Property to Purchaser, free and clear of any liens or encumbrances other than the Permitted Exceptions, and Seller shall execute and deliver to Purchaser, in proper form for transfer, the Certificates of Title pertaining to all vehicles and manufactured homes, if any, being conveyed to Purchaser hereunder.

(c) Seller and Purchaser shall execute and deliver, in form and content satisfactory to Purchaser and Seller, and pursuant to Sections 7.1, 7.2 and 7.3 hereof, an Assignment and Assumption Agreement (the "Assignment"), transferring to Purchaser all of Seller's right, title and interest in and to: (i) the Tenant Leases and all deposits relating thereto; (ii) the Project Contracts which Purchaser has elected to have assigned; and (iii) the Intangible Property. The Assignment shall provide for Seller to indemnify, defend and hold harmless Purchaser from and against any loss or damage suffered by Purchaser as the result of any breach of Seller's obligations under the assumed Project Contracts or

lessor's obligations under the Tenant leases which occurred prior to the Closing Date, and for Purchaser to indemnify, defend and hold harmless Seller from and against any loss or damage suffered by Seller as the result of any breach of Purchaser's obligations under the assumed Project Contracts or lessor's obligations under the Tenant leases which occurred subsequent to the Closing Date.

(d) Seller shall cause the Commitment referred to in paragraph 4.1 hereof to be recertified and updated to the Closing Date, and shall cause the policy of title insurance to be issued to Purchaser pursuant to such updated Commitment together with such endorsements thereto as Purchaser shall request, at Seller's sole cost.

(e) Purchaser shall deliver to Seller the Purchase Price adjusted as provided in this Agreement, by certified or cashier's check or wire transfer of immediately available funds to Seller's designated financial institution.

(f) Seller shall deliver to Purchaser a certificate confirming the truth and accuracy of Seller's representations and warranties hereunder, and the Rent Roll, updated to the Closing Date, and prospectus for the Project then in effect, shall be certified as true and correct in all respects.

(g) Seller and Purchaser shall execute and cause to be delivered to tenants under the Tenant Leases and all other interested parties written notice of the sale of the Project to Purchaser together with such other information or instructions as Purchaser and Seller shall deem appropriate.

(h) Seller shall deliver to Purchaser originals of: (i) the Tenant Leases, including all amendments thereto and modifications thereof; (ii) all Project Contracts assigned to Purchaser; (iii) all architectural plans and specifications and other documents in Seller's possession pertaining to the development of the Project; and (iv) all collection, expense and business records and such other documentation reasonably necessary for Purchaser to continue the operation of the Project.

(i) Seller shall deliver to Purchaser certified copies of resolutions of the general partner of the Seller, authorizing and approving the transaction contemplated by this Agreement, and authorizing and directing the execution and delivery of this Agreement and all documents and instruments to be executed and delivered by the Seller pursuant to the terms hereof, certified by an authorized officer of the general partner of Seller as being true and correct, together with an incumbency certificate from the secretary of the general partner, certifying as to the power and authority of the officers of the general partner of Seller who have executed documents in connection with the transactions contemplated herein. Seller shall also provide evidence that it has received the requisite consent of its limited partners to the sale of the Project.

(j) Seller shall deliver to Purchaser an affidavit, in form acceptable to Purchaser, executed by the Seller, certifying that the Seller and all persons or entities holding an interest in the Seller are not non-resident aliens or foreign entities, as the case may be, such that the Seller and such interest holders are not subject to tax under the Foreign Investment and Real Property Tax Act of 1980.

(k) Purchaser shall deliver to Seller certificates or such other instruments reasonably necessary to evidence that the execution and delivery of this Agreement and all documents to be executed and delivered by Purchaser hereunder, have been authorized by Purchaser and that all persons or entities who have executed documents on behalf of Purchaser in connection with the transaction have due authority to act on behalf of the Purchaser.

(l) Seller shall execute and deliver to Purchaser a discontinuation of any assumed name certificate whereby Seller has reserved the right to conduct business under the name "Southfork Mobile Home Park" or any variation thereof and, if necessary, in order for Purchaser to use the name "Southfork Mobile Home Park," Seller shall change its name.

(m) Seller and the Restricted Parties shall execute and deliver to Purchaser the agreements confirming the covenants set forth in Section 12.3 of this Agreement.

(n) The Seller and Purchaser shall each deliver to the other such other documents or instruments as shall reasonably be required by such party, its counsel or the Title Company to consummate the transaction contemplated herein and/or to cause the issuance of the policy of title insurance which, in all events, shall not increase such party's liability hereunder or decrease such party's rights hereunder.

(o) The Seller shall deliver to the Purchaser an opinion of its counsel, addressed to the Purchaser and satisfactory to the Purchaser in form and substance, to the effect that this Agreement and the performance of the Seller's obligations hereunder, has been duly authorized in accordance with the Seller's governing documents and does not violate the Seller's governing documents or any contract, agreement or instrument to which the Seller is a party or bound and which affects the Project.

19. COSTS.

19.1 Purchaser and Seller shall each be responsible for their own counsel fees and travel expenses. Seller shall pay all other costs and expenses incurred in connection with the transaction contemplated herein, including, but not limited to, documentary, intangible and transfer taxes due on the conveyance of the Project to Purchaser, sales, transfer and other taxes due on the transfer of any vehicles and manufactured homes to Purchaser, title insurance premiums for the Purchaser's policy of title insurance, the cost of the Survey and Environmental Audit and all recording and filing fees. Escrow fees, if any, shall be borne equally by Seller and Purchaser.

20. BROKERS.

20.1 Purchaser and Seller represent and warrant to the other that they have not had any direct or indirect dealings with any real estate brokers, salesmen or agents in connection with the Project, or the transactions contemplated herein, except The Lutz Companies. (the "Broker"), whose commission shall be paid by the Seller. In consideration of said warranty, Purchaser agrees with Seller that it will pay, and will defend and hold Seller harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated herein and arising out of contracts made by Purchaser, and Seller agrees with Purchaser that it will pay, and will defend and hold Purchaser harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated herein and arising out of contracts made by Seller (including, but not limited to, contracts with or claims of the Broker).

21. ASSIGNMENT.

21.1 Purchaser hereby reserves the right, on or before the Closing Date, to assign all of its right, title and interest in and to this Agreement or to transfer its interest in the Project to any

other person or entity, and upon notice of such assignment to Seller, all terms and conditions hereof shall apply equally to such assignee as if the assignee was the original party hereto.

22. CONTROLLING LAW.

22.1 This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of Missouri.

23. ENTIRE AGREEMENT.

23.1 This Agreement, the Escrow Agreement, and the Exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the transactions herein contemplated, and supersedes all prior agreements, written or oral, between the parties relating to the subject matter hereof. Any modification or amendment to this Agreement shall be effective only if in writing and executed by each of the parties hereto.

24. NOTICES.

24.1 Any notice from Seller to Purchaser or from Purchaser to Seller shall be deemed duly served (i) when personally served, (ii) three (3) days after deposited in the U.S. certified mail, return receipt requested, (iii) upon receipt, if sent by telephone facsimile on a business day before 4pm recipient party's time, otherwise the next business day, with facsimile machine sheet verifying transmission, or (iv) one (1) business day after sent via "overnight" courier service, addressed to such party as follows:

If to Seller:	Southfork Growth & Income Fund, Kansas City, Ltd. 750 N. St. Paul, Suite 200 Dallas, Texas 75201 Attn: Larry E. Levey Fax No. (214) 953-1160
With a copy to:	Janet K. Carlson 750 N. St. Paul, Suite 200 Dallas, Texas 75201 Fax No. (214) 953-1161
If to Purchaser:	Sun Communities, Inc. 31700 Middlebelt, Suite 145 Farmington Hills, Michigan 48334 Attn: Mr. Gary A. Shiffman Fax No. (810) 932-3072
With a copy to:	Gail A. Anderson Jaffe, Raitt, Heuer & Weiss Professional Corporation One Woodward Avenue, Suite 2400 Detroit, Michigan 48226 Fax No. (313) 961-8358

Either party hereto may change the name and address of the designee to which notice shall be sent by giving written notice of such change to the other party hereto as hereinbefore provided.

25. BINDING.

25.1 The terms hereof shall be binding upon and shall inure to the benefit of the parties hereto, their successors, transferees and assigns.

26. PARAGRAPH HEADINGS.

26.1 The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

27. DAYS AND DEADLINES.

27.1 As used in this Agreement, "days" shall mean and refer to calendar days, and "business days" shall mean and refer to days which are not a Saturday, Sunday or legal banking holiday in the State of Missouri or the State of Michigan. However, if a deadline falls or notice is required on a Saturday, Sunday, or a legal banking holiday in the State of Missouri or the State of Michigan, then the deadline or notice shall be extended to the next calendar day which is not a Saturday, Sunday, or a legal banking holiday.

28. SURVIVAL AND BENEFIT.

28.1 Except as otherwise expressly provided herein, each agreement, representation or warranty made in this Agreement by or on behalf of either party, or in any instruments delivered pursuant hereto or in connection herewith, shall survive the Closing Date and the consummation of the transactions provided for herein.

28.2 The covenants, agreements and undertakings of each of the parties hereto are made solely for the benefit of, and may be relied on only by, the other party hereto, their transferees and assigns, and are not made for the benefit of, nor may they be relied upon, by any other person whatsoever.

28.3 This Agreement shall not be construed more strictly against one party than against the other, merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Purchaser and Seller have contributed substantially and materially to the preparation of this Agreement.

29. COUNTERPARTS.

29.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall be deemed one in the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

SELLER:

SOUTHFORK GROWTH & INCOME FUND-KANSAS CITY, LTD. A TEXAS LIMITED PARTNERSHIP

By: Mobile Home Communities of America, Inc., a Texas corporation, General Partner

IN THE PRESENCE OF:

- -----
- -----

By: -----
Larry E. Levey

Its: Senior Vice President

PURCHASER:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., its General Partner

- -----
- -----

By: -----

Its: -----

LIST OF EXHIBITS

EXHIBIT	DESCRIPTION
A.	Legal Description of Land
B.	Schedule of Personal Property
C.	Allocation of Purchase Price
D.	Rent Roll
E.	Survey Certification
F.	Violations (Section 9.1(b))
G.	Litigation and Condemnation Proceedings (Section 9.1(c))
H.	Assessments and Other Charges (Section 9.1(d))
I.	Project Contracts (Section 9.1(e))
J.	Intentionally Deleted
K.	Maintenance Problems (Section 9.1(k))
L.	List of Employees (Section 9.1(l))
M.	List of Facilities (Section 9.1(m))
N.	Occupancy Data (Section 9.1(m))
O.	Seller's Financial Statements
P.	Form of Escrow Agreement

AGREEMENT OF SALE

This AGREEMENT OF SALE is made and entered into this 11th day of August, 1997, by and between THE BARCHESTER CORPORATION (the "Seller"), a Connecticut corporation having its principal office at 1000 Walker Street, Holly Hill, Florida 32117, and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP (the "Purchaser"), a Michigan limited partnership having its principal office at 31700 Middlebelt, Suite 145, Farmington Hills, Michigan 48334, or its designee or assignee.

R E C I T A L S:

A. Seller is the owner of parcels of real property (collectively, the "Land"): (i) located in the City of Holly Hill Volusia County, Florida, containing 402 manufactured home sites on approximately 59.8 acres, commonly known as Holly Forest Estates, as more fully described in Exhibit "A-1" attached hereto and made a part hereof; and (ii) located in the City of Daytona Beach, Volusia County, Florida containing 100 manufactured home sites on approximately 12.6 acres, commonly known as Elmwood Mobile Home Park, as more fully described in Exhibit "A-2" attached hereto and made a part hereof. The Land, together in each case with the buildings, structures, improvements and manufactured home sites on, above or below the Land, and all fixtures attached to, a part of or used in connection with the improvements, structures, buildings and manufactured home sites, and the parking, facilities, walkways, ramps and other appurtenances relating to the Land, excluding manufactured or mobile homes and movable accessions thereto (collectively the "Improvements").

B. Seller is the owner of the personal property (collectively the "Personal Property") described in Exhibit "B" attached hereto and made a part hereof, which is located at or useable in connection with the ownership or operation of the Land and Improvements.

C. The Land, the Improvements, and the Personal Property, together with all of Seller's right, title and interest in and to all transferable licenses, permits and franchises issued with respect to the use, occupancy, maintenance or operation of the Land and Improvements, all right, title and interest, if any, of Seller in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Land to the center line thereof, all easements appurtenant to the Land, including, but not limited to, privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and all rights of use, air, mineral and subsurface rights, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the foregoing are hereinafter sometimes collectively referred to as the "Project". Individually, the Project located in Holly Hill, Florida is sometime referred to herein as the "Holly Forest Project" and the Project located in Daytona Beach, Florida is sometime referred to herein as the "Elmwood Project."

D. Seller desires to sell the Project to Purchaser, and Purchaser desires to purchase the Project from Seller, all upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, and the mutual promises hereinafter set forth, and the purchase monies to be paid by Purchaser to Seller, IT IS HEREBY AGREED:

1. AGREEMENT TO SELL.

1.1 Seller hereby agrees to sell the Project to Purchaser, and Purchaser hereby

agrees to purchase the Project from Seller, in accordance with the terms and subject to the conditions hereinafter set forth.

2. PURCHASE PRICE AND PAYMENT THEREOF.

2.1 The aggregate purchase price (the "Purchase Price") for the Project is the sum of Eleven Million Five Hundred Thousand and 00/100 Dollars (\$11,500,000.00). The Purchase Price, adjusted as provided in this Agreement, shall be payable by Purchaser to Seller on the Closing Date (as herein defined) by certified or cashier's check or wire transfer of immediately available funds to the agent or institution designated by Seller.

2.2 The Purchase Price shall be allocated among the Land, Improvements and Personal Property in accordance with the schedule attached hereto as Exhibit "C" and made a part hereof by this reference.

3. PERMITTED EXCEPTIONS.

3.1 The Project shall be sold and conveyed to Purchaser subject only to the following matters (the "Permitted Exceptions"):

(a) Those liens, encumbrances, easements and other matters set forth on Schedule B-2 of the Commitment to be delivered pursuant to Section 4.1 hereof which the Purchaser does not designate as Title Defects pursuant to Section 5.1 hereof;

(b) The rights of parties in occupancy of all or any portion of the Land and Improvements under leases, subleases or other written agreements, to the extent set forth and described in the current Rent Roll (the "Rent Roll") attached hereto as Exhibit "D", as the same shall be updated to the Closing Date; and

(c) All presently existing and future liens for unpaid real estate taxes, assessments for public improvements installed after the Closing Date, and water and sewer charges and rents, subject to adjustment thereof as hereinafter provided.

4. EVIDENCE OF TITLE; SURVEY; LIEN SEARCHES.

4.1 Within ten (10) days after the date hereof, Seller shall furnish Purchaser with a commitment (the "Commitment") for an A.L.T.A. Form B Owner's Policy of Title Insurance, without standard exceptions, issued by American Pioneer Title Insurance Company, or a nationally recognized title insurance company reasonably acceptable to Purchaser (the "Title Company"), along with copies of all instruments described in Schedule B of the Commitment, in the amount of the Purchase Price, and showing marketable and insurable title in the Seller subject only to: (a) the Permitted Exceptions; and (b) such other title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money at the Closing, and which the Seller has the right to remove and does remove prior to Closing (the "Removable Liens"). At Closing, the Seller shall cause to be provided to Purchaser, at Seller's expense, a policy of title insurance issued pursuant to the Commitment, insuring the interest in the Project being acquired by Purchaser without the "standard exceptions", other than taxes for the year of Closing which are not yet due and which should be prorated at Closing, and containing such additional endorsements as Purchaser shall reasonably request.

4.2 Seller shall furnish Purchaser with a current survey (the "Survey") of the

Project prepared by a licensed surveyor or engineer approved by Purchaser, certified to the Purchaser, and the Title Company, using the form attached as Exhibit "D" hereto by 5 p.m. EDT on August 21, 1997. The Survey shall show the legal description of the Land, the total acreage of each parcel comprising the Land, all improvements which are described as part of the Project other than sidewalks located thereon, all boundaries, courses and dimensions, easements and rights of way (including any recording references), and visible utility lines and connections. The Survey shall be sufficient for removal of the standard survey exception from the policy of title insurance to be issued pursuant to the Commitment and shall not reveal any of the following: (i) encroachments on the Project or any portion thereof from any adjacent property, (ii) the encroachment of the Project, or any portion thereof, on any adjacent property, or (iii) any violation by any portion of the Project of any recorded building lines, restrictive covenants or easements affecting the Project. Seller shall also deliver to Purchaser, along with the Survey, a detailed site plan for the Holly Forest Project and for the Elmwood Project showing internal site boundaries and the location of streets, and construction plans for phases 3, 4 and 6 of the Holly Forest Project showing, inter alia, the location of underground utilities.

4.3 Prior to the Closing Date, the Seller shall deliver to Purchaser Uniform Commercial Code financing statement and tax lien searches with respect to the Seller from the State of Florida and the County of Volusia, Florida, which are the State and County of Seller's principal office, dated within ten (10) days prior to the Closing, showing no security interests, pledges, liens, claims or encumbrances in or affecting the Personal Property, except for Removable Liens.

5. TITLE OBJECTIONS.

5.1 If the Commitment or Survey discloses exceptions, other than Removable Liens, which are not acceptable to Purchaser, in its sole discretion, Purchaser shall notify Seller in writing of the exceptions to which Purchaser objects (the "Title Defects"). Purchaser shall notify Seller of the Title Defects within seven (7) days after receipt of the last of (a) the Commitment, (b) the Survey, and (c) copies of the documents listed in the Commitment as exceptions, other than Removable Liens. Title Defects shall not include Removable Liens. Seller agrees to use its best efforts to cure any such Title Defects. If Purchaser does not make timely objection to a Commitment or Survey exception prior to the expiration of the Investigation Period, such exception shall become a Permitted Exception. If Seller fails to endorse the Commitment to remove a Title Defect that is not a Permitted Exception within the time permitted, Purchaser shall have the right to (a) terminate this Agreement based on such failure; or (b) extend for up to ninety (90) days the period for Seller to cure such Title Defects, and if such Title Defects are not deleted during the extended period, Purchaser may then exercise its rights under subparagraph (a) above. If Purchaser terminates this Agreement based solely on Title Defects objected to during the time permitted in this paragraph 5.1, which Seller fails to cure within the time permitted, Purchaser shall be entitled to return of the Deposit, along with any accrued interest thereon.

6. INFORMATION AND ACCESS TO PROJECT.

6.1 Seller has provided to Purchaser all that information listed on Exhibit "E", attached hereto. Purchaser shall have until the 5:00 p.m. EDT on Wednesday, August 20, 1997 to confirm receipt of the information listed on Exhibit "E" and to provide Seller with a list of all other information Purchaser may require. Seller shall provide such information, in Seller's possession, within five (5) days of Seller's receipt of notice by Purchaser.

6.2 At all reasonable times from and after the date hereof, Seller shall afford Purchaser and its representatives full and free access to the Project, including, but not limited to, the right to conduct environmental, soil, engineering and other tests and to inspect the mechanical, plumbing and utility systems located at the Project, together with all other aspects of the Project; provided, however, if Purchaser or its representatives enter upon the Project pursuant to the terms hereof, Purchaser agrees to indemnify and hold Seller harmless from all damage caused to any person or the Project as a result of such entry and the negligent acts or omissions of Purchaser or its representatives. Any general disclaimer of liability herein shall not constitute a discharge of Purchaser's liability for damage or injury in accordance with this paragraph.

6.3 Purchaser shall have the right, at its expense, to cause its accountant to prepare audited financial statements of the Seller and its operations at the Project for the calendar years ended December 31, 1994, December 31, 1995 and December 31, 1996, and for the period from January 1, 1997 through the calendar month preceding the Closing Date, and Seller shall cooperate and assist it all respects with the preparation of the audited financial statements. Seller shall furnish to Purchaser and its accountants all financial and other information in its possession or control to enable such accountants to prepare audited financial statements in conformity with Regulation S-X promulgated by the Securities and Exchange Commission ("SEC") and any registration statement, report or disclosure statement filed with, and any rule issued by, the SEC. Purchaser shall not be entitled to base termination of this Agreement on any information found in such audit unless such information is discovered during the Investigation Period and notice of such information is delivered by Purchaser to Seller during the Investigation Period. Any such audit shall not delay the Closing of this transaction. Seller also shall provide a signed representation letter as prescribed by generally accepted auditing standards as promulgated by the Auditing Standards Divisions of the American Institute of Public Accountants which representation letter is required to enable an independent public accountant to render an opinion on such financial statements. The providing or obtaining of such representation letter shall not be a condition precedent to Closing and shall not delay the Closing herein.

6.4 The Seller shall furnish to Purchaser, at its sole cost and expense, within seven (7) days after the date hereof, a "Phase 1" environmental audit (the "Environmental Audit") of the Project, including the Land and Improvements, addressed to the Purchaser, conducted by EnviroAssessemnts, Inc., reflecting that the Project is free of and does not contain any Hazardous Materials, and otherwise in form and content acceptable to Purchaser, in its sole discretion. If the Environmental Audit discloses any condition which requires further review or investigation, the Purchaser may request that a "Phase 2" environmental audit of the Project in form and content acceptable to the Purchaser, in its sole discretion, be performed. Such request shall be made to Seller in writing within five (5) business days from Purchaser's receipt of the Phase 1 audit. The cost of the Phase 2 environmental audit, if requested by Purchaser, shall be borne equally by Seller and Purchaser if this transaction is closed or if the transaction fails to close because of Purchaser's default. Otherwise, the cost shall be borne by Seller. If Purchaser requires a Phase 2 environmental audit, Purchaser shall have the right to terminate this Agreement based on environmental conditions disclosed and/or curative action recommended by the Phase 2 environmental audit by giving notice of termination in writing to Seller within five (5) business days after receipt of the Phase 2 environmental audit, in which case Purchaser shall be entitled to a full refund of the Deposit and any interest earned thereon. If a Phase 2 environmental audit is obtained, the Closing Date shall be extended for fifteen (15) days from the completion of the Phase 2 environmental audit to provide Purchaser with sufficient time to receive, review and approve the Phase 2 environmental audit. If a Phase 2 environmental audit cannot be obtained within thirty (30) days of the expiration of the Investigation Period, Seller shall have the right to terminate this Agreement.

7. ASSIGNMENT OF LEASES, PROJECT CONTRACTS AND INTANGIBLES.

7.1 Seller shall assign to Purchaser on the Closing Date all of Seller's rights in the tenant leasehold interests as described in the Prospectus for each respective Project, said Prospectus as acknowledged by each of the tenants (the "Tenant Leasehold Interests") and the lease for the single family home located on Lot 99 in the Elmwood Project (the "Elmwood Lease"). Seller shall indemnify, defend and hold harmless Purchaser from and against any loss or damage suffered by Purchaser as the result of any breach of the lessor's obligations under the Tenant Leasehold Interests or the Elmwood Lease which has occurred or shall have occurred prior to the Closing Date. Purchaser shall indemnify, defend and hold harmless Seller from and against any loss or damage suffered by Seller as the result of any breach of the lessor's obligations under the Tenant Leasehold Interests or the Elmwood Lease which occurs subsequent to the Closing Date.

7.2 All Project Contracts which Purchaser, in its sole discretion, has elected to accept shall be assigned by Seller to Purchaser on the Closing Date. Purchaser shall notify Seller prior to the expiration of the Investigation Period of those Project Contracts which Purchaser will not assume. Any contract which Purchaser fails to inform Seller that it will not assume prior to the expiration of the Investigation Period shall be assigned to Purchaser on the Closing Date. Seller shall indemnify, defend and hold harmless Purchaser from and against any loss or damage suffered by Purchaser as a result of any breach of Seller's obligations under the Project Contracts which occurred prior to the Closing Date, whether or not Purchaser has elected to take an assignment of the Project Contract, or as a result of the Seller's termination of any Project Contract which is not assigned to Purchaser. Purchaser shall indemnify, defend and hold harmless Seller from and against any loss or damage suffered by Seller as a result of any breach of Purchaser's obligations under the Project Contracts assigned to Purchaser at its request which may occur subsequent to the Closing Date.

7.3 On the Closing Date, Seller shall assign to Purchaser all of its right, title and interest in and to: (a) all licenses, permits and franchises then held by Seller for the Project which may be lawfully assigned and which may be necessary or desirable, in Purchaser's opinion, to operate the Project; (b) warranties and guarantees, if any, from manufacturers, suppliers, or installers pertaining to the project; (c) the names "Holly Forest Estates" and "Elmwood Mobile Home Park" and all variations thereof; (d) the telephone number(s) for all of Seller's telephones installed at the Project; (e) all architectural drawings, plans and specifications and other documents in Seller's possession relating to the development of the Project; and (g) all business, operating and maintenance records, reports, notices, and other information concerning the Project. Seller shall have the right, during regular business hours, of access to and the right to copy all business, operating and maintenance records, reports, notices and other information concerning the Project.

8. ADJUSTMENTS AND PRORATIONS.

8.1 The following adjustments and prorations shall be made at the Closing between Seller and Purchaser computed to, but not including, the Closing Date.

(a) Real estate taxes and personal property taxes which are a lien upon or levied against any portion of the Project on or prior to the Closing Date, and all special assessments levied prior to the Closing Date shall be paid by Seller. All current real estate taxes

and personal property taxes levied against any portion of the Project shall be prorated and adjusted between the parties in accordance with local custom and practice in Volusia County, Florida, as mutually agreed to by Seller and Purchaser and shall be paid by Seller or Purchaser, as the case may be. If the tax bills for the year of Closing have not been issued by the Closing Date, Seller and Purchaser agree to use 105% of the amount of the taxes for the year immediately preceding the Closing for the purpose of computing the prorations under this Section 7.1(a).

(b) The amount of all unpaid water and other utility bills, and of all other expenses incurred with respect to the Project, relating to the period prior to the Closing Date, shall be paid by Seller.

(c) Charges under Project Contracts which are assigned to Purchaser at Purchaser's request shall be paid by Seller, to the extent attributable to the period prior to the Closing Date, and shall be paid by Purchaser, to the extent attributable to the period after the Closing Date, and all charges due under Project Contracts not assigned to Purchaser shall be paid by Seller.

(d) All rental and other revenues collected by the Seller up to the Closing Date which are allocable to the period subsequent to the Closing Date shall be paid by Seller to Purchaser. To the extent Purchaser collects, within ninety (90) days after the Closing, any rental or revenues allocable to the period prior to the Closing Date, the Purchaser shall pay the same to Seller; provided, however, Purchaser is assuming no obligation whatsoever for the collection of such rentals or revenues and all rentals and revenues collected subsequent to the Closing Date shall always, in the first instance, be applied first to the most current rentals and revenues, if any, then due under the Tenant Leasehold Interests, the Elmwood Lease or otherwise. Purchaser shall have no obligation to remit to Seller any such delinquent rents collected later than ninety (90) days after the Closing. In addition, at Closing, Purchaser shall hold back from the Purchase Price the amount of Three Hundred Sixty-Nine Thousand and 00/100 Dollars (\$369,000.00) in order to establish a rent guaranty fund, which will be applied by Purchaser on a monthly basis as follows:

DATE	AMOUNT
October 1, 1997 - December 31, 1998	\$15,000.00 per month
January 1, 1999 - December 31, 1999	\$9,000.00 per month
January 1, 2000 - December 31, 2000	\$3,000.00 per month

The rent guaranty fund shall be the absolute and unequivocal property of Purchaser, and neither Seller, its creditors, its successors or assigns shall have any interest in such fund.

(e) Seller shall pay documentary stamp tax on the deed transferring the real property and shall pay any transfer taxes on transfer of tangible property customarily borne by sellers.

8.2 If within the six (6) months after the closing either Seller or Purchaser discovers any inaccuracies or errors in the prorations or adjustments done at Closing, Purchaser or Seller shall notify the other party of such inaccuracy or error, and Seller and Purchaser shall take all action and pay all sums necessary so that the said prorations and adjustments shall be in accordance with the terms of this Agreement, and the obligations of either party to pay any such amount shall survive the Closing Date.

9. SELLER'S WARRANTIES.

9.1 The Seller represents and warrants to the Purchaser as of the date hereof, and as of the Closing Date, the following with the understanding that each of the representations and warranties are material and have been relied on by the Purchaser in connection herewith.

(a) True, correct and complete copies of the Prospectus, including all amendments and documents relating thereto, have been or will be delivered to Purchaser pursuant to Section 6.1(a) hereof; the Rent Roll attached hereto as Exhibit "F", as updated to the Closing Date, is and will be an accurate and complete rent roll describing each of Tenant Leasehold Interests and the Elmwood Lease, including the name of the tenant, the home site occupied by the tenant, monthly rent, delinquencies in rent, deposits paid and any prepaid rent or credits due any tenant; except as set forth in the Rent Roll, no tenant is in default and no events have occurred which, with notice or the passage of time, or both, would constitute such a default; the lessor has performed all of its obligations under the Prospectus, the Tenant Leasehold Interests and the Elmwood Lease; and neither the Prospectus, any Tenant Leasehold Interest nor the Elmwood Lease has been modified nor have any concessions been made with respect thereto.

(b) Seller has not received any notices of, and Seller has no knowledge of any existing facts or conditions which may result in the issuance of, any violations of any building, zoning, safety, fire, environmental, health or other codes, laws, ordinances or regulations with respect to the Project, the appurtenances thereto or the maintenance, repair or operation thereof, which will not be cured by the Closing Date, at Seller's expense.

(c) Seller has not received notice of and has no knowledge of any existing, pending or threatened litigation or condemnation proceedings or other court, administrative or extra-judicial proceedings with respect to or affecting the Project or any part thereof.

(d) Seller has no knowledge of any assessments, charges, paybacks, or obligations requiring payment of any nature or description against the Project which remain unpaid, including, but not limited to, those for sewer, water or other utility lines or mains, sidewalks, streets or curbs. Seller has no knowledge of any public improvements having been ordered, threatened, announced or contemplated with respect to the Project which have not heretofore been completed, assessed and paid for.

(e) True and complete copies of all Project Contracts and the Prospectus for the Project, if applicable, and all amendments thereto have been delivered to Purchaser pursuant to Section 6.1 above. All Project Contracts are in full force and effect and not in default; all Project Contracts are listed in Exhibit "G" attached hereto; and except as described in Exhibit "G", there are no Project Contracts in force with respect to the Project which are not subject to cancellation upon not more than thirty (30) days notice without premium or penalty. The Prospectus for the Project, as amended, has been approved in accordance with the requirements of the Florida Mobile Home Act.

(f) Seller is the lawful owner of the Project and holds insurable and marketable title to the Project, free and clear of all liens and encumbrances other than the Permitted Exceptions and Removable Liens. The Seller has and will have on the Closing Date the power and authority to sell the Project to Purchaser and perform its obligations in accordance with the terms and conditions of this Agreement, and each person who executes this Agreement and all other instruments and documents in connection herewith on behalf of Seller, has or will

have due power and authority to so act. On or before the Closing Date, the Seller will have complied with all applicable statutes, laws, ordinances and regulations of every kind or nature, in order to effectively convey and transfer all of Seller's right, title and interest in and to the Project to Purchaser in the condition herein required, including, without limitation, the provisions of Section 723.071 of the Florida Statutes.

(g) Since the date on which the Seller commenced doing business at the Project, it has been insured with respect to risks normally insured against, and in amounts adequate to safeguard the Project. Exhibit "H" attached hereto lists all insurance currently maintained for or with respect to the Project, including types of coverage, policy numbers, insurers, premiums, deductibles and limits of coverage.

(h) Neither this Agreement nor anything provided to be done herein by Seller, including, without limitation, the conveyance of all of the Seller's right, title and interest in and to the Project as herein contemplated, violates or will violate the Seller's governing documents or any contract, agreement or instrument to which the Seller is a party or bound and which affects the Project.

(i) Seller has not contracted for the furnishing of labor or materials to the Project which will not be paid for in full prior to the Closing Date, and if any claim is made by any party for the payment of any amount due for the furnishing of labor and/or materials to the Project or Seller prior to the Closing Date and a lien is filed against the Project as a result of furnishing such materials and/or labor, Seller will indemnify Purchaser and discharge the lien or exonerate the Project therefrom.

(j) All utility services, including water, sanitary sewer, gas, electric, telephone and cable television facilities, are available to the Project and each home site in sufficient quantities to adequately service the Project at full occupancy; and to the Seller's knowledge, there are no existing, pending or threatened plans, proposals or conditions which could cause the curtailment of any such utility service. No utility lines lie under any home or improvement in the Project.

(k) All construction in connection with the Elmwood Project, subsequent to 1985, and the Holly Forest Project, subsequent to 1989 and specifically Phases 3, 4 and 6, was performed in conformity with all regulations, laws and ordinances applicable at the time the Project was constructed, all Permitted Exceptions, and all development orders and other requirements imposed by governmental authorities. To the best of Seller's knowledge, the Elmwood Project, prior to 1985, and the Holly Forest Project, prior to 1989, were constructed in conformity with all regulations, laws and ordinances applicable at the time. To the Seller's knowledge: (i) there are no existing maintenance problems with respect to mechanical, electrical, plumbing, utility and other systems necessary for the operation of the Project, including, without limitation, all underground utility lines, water wells and roads; (ii) all such systems are in good working condition and are suitable for the operation of the Project; and (iii) there are no structural or physical defects in and to the Project, and there are no conditions currently existing on, in, under or around property adjacent to or surrounding the Project, which materially adversely affect, or could materially adversely affect, the Project or the operation thereof.

(l) The sole employee of the Seller with respect to the Project is Ronald L. Glass. Attached hereto as Exhibit "I" is the job description, term of employment, average hours worked per week, current pay rate, description of all benefits provided this employee. This employee is terminable at will.

(m) The Holly Forest Project consists of 402 manufactured home sites, located on approximately 59.8 acres of Land, and the improvements, amenities and recreational facilities listed in Exhibit "J-1" attached hereto and made a part hereof. As of the date hereof, zero (0) manufactured home sites within the Holly Forest Project are vacant, and for the calendar years 1994 and 1995, the average occupancy rates at the Project were more than 99%. The Elmwood Project consists of 100 manufactured home sites, located on approximately 12.6 acres of Land, and the improvements, amenities and recreational facilities listed in Exhibit "J-2" attached hereto and made a part hereof. As of the date hereof, zero (0) manufactured home sites within the Elmwood Project are vacant, and for the calendar years 1994 and 1995, the average occupancy rates at the Project were more than 99%. All unoccupied manufactured home sites which exist at the date of Closing, if any, will be in leasable condition without it being necessary to make any further improvements to permit a tenant to take possession of, and install a manufactured home on, such home site in accordance with the Seller's standard form lease and the rules and regulations applicable to the Project.

(n) To the Seller's knowledge, Exhibit "K" attached hereto contains a complete and accurate list of, and copies of, all licenses, certificates, permits and authorizations from any governmental authority of any kind which are required to operate, use and maintain the Project as a manufactured home park; and all such licenses, certificates, permits and authorizations have been issued and are in full force and effect and on the Closing Date shall, to the extent legally assignable or transferable, be transferred or assigned to Purchaser. Seller shall take all steps and execute all applications and instruments reasonably necessary to achieve such transfer or assignment. Purchaser shall pay all transfer fees required, if any.

(o) Exhibit "B" attached hereto contains a true and complete list of all Personal Property used in the operation of the Project; such Personal Property is in good working condition; and the Seller will not sell, transfer, remove or dispose of any item of Personal Property from the Project on or prior to the Closing Date, unless such item is replaced with a similar item of no lesser quality or value.

(p) Seller has not, and prior to the Closing Date will not have, discharged, released, generated, treated, stored, disposed of or deposited in, on or under the Project, and to the best of the Seller's knowledge, the Project is free of and does not contain, any "toxic or hazardous substance", asbestos, urea formaldehyde insulation, PCBs, radioactive material, flammable explosives, underground storage tanks, or any other hazardous or contaminated substance (collectively, the "Hazardous Materials") prohibited, limited or regulated under the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, or under any other applicable federal, state or local statutes, regulations or ordinances (collectively the "Environmental Laws"), and there are no substances or conditions in or on the Project which may support a claim or cause of action under any of the Environmental Laws. The Seller has no knowledge of any suit, action or other legal proceeding arising out of or related to any Environmental Laws with respect to the Project which is pending or threatened before any court, agency or government authority, and Seller has not received any notice that the Project is in violation of the Environmental Laws.

(q) Seller has furnished or will furnish to Purchaser within five (5) days of the complete execution hereof operating statements from 9/1/95 to 7/28/97 (the "Operating Statements"). The Operating Statements furnished and to be furnished are true,

correct and complete in all respects, present fairly and accurately the financial position of the Seller and the operation of the Project as at such dates and the results of its operations and earnings for the periods indicated thereon. Seller shall furnish to Purchaser within five (5) days of the complete execution hereof financial statements for The Barchester Corporation for the 12 month periods ending December 31, 1994; December 31, 1995; and December 31, 1996 (the "Financial Statements").

(r) Seller has delivered to Purchaser true, correct and complete copies of the information and material referenced in Section 6.1 hereof. Nothing contained in this Agreement, the Exhibits attached hereto or the information and material delivered or to be delivered to Purchaser pursuant to the terms hereof, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

9.2 The provisions of Section 9.1 and all representations and warranties contained therein shall be true as of the Closing Date and shall survive the closing of the transaction contemplated herein and the conveyance of the Project to Purchaser. The investigation by Purchaser and its employees, agents and representatives, of the financial, physical and other aspects of the Project shall not negate or diminish the representations and warranties contained herein, except that, if Purchaser, its employees, agents or representatives, obtain actual knowledge of any information during the investigation which is contrary to any of Seller's representations or warranties herein, Seller's representations and warranties as to that information shall be waived and shall not be relied upon by Purchaser.

10. CONDITIONS.

10.1 Purchaser's obligation to consummate the purchase of the Project is expressly conditioned upon the following, each of which constitutes a condition precedent to Purchaser's obligation to close, if not performed by or before the Closing Date (unless a different time for performance is expressly provided herein), shall permit Purchaser, at its sole option, to declare this Agreement null and void and of no further force and effect by written notice to Seller, whereupon the Deposit shall be returned immediately to Purchaser, and neither the Seller nor the Purchaser shall have any further obligations hereunder to the other (provided that Purchaser shall have the right to waive any one or all of said conditions).

(a) On the Closing Date, title to the Project shall be in the condition required herein, and the Title Company shall be in a position to issue the requisite policy of title insurance pursuant to the Commitment.

(b) Seller's representations, warranties and agreements contained herein are and shall be true and correct as of the date hereof and as of the Closing Date in all material respects.

(c) From and after the date hereof to the Closing Date there shall have been no material adverse change in or to the Project or the business conducted thereon.

(d) Seller shall have complied with Section 723.071 of the Florida Statutes and provided Purchaser with reasonable evidence of such compliance, including, without limitation, certified copies of all notices of sale furnished to the Project's homeowners association, and the Seller shall have executed and recorded an Affidavit of Compliance pursuant to Section 723.072 of the Florida Statutes. Issuance of the Policy without the exception for

tenants' right to purchase under Section 723.071 shall constitute conclusive proof of compliance for the purposes of this subparagraph.

(e) There shall have been no change in the environmental condition of the Project subsequent to the completion of a Phase 1 environmental audit with no request for a Phase 2 environmental audit, or completion of a Phase 2 environmental audit and any curative action pursuant thereto.

11. PERIOD FOR INVESTIGATION.

11.1 Commencing on the date hereof, the Purchaser shall have a period of thirty (30) days (the "Investigation Period") to inspect and investigate all aspects of the Project, including, without limitation, the physical condition of the Project, all items of income and expense arising from Seller's ownership and operation of the Project, and all documents relating thereto. In the event Seller has failed to deliver or make available to Purchaser the information and material required by Section 6.1, the Investigation Period shall be extended for a period of time equal to the number of days from the required delivery date of each such item to the actual date of delivery of all such items. At any time prior to the expiration of the Investigation Period, as the same may have been extended pursuant to the provisions of this Section 11.1, and for any reason whatsoever, Purchaser may, at its option and in its sole and absolute discretion, terminate this Agreement.

11.2 Purchaser shall notify Seller in writing prior to the expiration of the Investigation Period, as the same may be extended, that it has elected to terminate this Agreement as provided in Section 11.1 above (the "Termination Notice"). If Purchaser does not deliver the Termination Notice to Seller prior to the expiration of the Investigation Period, as the same may be extended, Purchaser, without further action, shall be deemed to have waived its right to terminate this Agreement.

12. OPERATION OF PROJECT.

12.1 From and after the date hereof to the Closing Date, Seller shall: (a) continue to maintain, operate and conduct business at the Project in substantially the same manner as prior to the date hereof; (b) perform all regular and emergency maintenance and repairs with respect to the Project; (c) keep the Project insured against all usual risks and will maintain in effect all insurance policies now maintained on the same; (d) not sell, assign or convey any right, title or interest in any part of the Project; and (e) not change the operation or status of the Project in any manner reasonably expected to impair or diminish its value; provided, however: (i) Seller may grant or extend occupancy to a tenant for a period not to exceed one year and at a rental rate that is not less than the present rental for such space within the Project; and (ii) Seller shall at or prior to the Closing Date furnish Purchaser with written notice of any new or extended occupancies.

12.2 The Purchaser shall have the right, but not the obligation, to hire those Seller's employee who worked at the Project, effective as of the Closing Date. Upon the consummation of the transactions contemplated herein, such employee will remain an employee of Seller unless expressly employed by Purchaser, and all accrued compensation and fees due such employee, including any amount payable or that becomes payable as a result of the termination of the employee, and any costs and taxes attributable to such employment, shall be paid by Seller.

13. DESTRUCTION OF PROJECT.

13.1 In the event any part of the Project shall be damaged or destroyed prior to the Closing Date, Seller shall notify Purchaser thereof, which notice shall include a description of the damage and all pertinent insurance information. If the use or occupancy of the Project is materially affected by such damage or destruction or the cost to repair such damage or destruction exceeds Fifty Thousand Dollars (\$50,000.00), Purchaser shall have the right to terminate this Agreement by notifying Seller within thirty (30) days following the date Purchaser receives notice of such occurrence, whereupon the Deposit shall be returned immediately to Purchaser, and Seller and Purchaser shall not have any further obligation hereunder to the other. If Purchaser does not elect to terminate this Agreement, or shall fail to notify Seller within the said thirty (30) day period, on the Closing Date Seller shall assign to Purchaser all of Seller's right, title and interest in and to the proceeds of the fire and extended coverage insurance presently carried by or payable to Seller.

14. CONDEMNATION.

14.1 If, prior to the Closing Date, either Seller or Purchaser receives or obtains notice that any governmental authority having jurisdiction intends to commence or has commenced proceedings for the taking of any portion of the Project by the exercise of any power of condemnation or eminent domain, or notice of any such taking is recorded among the public records of the State of Florida or Volusia County, Purchaser shall have the option to terminate this Agreement by notifying Seller within thirty (30) days following Purchaser's receipt of such notice, in which event the Deposit shall be returned immediately to Purchaser, and Seller and Purchaser shall not have any other or further liability or responsibility hereunder to the other. If Purchaser does not elect to terminate this Agreement or shall fail to notify Seller within the thirty (30) day period, Purchaser shall close the transaction as if no such notice had been received, obtained or recorded or proceedings commenced, and in such event, any proceeds or awards made in connection with such taking shall be the sole property of the Purchaser.

15. DEFAULT BY SELLER OR PURCHASER.

15.1 In the event Seller shall fail to perform any material obligation hereunder, Purchaser may, at Purchaser's option: (i) terminate this Agreement by written notice delivered to Seller at or prior to the Closing Date and receive a full refund of the Deposit without thereby waiving any action for damages resulting from the Seller's breach; or (ii) obtain specific performance of the terms and conditions hereof.

15.2 In the event Purchaser does not elect to terminate this Agreement as permitted herein and the conditions precedent to Purchaser's obligation to purchase the Project have been satisfied or waived by Purchaser, and thereafter Purchaser fails to purchase the Project on the Closing Date in accordance with the terms of this Agreement, Seller shall be entitled to terminate this Agreement and have delivered to Seller, as liquidated damages, the Deposit, the same being Seller's sole remedy, and Purchaser shall have no further or other liability hereunder. Seller and Purchaser agree that in the event of a default by the Purchaser under this Agreement, the Seller's damages would be difficult or impossible to ascertain, and the amount of the Deposit represents a reasonable estimate of such damages. Neither Purchaser, nor any designee, transferee or assignee of Purchaser, nor any officers, directors, shareholders or partners, general or limited, of such designee, transferee or assignee, shall be personally or individually liable with respect to any obligation under this Agreement, all such personal and individual liability, if any, being hereby waived by the Seller on its behalf and on behalf of all persons claiming by, through

or under the Seller.

16. DEPOSIT.

16.1 Within two (2) business days after the complete execution of this Agreement, the Purchaser shall deliver the sum of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) (the "Deposit") to Cobb, Cole & Bell, P.A. (the "Escrow Agent"), to be held and disbursed pursuant to the escrow agreement (the "Escrow Agreement") attached hereto as Exhibit "L", which shall be executed and delivered by the Seller, Purchaser and Escrow Agent. All interest earned on the Deposit shall belong to the Purchaser, subject to the limitation in paragraph 16.2.

16.2 After expiration of the Investigation Period, the Deposit shall become non-refundable except for Seller's failure to correct any Title Defect timely raised or upon termination by Purchaser pursuant to paragraph 6.4 above. If the Closing of this transaction does not occur by September 15, 1997, for any reason other than a material breach by Seller or except as otherwise specifically set forth herein, Seller shall be entitled to the Deposit and any interest earned thereon.

17. ESCROW AGENT.

17.1 Cobb, Cole & Bell, P.A., shall serve as the escrow agent for this Agreement (the "Escrow Agent").

17.2 The following provisions shall govern the duties and responsibilities and define the liabilities of the Escrow Agent hereunder:

(a) Escrow Agent shall hold the Deposit pursuant to the provisions of this Agreement and shall disburse funds only in accordance with the Agreement or upon written direction of Seller and Purchaser. Upon request of either party, Escrow Agent shall confirm that the Deposit have been received and being held by Escrow Agent.

(b) If there is any dispute as to whether the Escrow Agent is obligated to disburse the Deposit, or as to whom that sum is to be delivered, the Escrow Agent will not be obligated to make any delivery of said sum, but in such event may hold said sum until receipt by the Escrow Agent of an authorization in writing signed by all of the persons having an interest in such dispute, directing the disposition of said sum, or in the absence of such authorization, the Escrow Agent may hold the sum until the final determination of the rights of the parties in an appropriate proceeding. If such written authorization is not given, or proceedings for such determination are not begun and diligently continued, the Escrow Agent may, but is not required to, bring an appropriate action or proceeding for leave to deposit said sum in court, pending such determination. Upon notifying all parties concerned of such action, all liability on the part of Escrow Agent shall fully terminate, except to the extent of accounting for any items previously delivered out of escrow.

(c) In any suit between Purchaser and Seller wherein Escrow Agent is made a party because of acting as Escrow Agent hereunder (except where Escrow Agent shall have willfully or negligently violated its obligations hereunder) or in any suit wherein Agent interpleads the subject matter of the escrow, Escrow Agent shall recover reasonable attorney's fees and costs incurred by it as Escrow Agent only and not in connection with representing any other party. Such fees and costs to be paid from and out of the escrowed funds or equivalent and

charged and awarded as court costs in favor of the prevailing party and against the non-prevailing party.

17.3 The Agent shall not be liable to any party or person for misdelivery to Purchaser or Seller of items subject to the escrow, unless such misdelivery is due to willful breach of the provisions of this Agreement or negligence of Escrow Agent.

17.4 Seller desires for Cobb, Cole & Bell, P.A., to represent it in any dispute under this Agreement or in any dispute over the Deposit, and Purchaser consents and agrees that Cobb, Cole & Bell's duties as Escrow Agent shall not prevent Cobb, Cole & Bell, P.A. from representing Seller as counsel in any dispute arising out of or relating to this Agreement.

18. LIABILITY AND INDEMNIFICATION.

18.1 Purchaser does not and shall not assume any liability for any claims arising out of the occurrence of any event or the existence of any condition prior to the Closing Date with respect to the Project.

18.2 From and after the Closing Date, Seller agrees to indemnify, defend and hold harmless Purchaser, and Purchaser's successors and assigns, for a period of two (2) years from and after the Closing Date from and against any and all claims, penalties, damages, liabilities, actions, causes of action, costs and expenses (including attorneys' fees), arising out of, as a result of or as a consequence of: (i) any property damage or injuries to persons, including death, caused by the occurrence of any event or the existence of any condition at the Project prior to the Closing Date or in connection with the Seller's use, possession, operation, repair and maintenance of the Project prior to the Closing Date; (ii) any breach by Seller of any of its representations, warranties, or obligations set forth herein or in any other document or instrument delivered by Seller in connection with the consummation of the transactions contemplated herein; or (iii) clean up costs and future response costs incurred by Purchaser under the Environmental Laws arising with respect to or in connection with a condition which existed or any event which occurred prior to the Closing Date.

19. CLOSING.

19.1 Subject to the provisions of Section 5.1, the closing ("Closing") of the transaction contemplated herein shall take place within fifteen (15) days after the expiration of the Investigation Period but in any event on or before September 15, 1997 (the "Closing Date"). The Closing Date shall be designated by Purchaser on not less than five (5) days prior written notice to Seller. The Closing shall be held at the office of the Title Company, or on or at such other time or place as Purchaser and Seller shall agree upon. Purchaser acknowledges that Seller intends for the conveyance of the Property pursuant to this Agreement to be part of a tax deferred exchange as defined in Section 1031 of the Internal Revenue Code. Purchaser agrees to cooperate with and provide all documents reasonably necessary for Seller to achieve a tax deferred exchange in conformity with Section 1031 and applicable Internal Revenue Code regulations, at Seller's sole cost and expense provided, in each case, the same do not increase Purchaser's duties or liabilities hereunder, or decrease Purchaser's rights hereunder.

19.2 At Closing:

(a) Seller shall execute and deliver a Warranty Deed in recordable form conveying to Purchaser marketable and insurable title to the Land and Improvements,

subject only to the Permitted Exceptions.

(b) Seller shall execute and deliver a Warranty Bill of Sale conveying the Personal Property to Purchaser, free and clear of any liens or encumbrances other than the Permitted Exceptions, and Seller shall execute and deliver to Purchaser, in proper form for transfer, the Certificates of Title pertaining to all vehicles and manufactured homes, if any, being conveyed to Purchaser hereunder.

(c) Seller shall execute and deliver to Purchaser, in form and content satisfactory to Purchaser and pursuant to Sections 7.1, 7.2 and 7.3 hereof, an Assignment, transferring to Purchaser all of Seller's right, title and interest in and to: (i) all Tenant Leasehold Interests and the Elmwood Lease, and (ii) the Project Contracts which Purchaser has elected to have assigned.

(d) Seller shall cause the Commitment referred to in paragraph 4.1 hereof to be recertified and updated to the Closing Date, and shall cause the policy of title insurance to be issued to Purchaser pursuant to such updated Commitment, at Seller's sole cost.

(e) Purchaser shall deliver to Seller the Purchase Price adjusted as provided in this Agreement, by certified or cashier's check or wire transfer of immediately available funds to Seller's designated financial institution.

(f) Seller shall deliver to Purchaser a certificate confirming the truth and accuracy of Seller's representations and warranties hereunder, and the Rent Roll, updated to the Closing Date, and Prospectus for the Project then in effect, shall be certified as true and correct in all respects.

(g) Seller and Purchaser shall execute and cause to be delivered to tenants under the Prospectus and all other interested parties written notice of the sale of the Project to Purchaser together with such other information or instructions as Purchaser shall deem appropriate.

(h) Seller shall deliver to Purchaser originals of: (i) the Tenant Leases, including all amendments thereto and modifications thereof; (ii) all Project Contracts assigned to Purchaser; (iii) all architectural plans and specifications and other documents in Seller's possession pertaining to the development of the Project; and (iv) copies of all collection, expense and business records and such other documentation reasonably necessary for Purchaser to continue the operation of the Project.

(i) Seller shall deliver to Purchaser certified copies of resolutions of the shareholders and directors of the Seller, authorizing and approving the transaction contemplated by this Agreement, and authorizing and directing the execution and delivery of this Agreement and an documents and instruments to be executed and delivered by the Seller pursuant to the terms hereof, certified by the authorized secretary of Seller as being true and correct, together with an incumbency certificate from the secretary, certifying as to the officers of Seller who have executed documents in connection with the transactions contemplated herein.

(j) Seller shall deliver to Purchaser an affidavit, in form acceptable to Purchaser, executed by the Seller, certifying to facts showing that the transaction is subject to tax under the Foreign Investment and Real Property Tax Act of 1980.

(k) Purchaser shall deliver to Seller certificates or such other instruments reasonably necessary to evidence that the execution and delivery of this Agreement and all documents to be executed and delivered by Purchaser hereunder, have been authorized by Purchaser and that an persons or entities who have executed documents on behalf of Purchaser in connection with the transaction have due authority to act on behalf of the Purchaser.

(l) Seller shall execute and deliver to Purchaser a discontinuation of any assumed name certificate whereby Seller has reserved the right to conduct business under the names "Holly Forest Estates" or "Elmwood Mobile Home Park" or any variation thereof and, if necessary, in order for Purchaser to use the name "Holly Forest Estates" and "Elmwood Mobile Home Park" Seller shall change its name.

(m) The Seller and Purchaser shall each deliver to the other such other documents or instruments as shall reasonably be required by such party, its counsel or the Title Company to consummate the transaction contemplated herein and/or to cause the issuance of the policy of title insurance which, in all events, shall not increase such party's duties or liability hereunder or decrease such party's rights hereunder.

20. COSTS.

20.1 Purchaser and Seller shall each be responsible for their own counsel and accountants' fees and travel expenses. Seller shall pay documentary stamp tax on the deed, intangible and transfer taxes due on the conveyance of the Project to Purchaser, the title insurance premium for the Purchaser's policy of title insurance, the cost of the Survey and the Phase 1 Environmental Audit, and one-half the cost of a Phase 2 environmental audit, if required. Purchaser shall pay recording fees of the deed, and one-half the cost of a Phase 2 environmental audit, if required. Escrow fees shall be borne equally by Seller and Purchaser, other than those attributable to Seller's tax free exchange, which shall be borne entirely by Seller.

21. BROKERS.

21.1 Purchaser and Seller represent and warrant to the other that they have not had any direct or indirect dealings with any real estate brokers, salesmen or agents in connection with the Project, or the transactions contemplated herein. In consideration of said warranty, Purchaser agrees with Seller that it will pay, and will defend and hold Seller harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated herein and arising out of contracts made by Purchaser, and Seller agrees with Purchaser that it will pay, and will defend and hold Purchaser harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated herein and arising out of contracts made by Seller.

22. ASSIGNMENT.

22.1 Purchaser hereby reserves the right, upon notice to Seller, to assign, no later than September 5, 1997, all of its right, title and interest in and to this Agreement, and upon such assignment, all terms and conditions hereof shall apply equally to such assignee as if the assignee was the original party hereto.

22.2 Seller may, and Purchaser agrees to, assign this Agreement to the Escrow Agent as a qualified intermediary to effect a Section 1031, tax deferred exchange. Purchaser shall not

incur any additional liability nor any transfer taxes in association with such tax deferred exchange.

23. CONTROLLING LAW.

23.1 This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of Florida.

24. ENTIRE AGREEMENT.

24.1 This Agreement, the Escrow Agreement, and the Exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the transactions herein contemplated, and supersedes all prior agreements, written or oral, between the parties relating to the subject matter hereof. Any modification or amendment to this Agreement shall be effective only if in writing and executed by each of the parties hereto.

25. NOTICES.

25.1 Any notice from Seller to Purchaser or from Purchaser to Seller shall be deemed duly served (i) when personally served, (ii) three (3) business days after deposited in the U.S. certified mail, return receipt requested, (iii) upon receipt if sent by telephone facsimile with fax acceptance sheet verifying receipt, or (iv) one (1) business day after sent via "overnight" courier service, addressed to, such party as follows:

If to Seller: The Barchester Corporation
1000 Walker Street
Holly Hill, Florida 32117
Attn: Joseph Seravalli, President
Fax No. (904) 258-7188

With a copy to: Cobb Cole & Bell
150 Magnolia Avenue
Daytona Beach, Florida 32115-2491
Attn: Jay D. Bond, Jr., Esq.
Fax No. (904) 263-1748

If to Purchaser: Sun Communities, Inc.
31700 Middlebelt, Suite 145
Farmington Hills, Michigan 48334
Attn: Mr. Gary A. Shiffman
Fax No. (810) 932-3072

With a copy to: Mark P. Krysinski, Esq.
Jaffe, Raitt, Heuer & Weiss
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Fax No. (313) 961-8358

Either party hereto may change the name and address of the designee to which notice shall be sent by giving written notice of such change to the other party hereto as hereinbefore provided.

26. BINDING.

26.1 The terms hereof shall be binding upon and shall inure to the benefit of the parties hereto, their successors, transferees and assigns.

27. PARAGRAPH HEADINGS.

27.1 The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

28. SURVIVAL AND BENEFIT.

28.1 Except as otherwise expressly provided herein, each agreement, representation or warranty made in this Agreement by or on behalf of either party, or in any instruments delivered pursuant hereto or in connection herewith, shall survive the Closing Date and the consummation of the transactions provided for herein.

28.2 The covenants, agreements and undertakings of each of the parties hereto are made solely for the benefit of, and may be relied on only by, the other party hereto, their transferees and assigns, and are not made for the benefit of, nor may they be relied upon, by any other person whatsoever.

28.3 This Agreement shall not be construed more strictly against a party, merely by virtue of the fact that it may have been prepared by counsel for such party, it being recognized that both Purchaser and Seller have contributed substantially and materially to the preparation of this Agreement.

29. COUNTERPARTS.

29.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall be deemed a single agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates shown beneath their respective signatures.

SELLER:

THE BARCHESTER CORPORATION

IN THE PRESENCE OF:

By: _____
Joseph Seravalli, President

Its: _____

Date: _____

PURCHASER:

SUN COMMUNITIES OPERATING
LIMITED PARTNERSHIP, a Michigan
limited partnership

By: Sun Communities, Inc., its General
Partner

By: _____
Jonathan Colman
Senior Vice President, Acquisition

Date:

ESCROW AGENT:

Cobb, Cole & Bell, P.A.

By: _____
Jay D. Bond, Jr.
for the firm

Date: _____

LIST OF EXHIBITS

EXHIBIT	DESCRIPTION
A-1	Legal Description of Land (Holly Forest)
A-2	Legal Description of Land (Elmwood)
B	Schedule of Personal Property
C	Allocation of Purchase Price
D	Survey Certification
E	Information Provided to Purchaser
F	Rent Roll
G	Project Contracts (Section 9.1(e))
H	Summary of Insurance (Section 9.1(g))
I	Employee Description (Section 9.1(1))
J-1	List of Facilities (Section 9.1(m)) (Holly Forest)
J-2	List of Facilities (Section 9.1(m)) (Elmwood)
K	Licenses, Authorizations and Permits (Section 9.1(n))

FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture is made as of this 20th day of August, 1997 by and among SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership (the "Company"), and BANKERS TRUST COMPANY, a New York banking corporation (the "Trustee").

RECITALS

A. The Company, Sun Communities, Inc., a Maryland corporation ("Sun"), and the Trustee entered into an Indenture dated as of April 24, 1996 (the "Indenture").

B. Any capitalized term not defined herein shall have the meaning assigned to it in the Indenture.

C. Section 901(9) of the Indenture provides that the Company and the Trustee may amend the Indenture without notice to or consent of any Holders of Securities with respect to matters or questions arising under the Indenture which are not inconsistent with the provisions of the Indenture as long as such provisions do not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect.

D. The Company has determined that the amendments described below will not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect.

NOW, THEREFORE, the parties hereby agree as follows:

1. The following definition is added to Section 101 of the Indenture:

"Specified Currency" means the currency or composite currency in which a particular Security is denominated, or, if such currency or composite currency is no longer legal tender for the payment of public and private debts, such other currency or composite currency of the relevant country which is then legal tender for the payment of such debts.

2. The following sentence is added to the end of the first paragraph of Section 307 of the Indenture:

Notwithstanding the foregoing, a Holder of Ten Million and 00/100 Dollars (\$10,000,000) (or, if the Specified Currency is other than United States dollars, the equivalent thereof in such Specified Currency) or more in aggregate principal amount of Registered Securities (whether having identical or different terms and provisions) will be entitled to receive interest payments, if any, on any Interest Payment Date other than on the date of Maturity by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing (in accordance with the notice requirements contained in Section 105) by the Trustee not less than 15 days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

3. Except as modified herein, the Indenture remains unchanged, and, as modified, continues in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this First Supplemental Indenture on the above date.

SUN COMMUNITIES OPERATING
LIMITED PARTNERSHIP, a Michigan
limited partnership

By: Sun Communities, Inc., a
Maryland corporation

By: -----
Jeffrey P. Jorissen, Senior
Vice President, Treasurer,
Chief Financial Officer, and
Secretary

BANKERS TRUST COMPANY,
a Trustee

By: -----
Title:

ATTEST

By: -----
Title:

[FACE OF NOTE]

THIS NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO, OR REGISTERED OR EXCHANGED FOR SECURITIES REGISTERED IN THE NAME OF, ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY SECURITY AUTHENTICATED AND DELIVERED UPON REGISTRATION OF TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.(1)

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.(1)

(1)This paragraph applies to global Notes only.

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

MEDIUM-TERM NOTE
(Floating Rate)

REGISTERED
NO. FLR - []
 [.....]
CUSIP NO. []
 [.....]

REGISTERED
PRINCIPAL AMOUNT

\$[.....]

ORIGINAL ISSUE DATE:
STATED MATURITY DATE:
INTEREST RATE BASIS OR BASES:

IF LIBOR:
[] LIBOR Reuters
[] LIBOR Telerate
[] Designated LIBOR Currency:
[] Designated LIBOR Page:
[] Reuters Page:
[] Telerate Page:

IF CMT RATE:
Designated CMT Telerate Page:
If Telerate Page 7052:
[] Weekly Average
[] Monthly Average
Designated CMT Maturity Index:

INITIAL INTEREST RATE: %
INITIAL INTEREST RESET DATE:
INTEREST RESET PERIOD:
INTEREST RESET DATE(S):
INTEREST PAYMENT DATE(S):
INDEX MATURITY:
SPREAD (PLUS OR MINUS):

SPREAD MULTIPLIER:
MINIMUM INTEREST RATE: %
MAXIMUM INTEREST RATE: %

INITIAL REDEMPTION DATE:
INITIAL REDEMPTION PERCENTAGE: %
ANNUAL REDEMPTION PERCENTAGE REDUCTION: %

OPTIONAL REPAYMENT DATE(S):
REPAYMENT PRICE: %

INTEREST CALCULATION:
[] Regular Floating Rate Note
[] Floating Rate/Fixed Rate Note
from ----- to -----
Fixed Rate Commencement Date:
Fixed Interest Rate: %
[] Inverse Floating Rate Note

Fixed Interest Rate: %

[] Discount Note Issue Price: %

DAY COUNT CONVENTION:
[] 30/360 for the period

[] Actual/360 for the period
from ----- to -----

[] Actual/Actual for the
period from -----
to -----
Applicable Interest Rate
Basis:

SPECIFIED CURRENCY:
[] United States dollars
[] Other:

AUTHORIZED DENOMINATION:
[] \$1,000 and integral
multiples thereof
[] Other:

EXCHANGE RATE AGENT:
CALCULATION AGENT:

ISSUE PRICE:
AGENT'S DISCOUNT OR
COMMISSION:

ADDENDUM ATTACHED
[] Yes
[] No

OTHER/ADDITIONAL PROVISIONS:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a limited partnership organized and existing under the laws of the State of Michigan (hereinafter called the "Company", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, upon presentation, the principal sum of \$_____ on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof or upon any declaration of acceleration; each such Stated Maturity Date, Redemption Date, Repayment Date or declaration of acceleration being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date), and to pay interest thereon, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate determined in accordance with the provisions specified above and on the reverse hereof with respect to one or more Interest Rate Bases specified above until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; PROVIDED, HOWEVER, that if the Original Issue Date occurs between a Record Date (as defined on the reverse hereof) and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date next succeeding the Original Issue Date to the Holder of this Note on the Record Date with respect to such second Interest Payment Date. Any capitalized term not defined herein shall have the meaning assigned to it in that certain Indenture by and among the Company, Sun Communities, Inc., a Maryland corporation ("Sun"), and Bankers Trust Company, a New York banking corporation, dated as of April 24, 1996, and amended pursuant to a First Supplemental Indenture dated as of August 20, 1997.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the Person in whose name this Note (or one or more predecessor Notes) is registered in the Security Register applicable to this Note at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); PROVIDED, HOWEVER, that interest payable on the Maturity Date will be payable to the Person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on any Record Date, and shall be paid to the Person in whose name this Note is registered in the Security Register applicable to this Note at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Note may be listed, and upon such notice as may be required by such exchange, all as more fully provided for in the Indenture.

Payments of principal of, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable Repayment Date, a duly completed election form as contemplated on the reverse hereof) at the corporate trust office of the Trustee in the Borough of Manhattan, The City of New York, or at such other paying agency in the Borough of Manhattan, The City of New York which is maintained by the Trustee where Notes may be presented for payment, registration of transfer or exchange, and where notices to or demands upon the Company in respect of the Notes or the Indenture may be made, as the Company may determine; PROVIDED, HOWEVER, that if such payment is to be made in a Specified Currency other than United States dollars as set forth below, such payment will be made by wire transfer of

immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note (and, if applicable, a duly completed repayment election form) is presented and surrendered at the aforementioned office of the Trustee in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date will be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register maintained at the aforementioned office of the Trustee; PROVIDED, HOWEVER, that a Holder of U.S. \$10,000,000 (or, if the Specified Currency specified above is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date other than the Maturity Date would otherwise be a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding Business Day, except that if LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Business Day, and if the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day, each with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

The Company is obligated to make payment of principal of, premium, if any, and interest in respect of this Note in the Specified Currency (or, if the Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued the Specified Currency as at the time of such payment is legal tender for the payment of such debts). If the Specified Currency is other than United States dollars, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note; PROVIDED, HOWEVER, that the Holder of this Note may elect to receive such amounts in such Specified Currency pursuant to the provisions set forth below.

If the Specified Currency is other than United States dollars and the Holder of this Note shall not have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in the Specified Currency, any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency unless the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal, premium, if any, and/or

interest in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars or a composite currency and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in the Specified Currency and if the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) computed by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate or as otherwise specified on the face hereof. The "Market Exchange Rate" for the Specified Currency means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York. Any payment made under such circumstances in United States dollars will not constitute an Event of Default.

If the Specified Currency is a composite currency and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in the Specified Currency and if such composite currency is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Company, then the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars. The amount of each payment in United States dollars shall be computed on the basis of the equivalent of the composite currency in United States dollars. The component currencies of the composite currency for this purpose (collectively, the "Component Currencies" and each, a "Component Currency") shall be the currency amounts that were components of the composite currency as of the last day on which the composite currency was used. The equivalent of the composite currency in United States dollars shall be calculated by aggregating the United States dollar equivalents of the Component Currencies. The United States dollar equivalent of each of the Component Currencies shall be determined by the Exchange Rate Agent on the basis of the Market Exchange Rate on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate for each such Component Currency, or as otherwise specified on the face hereof.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency shall be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as Component Currencies shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency shall be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original Component Currency.

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof after the Trustee's Certificate of Authentication and, if so specified above, in the Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding any provisions to the contrary contained herein, if the face of this Note specifies that an Addendum is attached hereto or that "Other/Additional Provisions" apply, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

Unless the Certificate of Authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP

By: Sun Communities, Inc.
Its: General Partner

By: -----
Name:
Title: [Chairman of the
Board, President, or
Senior Vice President]

Date: _____, 1997

By: -----
Name:
Title: Chief Financial Officer

[SEAL]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

BANKERS TRUST COMPANY,
as Trustee

By: Date: , 1997
Authorized Officer

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

MEDIUM-TERM NOTE
(FLOATING RATE)

This Note is one of a duly authorized issue of securities of the Company (hereinafter called the "Securities"), issued and to be issued in one or more series under an Indenture (the "Indenture") among the Company, Sun, and Bankers Trust Company, a banking corporation organized under the laws of the State of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Note is a part), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Note is one of the series of Securities designated as "Medium-Term Notes Due Nine Months or More From Date of Issue" (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. \$1,000 and integral multiples thereof or the minimum Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise provided on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. \$1,000 or the minimum Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. \$1,000 or such minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (each, a "Redemption Date"), on written notice given to the Holder of this Note no more than 60 nor less than 30 calendar days prior to the Redemption Date and in accordance with the provisions of the Indenture. If no Initial Redemption Date is set forth on the face hereof, this Note may not be redeemed prior to Maturity. The "Redemption Price", if any, shall initially be the Initial Redemption Percentage specified on the face hereof, if any, multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, specified on the face hereof until the Redemption Price is 100% of the unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms as this Note shall be issued in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. \$1,000 or the minimum Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. \$1,000 or such minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (each, a "Repayment Date"). If an Optional Repayment Date is not set forth on the face hereof, this Note will not be repayable at the option of the Holder hereof prior to Maturity. For this Note to be repaid, this Note must be received, together with the form hereon entitled "Option to Elect Repayment" duly completed, by the Trustee at its corporate trust office not more than 60 nor less than 30 calendar days prior to the Repayment Date. Exercise of such repayment option by the

Holder hereof will be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms as this Note shall be issued in the name of the Holder hereof upon the presentation and surrender hereof.

If the Interest Calculation of this Note is specified on the face hereof as a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity of this Note will be equal to the sum of (1) the Issue Price, if any, specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable), if any, and (2) any unpaid interest on this Note accrued from the Original Issue Date to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period), a coupon rate equal to the initial interest rate applicable to this Note and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The interest rate borne by this Note will be determined as follows:

(i) Unless the Interest Calculation of this Note is specified on the face hereof as a "Floating Rate/Fixed Rate Note" or an "Inverse Floating Rate Note", or as having an Addendum attached or having "Other/Additional Provisions" apply, in each case relating to a different interest rate formula, this Note shall be designated as a "Regular Floating Rate Note" and, except as set forth below or on the face hereof, shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any, in each case as specified on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date specified on the face hereof; PROVIDED, HOWEVER, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

(ii) If the Interest Calculation of this Note is specified on the face hereof as a "Floating Rate/Fixed Rate Note", then, except as set forth below or on the face hereof, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date; PROVIDED, HOWEVER, that (y) the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate and (z) the interest rate in effect for the period commencing on the Fixed Rate Commencement Date specified on the face hereof to the Maturity Date shall be the Fixed Interest Rate

specified on the face hereof or, if no such Fixed Interest Rate is specified, the interest rate in effect hereon on the day immediately preceding the Fixed Rate Commencement Date.

(iii) If the Interest Calculation of this Note is specified on the face hereof as an "Inverse Floating Rate Note", then, except as set forth below or on the face hereof, this Note shall bear interest at the Fixed Interest Rate minus the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any; PROVIDED, HOWEVER, that, unless otherwise specified on the face hereof, the interest rate hereon shall not be less than zero. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date; PROVIDED, HOWEVER, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Unless otherwise specified on the face hereof, the rate with respect to each Interest Rate Basis will be determined in accordance with the applicable provisions below. Except as set forth above or on the face hereof, the interest rate in effect on each day shall be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (ii) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date.

If any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding Business Day, except that if LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day. In addition, if the Treasury Rate is an applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day.

As used herein, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in The City of New York; PROVIDED, HOWEVER, that if the Specified Currency is other than United States dollars and any payment is to be made in the Specified Currency in accordance with the provisions hereof, such day is also not a day on which banking institutions are authorized or required by law, regulation or executive order to close in the Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, in the case of European Currency Units ("ECU"), is not a day that appears as an ECU non-settlement day on the display designated as "ISDE" on the Reuter Monitor Money Rates Service (or a day so designated by the ECU Banking Association) or, if ECU non-settlement days do not appear on that page (and are not so designated), is not a day on which payments in ECU cannot be settled in the international interbank market); PROVIDED, FURTHER, that if LIBOR is an applicable Interest Rate Basis on this Note, such day is also a London Business Day (as defined below). "London Business Day" means any day on which dealings in the Designated LIBOR Currency (as defined below) are transacted in the London interbank market. "Principal Financial Center" means (i) the capital city of the country issuing the Specified Currency (except as described above with respect to ECUs) or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates (or, in the case of ECU, Luxembourg), except, in each case, that with respect to United States dollars, Canadian dollars, Australian dollars, Deutsche marks, Dutch guilders, Italian lire, Swiss francs and ECUs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Frankfurt, Amsterdam, Milan (solely in the case of clause (i) above), Zurich and Luxembourg, respectively.

The interest rate applicable to each Interest Reset Period (as specified on the face hereof) commencing on the related Interest Reset Date will be the rate determined by the Calculation Agent as of the applicable Interest Determination Date and calculated on or prior to the Calculation Date (as hereinafter defined), except with respect to LIBOR and the 11th District Cost of Funds Rate, which will be calculated on such Interest Determination Date. The "Interest Determination Date" with respect to the CD Rate, the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate, the Kenny Rate, and the Prime Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; the "Interest Determination Date" with respect to the 11th District Cost of Funds Rate shall be the last working day of the month immediately preceding the applicable Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); and the "Interest Determination Date" with respect to LIBOR shall be the second London Business Day immediately preceding the applicable Interest Reset Date, unless the Designated LIBOR Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date. The "Interest Determination Date" with respect to the Treasury Rate shall be the day in the week in which the applicable Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); PROVIDED, HOWEVER, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the Interest Determination Date shall be such preceding Friday; PROVIDED, FURTHER, that if the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date shall be postponed to the next succeeding Business Day. If the interest rate of this Note is determined with reference to two or more Interest Rate Bases specified on the face hereof, the "Interest Determination Date" pertaining to this Note shall be the most recent Business Day which is at least two Business Days prior to the applicable Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined as of such date, and the applicable interest rate shall take effect on the related Interest Reset Date.

CD RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the CD Rate, the CD Rate shall be determined as of the applicable Interest Determination Date (a "CD Rate Interest Determination Date") as the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication ("H.15 (519)") under the heading "CDs (Secondary Market)," or, if not published by 3:00 P.M., New York City time, on the related Calculation Date (as defined below), the rate on such CD Rate Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication ("Composite Quotations") under the heading "Certificates of Deposit." If such rate is not yet published in either H.15 (519) or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent specified on the face hereof and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable United States dollar certificates of deposit in The City of New York selected by the Calculation Agent after consultation with the Company for negotiable United States dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity in an amount that is representative for a single transaction in that market at that time; PROVIDED, HOWEVER, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

CMT RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the CMT Rate, the CMT Rate shall be determined as of the applicable Interest Determination Date (a

"CMT Rate Interest Determination Date") as the rate displayed on the Designated CMT Telerate Page under the caption "...Treasury Constant Maturities...Federal Reserve Board Release H.15...Mondays Approximately 3:45 P.M.," under the column for the Designated CMT Maturity Index (as defined below) for (i) if the Designated CMT Telerate Page is 7055, the rate on such CMT Rate Interest Determination Date and (ii) if the Designated CMT Telerate Page is 7052, the weekly or monthly average, as applicable for the week or the month, as applicable, ended immediately preceding the week or the month, as applicable, in which the related CMT Rate Interest Determination Date occurs. If such rate is no longer displayed on the relevant page or is not displayed by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index as published in the relevant H.15 (519). If such rate is no longer published or is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate on such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) for the CMT Rate Interest Determination Date with respect to such Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in the relevant H.15(519). If such information is not provided by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate on the CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers in The City of New York (each, a "Reference Dealer") selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent after consultation with the Company and eliminating the highest quotation (or, in the event of quotation equality, one of the highest) and the lowest quotation (or, in the event of quotation equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury Notes") with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent is unable to obtain three such Treasury Note quotations, the CMT Rate on such CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers in The City of New York (from five such Reference Dealers selected by the Calculation Agent after consultation with the Company and eliminating the highest quotation (or, in the event of quotation equality, one of the highest) and the lowest quotation (or, in the event of quotation equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least \$100 million. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of such quotes will be eliminated; PROVIDED, HOWEVER, that if fewer than three Reference Dealers so selected by the Calculation Agent are quoting as mentioned herein, the CMT Rate determined as of such CMT Rate Interest Determination Date will be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two Treasury Notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the Calculation Agent will obtain quotations for the Treasury Note with the shorter remaining term to maturity.

"Designated CMT Telerate Page" means the display on the Dow Jones Telerate Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)) for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If

no such page is specified in the applicable Pricing Supplement, the Designated CMT Telerate Page shall be 7052 for the most recent week.

"Designated CMT Maturity Index" means the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified on the face hereof with respect to which the CMT Rate will be calculated or, if no such maturity is specified in the applicable Pricing Supplement, the Designated CMT Maturity Index shall be 2 years.

COMMERCIAL PAPER RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the Commercial Paper Rate, the Commercial Paper Rate shall be determined as of the applicable Interest Determination Date (a "Commercial Paper Rate Interest Determination Date") as the Money Market Yield (calculated as described below) on such date of the rate for commercial paper having the Index Maturity as published by the Board of Governors of the Federal Reserve System in H.15 (519) under the heading "Commercial Paper" or, if unavailable, under such heading representing commercial paper issued by non-financial entities whose bond rating is "AA" or the equivalent from a nationally recognized statistical rating agency. In the event that such rate is not published prior to 9:00 A.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be the Money Market Yield of the rate for commercial paper having the Index Maturity as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication ("Composite Quotations") under the heading "Commercial Paper." If such rate is not yet published in either H.15 (519) or Composite Quotations by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates as of 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized statistical rating organization; PROVIDED, HOWEVER, that if the dealers so selected by the Calculation Agent after consultation with the Company are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect immediately prior to such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage, rounded, if necessary, to the nearest one hundred-thousandth of a percent) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{\text{Dx360}}{360 - (\text{DxM})} \times 100$$

where "D" refers to the per annum rate for commercial paper, quoted on a bank discount basis and expressed as a decimal; and "M" refers to the actual number of days in the period for which accrued interest is being calculated.

11TH DISTRICT COST OF FUNDS RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the 11th District Cost of Funds Rate, the 11th District Cost of Funds Rate shall be determined as of the applicable Interest Determination Date (a "11th District Cost of Funds Rate Interest Determination Date") as the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such 11th District Cost of Funds Rate Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such 11th District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on such 11th District Cost of Funds Rate Interest Determination Date, then the 11th District Cost of Funds Rate on such 11th District Cost of Funds Rate Interest Determination Date shall be the monthly weighted

average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding such 11th District Cost of Funds Rate Interest Determination Date. If the FHLB of San Francisco fails to announce the Index on or prior to such 11th District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such 11th District Cost of Funds Rate Interest Determination Date, the 11th District Cost of Funds Rate determined as of such 11th District Cost of Funds Rate Interest Determination Date will be the 11th District Cost of Funds Rate in effect on such 11th District Cost of Funds Rate Interest Determination Date.

FEDERAL FUNDS RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the Federal Funds Rate, the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date") as the rate on such date for United States dollar federal funds as published in H.15 (519) under the heading "Federal Funds (Effective)" or, if not published by 9:00 A.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not published in either H.15 (519) or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean (each as rounded, if necessary, to the nearest one hundred-thousandth of a percent) of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York selected by the Calculation Agent after consultation with the Company prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; PROVIDED, HOWEVER, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. If an Interest Rate Basis for this Note is specified on the face hereof as LIBOR, LIBOR shall be determined as of the applicable Interest Determination Date in accordance with the following provisions:

(i) if (a) "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates (unless the Designated LIBOR Page (as defined below) by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Designated LIBOR Currency having the Index Maturity, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, or (b) if "LIBOR Telerate" is specified on the face hereof, or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the rate for deposits in the Designated LIBOR Currency having the Index Maturity, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent after consultation with the Company, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London

time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent after consultation with the Company for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; PROVIDED, HOWEVER, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

"Designated LIBOR Currency" means the currency or composite currency specified on the face hereof as to which LIBOR shall be calculated or, if no such currency or composite currency is specified on the face hereof, the Designated LIBOR Currency shall be United States dollars.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified on the face hereof, the display on the Reuters Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency, or (b) if "LIBOR Telerate" is specified on the face hereof or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the display on the Dow Jones Telerate Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency.

KENNY RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the Kenny Rate, the Kenny Rate shall be determined as of the applicable Interest Determination Date (a "Kenny Rate Interest Determination Date") as the rate equal to the high grade weekly index (the "Weekly Index") on such date made available by Kenny Information Systems ("Kenny") to the Calculation Agent. The Weekly Index is, and shall be, based upon 30 day yield evaluations at par of bonds, the interest on which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code"), of not less than five high grade component issuers selected by Kenny which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by Kenny in its discretion. The bonds on which the Weekly Index is based shall not include any bonds on which the interest is subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. In the event Kenny ceases to make available such Weekly Index, a successor indexing agent will be selected by the Calculation Agent, such index to reflect the prevailing rate for bonds rated in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation in respect of issuers most closely resembling the high grade component issuers selected by Kenny for its Weekly Index, the interest on which is (A) variable on a weekly basis, (B) exempt from Federal income taxation under the Code, and (C) not subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. If such successor indexing agent is not available, the rate for any Kenny Rate Interest Determination Date shall be 67% of the rate determined if the Treasury Rate option had been originally selected.

PRIME RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the Prime Rate, the Prime Rate shall be determined as of the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate equal to the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan." If such rate is not published prior to 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the

arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page (as hereinafter defined) as such bank's prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen USPRIME1 Page for such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by four major money center banks in The City of New York selected by the Calculation Agent after consultation with the Company. If fewer than four such quotations are so provided, then the Prime Rate shall be the arithmetic mean of four prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date as furnished in The City of New York by the major money center banks, if any, that have provided such quotations and by a reasonable number of substitute banks or trust companies necessary in order to obtain four such prime rate quotations, provided such substitute banks or trust companies are organized and doing business under the laws of the United States, or any State thereof, each having total equity capital of at least \$500 million and being subject to supervision or examination by Federal or State authority, selected by the Calculation Agent after consultation with the Company to provide such rate or rates; PROVIDED, HOWEVER, that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen USPRIME1 Page" means the display on the Reuters Monitor Money Rates Service (or any successor service) on the "USPRIME1" page (or such other page as may replace the USPRIME1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

TREASURY RATE. If an Interest Rate Basis for this Note is specified on the face hereof as the Treasury Rate, the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity, as such rate is published in H.15(519) under the heading "Treasury Bills - auction average (investment)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the auction average rate of such Treasury Bills (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the Auction of Treasury Bills having the Index Maturity are not reported as provided by 3:00 P.M., New York City time, on the related Calculation Date, or if no such Auction is held, then the Treasury Rate will be calculated by the Calculation Agent and will be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent after consultation with the Company, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity; PROVIDED, HOWEVER, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

If an Event of Default, shall occur and be continuing, the principal amount of the Notes may be declared accelerated and thereupon become due and payable in the manner, with the effect, and subject to the conditions provided in the Indenture.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, in each case as specified on the face hereof. The interest rate on this Note will in no event be higher than the

maximum rate permitted by New York law, as the same may be modified by United States law of general application.

The Calculation Agent shall calculate the interest rate hereon on or before each Calculation Date. The "Calculation Date", if applicable, pertaining to any Interest Determination Date shall be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the applicable Interest Payment Date or the Maturity Date, as the case may be. At the request of the Holder hereof, the Calculation Agent will provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next succeeding Interest Reset Date.

Accrued interest hereon shall be an amount calculated by multiplying the principal amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the applicable Interest Period. Unless otherwise specified as the Day Count Convention on the face hereof, the interest factor for each such date shall be computed by dividing the interest rate applicable to such day by 360 if the CD Rate, the Commercial Paper Rate, the 11th District Cost of Funds Rate, the Federal Funds Rate, LIBOR, or the Prime Rate is an applicable Interest Rate Basis, or by the actual number of days in the year if the CMT Rate or the Treasury Rate is an applicable Interest Rate Basis, or by 365 if the Kenny Rate is an applicable Interest Rate Basis. Unless otherwise specified as the Day Count Convention on the face hereof, the interest factor for this Note, if the interest rate is calculated with reference to two or more Interest Rate Bases, shall be calculated in each period in the same manner as if only the applicable Interest Rate Basis specified on the face hereof applied.

All percentages resulting from any calculation on this Note shall be rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards, and all amounts used in or resulting from such calculation on this Note shall be rounded, in the case of United States dollars, to the nearest cent or, in the case of a Specified Currency other than United States dollars, to the nearest unit (with one-half cent or unit being rounded upwards).

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Note and (b) certain restrictive covenants and the related defaults and Events of Default applicable to the Company, in each case, upon compliance by the Company with certain conditions set forth in the Indenture, which provisions apply to this Note.

If any Event of Default with respect to Securities of this series shall occur and be continuing, the principal of, and Make-Whole Amount, if any, on the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy hereunder, unless (i) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of this series, (ii) the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee, (iii) such Holder or Holders have offered reasonable indemnity to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (iv) the Trustee shall have failed to institute any such proceeding for 60 days after its receipt of such notice, request and offer of indemnity, and (v) the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request. The foregoing shall not apply to any suit instituted by the Holder of this Note for the enforcement of any payment of principal hereof (and Make-Whole Amount, if any) or any interest thereon on or after the respective due dates expressed herein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding affected thereby. The Indenture also contains provisions permitting the Holders of at least a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holders of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, Make-Whole Amount, if any, on, and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any Place of Payment where the principal of, make-Whole Amount, if any, on, and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any registration of transfer or exchange of Securities of this series, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. In no event shall the Company be required to pay any Additional Amounts as contemplated by the Indenture.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in this Note, or because of any indebtedness evidenced thereby or hereby, shall be had against any promoter, as such or, against any past, present or future stockholder, partner, officer or director, as such, of the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Note by the Holder thereof and as part of the consideration for the issue of the Securities of this series.

THE INDENTURE AND THE SECURITIES, INCLUDING THIS NOTE, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused "CUSIP" numbers to be printed on the Securities of this series as a convenience to the Holders of such Securities. No representation is

made as to the correctness or accuracy of such CUSIP numbers as printed on the Securities, and reliance may be placed only on the other identification numbers printed hereon.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COMM	-	as tenants in common	UNIF GIFT MIN ACT -
TEN ENT	-	as tenants by the entirety	_____ Custodian _____
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) Under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

Social Security or taxpayer I.D. or other identifying number of assignee.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____, attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____, 1997

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Company to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount to be repaid, together with unpaid interest accrued hereon to the Repayment Date, to the undersigned, at

(Please print or typewrite name and address of the undersigned)

For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, this Note with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be increments of U.S. \$1,000 (or, if the Specified Currency is other than United States dollars, the minimum Authorized Denomination specified on the face hereof)) which the Holder elects to have repaid and specify the denomination or denominations (which shall be an Authorized Denomination) of the Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid).

Principal Amount
to be Repaid: \$

Date: _____ Notice: The signature(s) on this Option to Elect Repayment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

[FACE OF NOTE]

THIS NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO, OR REGISTERED OR EXCHANGED FOR SECURITIES REGISTERED IN THE NAME OF, ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY SECURITY AUTHENTICATED AND DELIVERED UPON REGISTRATION OF TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.(1)

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.(1)

(1)This paragraph applies to global Notes only.

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

	MEDIUM-TERM NOTE (Fixed Rate)	
REGISTERED NO. FXR - [_____]		REGISTERED PRINCIPAL AMOUNT
CUSIP NO. [_____]		\$[_____]

ORIGINAL ISSUE DATE:
 INTEREST RATE: %
 STATED MATURITY DATE:
 INTEREST PAYMENT DATE(S):
 [] _____ and _____
 [] Other:
 INITIAL REDEMPTION DATE:
 INITIAL REDEMPTION PERCENTAGE: %
 ANNUAL REDEMPTION PERCENTAGE REDUCTION: %

OPTIONAL REPAYMENT DATE(S):
 REPAYMENT PRICE: %

[] CHECK IF A DISCOUNT NOTE
 Issue Price: %

SPECIFIED CURRENCY:
 United States dollars
 Other:

AUTHORIZED DENOMINATION:
 \$1,000 and integral
multiples thereof
 Other:

ISSUE PRICE:

EXCHANGE RATE AGENT:

OTHER/ADDITIONAL PROVISIONS:

ADDENDUM ATTACHED:
 Yes
 No

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a limited partnership organized and existing under the laws of the State of Michigan (hereinafter called the "Company", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, upon presentation, the principal sum of \$_____ on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof or upon any declaration of acceleration; each such Stated Maturity Date, Redemption Date, Repayment Date or declaration of acceleration being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date), and to pay interest thereon, at the Interest Rate per annum specified above, until the entire principal hereof is paid or made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; PROVIDED, HOWEVER, that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date next succeeding the Original Issue Date to the Holder of this Note on the Record Date with respect to such second Interest Payment Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months. Any capitalized term not defined herein shall have the meaning assigned to it in that certain Indenture by and among the Company, Sun Communities, Inc., a Maryland corporation ("Sun"), and Bankers Trust Company, a New York banking corporation, dated as of April 24, 1996, and amended pursuant to a First Supplemental Indenture dated as of August 20, 1997.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the Person in whose name this Note (or one or more predecessor Notes) is registered in the Security Register applicable to this Note at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); PROVIDED, HOWEVER, that interest payable on the Maturity Date will be payable to the Person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on any Record Date, and shall be paid to the Person in whose name this Note is registered in the Security Register applicable to this Note at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Note may be listed, and upon such notice as may be required by such exchange, all as more fully provided for in the Indenture.

Payments of principal of, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable Repayment Date, a duly completed election form as contemplated on the reverse hereof) at the corporate trust office of the Trustee in the Borough of Manhattan, The City of New York, or at such other paying agency in the Borough of Manhattan, The City of New York which is maintained by the Trustee where Notes may be presented for payment, registration of transfer or exchange, and where notices to or demands upon the Company in respect of the Notes or the Indenture may be made, as the Company may determine; PROVIDED, HOWEVER, that if such payment is to be made in a Specified Currency other than United States dollars as set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities

therefor and that this Note (and, if applicable, a duly completed repayment election form) is presented and surrendered at the aforementioned office of the Trustee in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date will be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register maintained at the aforementioned office of the Trustee; PROVIDED, HOWEVER, that a Holder of U.S. \$10,000,000 (or, if the Specified Currency specified above is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in The City of New York; PROVIDED, HOWEVER, that if the Specified Currency is other than United States dollars and any payment is to be made in the Specified Currency in accordance with the provisions hereof, such day is also not a day on which banking institutions are authorized or required by law, regulation or executive order to close in the Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, in the case of European Currency Units ("ECU"), is not a day that appears as an ECU non-settlement day on the display designated as "ISDE" on the Reuter Monitor Money Rates Service (or a day so designated by the ECU Banking Association) or, if ECU non-settlement days do not appear on that page (and are not so designated), is not a day on which payments in ECU cannot be settled in the international interbank market). "Principal Financial Center" means the capital city of the country issuing the Specified Currency (except as described in the immediately preceding sentence with respect to ECUs) except that with respect to United States dollars, Australian dollars, Canadian dollars, Deutsche marks, Dutch guilders, Italian lire, Swiss francs and ECU's, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Frankfurt, Amsterdam, Milan, Zurich and Luxembourg, respectively.

The Company is obligated to make payment of principal of, premium, if any, and interest in respect of this Note in the Specified Currency (or, if the Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued the Specified Currency as at the time of such payment is legal tender for the payment of such debts). If the Specified Currency is other than United States dollars, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note; PROVIDED, HOWEVER, that the Holder of this Note may elect to receive such amounts in such Specified Currency pursuant to the provisions set forth below.

If the Specified Currency is other than United States dollars and the Holder of this Note shall not have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in the Specified Currency, any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be

the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency unless the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars or a composite currency and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in the Specified Currency and if the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) computed by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate or as otherwise specified on the face hereof. The "Market Exchange Rate" for the Specified Currency means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York. Any payment made under such circumstances in United States dollars will not constitute an Event of Default.

If the Specified Currency is a composite currency and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in the Specified Currency and if such composite currency is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Company, then the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars. The amount of each payment in United States dollars shall be computed on the basis of the equivalent of the composite currency in United States dollars. The component currencies of the composite currency for this purpose (collectively, the "Component Currencies" and each, a "Component Currency") shall be the currency amounts that were components of the composite currency as of the last day on which the composite currency was used. The equivalent of the composite currency in United States dollars shall be calculated by aggregating the United States dollar equivalents of the Component Currencies. The United States dollar equivalent of each of the Component Currencies shall be determined by the Exchange Rate Agent on the basis of the Market Exchange Rate on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate for each such Component Currency, or as otherwise specified on the face hereof.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency shall be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as Component Currencies shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency shall be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original Component Currency.

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof after the Trustee's Certificate of Authentication and, if so specified above, in the Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding any provisions to the contrary contained herein, if the face of this Note specifies that an Addendum is attached hereto or that "Other/Additional Provisions" apply, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

Unless the Certificate of Authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

By: Sun Communities, Inc.
Its: General Partner

By: _____
Name:
Title: [Chairman of the Board,
President, or Senior Vice
President]

Date: _____, 1997

By: _____
Name:
Title: Chief Financial Officer

[SEAL]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

BANKERS TRUST COMPANY,
as Trustee

By: _____
Authorized Officer

Date: _____, 1997

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

MEDIUM-TERM NOTE
(FIXED RATE)

This Note is one of a duly authorized issue of securities of the Company (hereinafter called the "Securities"), issued and to be issued in one or more series under an Indenture (the "Indenture") among the Company, Sun, and Bankers Trust Company, a banking corporation organized under the laws of the State of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Note is a part), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Note is one of the series of Securities designated as "Medium-Term Notes Due Nine Months or More From Date of Issue" (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. \$1,000 and integral multiples thereof or the minimum Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise provided on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. \$1,000 or the minimum Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. \$1,000 or such minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (each, a "Redemption Date"), on written notice given to the Holder of this Note no more than 60 nor less than 30 calendar days prior to the Redemption Date and in accordance with the provisions of the Indenture. If no Initial Redemption Date is set forth on the face hereof, this Note may not be redeemed prior to Maturity. The "Redemption Price", if any, shall initially be the Initial Redemption Percentage specified on the face hereof, if any, multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, specified on the face hereof until the Redemption Price is 100% of the unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms as this Note shall be issued in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. \$1,000 or the minimum Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. \$1,000 or such minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (each, a "Repayment Date"). If an Optional Repayment Date is not set forth on the face hereof, this Note will not be repayable at the option of the Holder hereof prior to Maturity. For this Note to be repaid, this Note must be received, together with the form hereon entitled "Option to Elect Repayment" duly completed, by the Trustee at its corporate trust office not more than 60 nor less than 30 calendar days prior to the Repayment Date. Exercise of such repayment option by the

Holder hereof will be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms as this Note shall be issued in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is a Discount Note as specified on the face hereof, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price, if any, specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable), if any, and (2) any unpaid interest on this Note accrued from the Original Issue Date to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period), a coupon rate equal to the initial interest rate applicable to this Note and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

If an Event of Default, shall occur and be continuing, the principal amount of the Notes may be declared accelerated and thereupon become due and payable in the manner, with the effect, and subject to the conditions provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Note and (b) certain restrictive covenants and the related defaults and Events of Default applicable to the Company, in each case, upon compliance by the Company with certain conditions set forth in the Indenture, which provisions apply to this Note.

If any Event of Default with respect to Securities of this series shall occur and be continuing, the principal of, and Make-Whole Amount, if any, on the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy hereunder, unless (i) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of this series, (ii) the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee, (iii) such Holder or Holders have offered reasonable indemnity to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (iv) the Trustee shall have failed to institute any such proceeding for 60 days after its receipt of such notice, request and offer of indemnity, and (v) the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request. The foregoing shall not apply to any suit instituted by the Holder of this Note for the enforcement of any payment of principal hereof (and Make-Whole Amount, if any) or any interest thereon on or after the respective due dates expressed herein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding affected thereby. The Indenture also contains provisions permitting the Holders of at least a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holders of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, Make-Whole Amount, if any, on, and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any Place of Payment where the principal of, make-Whole Amount, if any, on, and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any registration of transfer or exchange of Securities of this series, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. In no event shall the Company be required to pay any Additional Amounts as contemplated by the Indenture.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in this Note, or because of any indebtedness evidenced thereby or hereby, shall be had against any promoter, as such or, against any past, present or future stockholder, partner, officer or director, as such, of the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Note by the Holder thereof and as part of the consideration for the issue of the Securities of this series.

THE INDENTURE AND THE SECURITIES, INCLUDING THIS NOTE, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused "CUSIP" numbers to be printed on the Securities of this series as a convenience to the Holders of such Securities. No representation is

made as to the correctness or accuracy of such CUSIP numbers as printed on the Securities, and reliance may be placed only on the other identification numbers printed hereon.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COMM	- as tenants in common	UNIF GIFT MIN ACT -
TEN ENT	- as tenants by the entirety	_____ Custodian _____
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor)
		Under Uniform Gifts to Minors Act _____
		(State)

Additional abbreviations may also be used though not in the above list.

Social Security or taxpayer I.D. or other identifying number of assignee.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____, attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____, 1997

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Company to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount to be repaid, together with unpaid interest accrued hereon to the Repayment Date, to the undersigned, at

(Please print or typewrite name and address of the undersigned)

For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, this Note with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be increments of U.S. \$1,000 (or, if the Specified Currency is other than United States dollars, the minimum Authorized Denomination specified on the face hereof)) which the Holder elects to have repaid and specify the denomination or denominations (which shall be an Authorized Denomination) of the Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid).

Principal Amount
to be Repaid: \$

Date:

 Notice: The signature(s) on this Option to Elect Repayment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

SENIOR UNSECURED
LINE OF CREDIT AGREEMENT
between
SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP
and
SUN COMMUNITIES, INC.
and
LEHMAN BROTHERS HOLDINGS INC.
D/B/A LEHMAN CAPITAL, A DIVISION
OF LEHMAN BROTHERS HOLDINGS INC.,
INDIVIDUALLY AS A CO-LENDER AND AS SYNDICATION AGENT
and
NBD BANK
INDIVIDUALLY AS A CO-LENDER AND
AS AGENT FOR ONE OR MORE CO-LENDERS

Dated as of May 1, 1996

Facility Amount \$75,000,000.00

TABLE OF CONTENTS

SECTION 1. DEFINITIONS.....	1
Section 1.01 Definitions.....	1
SECTION 2. AMOUNT AND TERMS OF REVOLVING CREDIT FACILITY.....	22
Section 2.01 Advances.....	22
Section 2.02 Notice of Borrowing.....	23
Section 2.03 Disbursement of Funds.....	23
Section 2.04 The Note.....	23
Section 2.05 Interest.....	24
Section 2.06 Interest Periods.....	25
Section 2.07 Minimum Amount of Eurodollar Portions.....	26
Section 2.08 Conversion or Continuation.....	26
Section 2.09 Voluntary Reduction of Facility Amount; Termination of Facility Amount.....	27
Section 2.10 Principal Amortization.....	27
Section 2.11 Voluntary Prepayments.....	28
Section 2.12 Mandatory Prepayments.....	28
Section 2.13 Application of Payments and Prepayments.....	28
Section 2.14 Method and Place of Payment.....	28
Section 2.15 Fees.....	29
Section 2.16 Interest Rate Unascertainable, Increased Costs, Illegality.....	29
Section 2.17 Funding Losses.....	31
Section 2.18 Increased Capital.....	32
Section 2.19 Taxes.....	32
Section 2.20 Use of Proceeds and Limitations on Advances.....	34
Section 2.21 Intentionally Deleted.....	34
Section 2.22 Intentionally Deleted.....	35
Section 2.23 Intentionally Deleted.....	35
Section 2.24 Decision Making by the Agent.....	35
Section 2.25 Additional Unencumbered Assets.....	35
Section 2.26 Pro Rata Interests.....	35
SECTION 3. CONDITIONS PRECEDENT.....	35
Section 3.01 Conditions Precedent to the Initial Advance.....	35
Section 3.02 Conditions Precedent to All Advances of the Loan.....	40
Section 3.03 Acceptance of Borrowings.....	41
Section 3.04 Sufficient Counterparts.....	41
SECTION 4. REPRESENTATIONS AND WARRANTIES.....	42
Section 4.01 Corporate/Partnership Status.....	42
Section 4.02 Corporate/Partnership Power and Authority.....	42

Section 4.03	No Violation.....	42
Section 4.04	Litigation.....	43
Section 4.05	Financial Statements: Financial Condition; etc.....	43
Section 4.06	Solvency.....	43
Section 4.07	Material Adverse Change.....	43
Section 4.08	Use of Proceeds; Margin Regulations.....	43
Section 4.09	Governmental Approvals.....	43
Section 4.10	Unsecured Debt Rating.....	44
Section 4.11	Tax Returns and Payments.....	44
Section 4.12	ERISA.....	44
Section 4.13	Intentionally Deleted.....	45
Section 4.14	Representations and Warranties in Loan Documents.....	45
Section 4.15	True and Complete Disclosure.....	45
Section 4.16	Ownership of Real Property; Existing Security Instruments.....	45
Section 4.17	No Default.....	45
Section 4.18	Licenses, etc.....	45
Section 4.19	Compliance With Law.....	46
Section 4.20	Brokers.....	46
Section 4.21	Judgments.....	46
Section 4.22	Property Manager.....	46
Section 4.23	Assets of the REIT.....	46
Section 4.24	REIT Status.....	46
Section 4.25	Operations.....	47
Section 4.26	Stock.....	47
Section 4.27	Ground Leases.....	47
Section 4.28	Single Purpose.....	47
Section 4.29	Status of Property.....	47
Section 4.30	Canadian Properties.....	50
Section 4.31	Intentionally Deleted.....	50
Section 4.32	Survival.....	50
SECTION 5. AFFIRMATIVE COVENANTS.....		50
Section 5.01	Financial Reports.....	50
Section 5.02	Books, Records and Inspections.....	53
Section 5.03	Maintenance of Insurance.....	53
Section 5.04	Taxes.....	57
Section 5.05	Corporate Franchises; Conduct of Business.....	57
Section 5.06	Compliance with Law.....	57
Section 5.07	Performance of Obligations.....	58
Section 5.08	Stock.....	58
Section 5.09	Change in Rating.....	58
Section 5.10	Maintenance of Properties.....	58
Section 5.11	Compliance with ERISA.....	58
Section 5.12	Settlement/Judgment Notice.....	59
Section 5.13	Acceleration Notice.....	59
Section 5.14	Lien Searches; Title Searches.....	59

Section 5.15	Intentionally Deleted.....	60
Section 5.16	Minimum Net Worth.....	60
Section 5.17	Total Indebtedness.....	60
Section 5.18	Coverage Ratios.....	60
Section 5.19	Equity or Debt Offerings.....	61
Section 5.20	Minimum Asset Value.....	61
Section 5.21	Managers.....	61
Section 5.22	Further Assurances.....	61
Section 5.23	REIT Status.....	61
Section 5.24	Additional Covenants.....	62
Section 5.25	Intentionally Deleted.....	62
Section 5.26	Intentionally Deleted.....	62
Section 5.27	Preparation of Environmental Reports.....	62
Section 5.28	Documentation following Acquisition of an Interest in Real Property Assets.....	62
Section 5.29	Intentionally Deleted.....	62
Section 5.30	Preparation of Engineering Reports.....	62
Section 5.31	Intentionally Deleted.....	63
SECTION 6.	NEGATIVE COVENANTS.....	63
Section 6.01	Intentionally Deleted.....	63
Section 6.02	Intentionally Deleted.....	63
Section 6.03	Liens.....	63
Section 6.04	Restriction on Fundamental Changes.....	63
Section 6.05	Transactions with Affiliates.....	64
Section 6.06	Plans.....	64
Section 6.07	Distributions.....	65
Section 6.08	Intentionally Deleted.....	65
Section 6.09	Restriction on Prepayment of Indebtedness.....	65
Section 6.10	Real Property Assets.....	65
Section 6.11	Intentionally Deleted.....	65
Section 6.12	Organizational Documents.....	65
Section 6.13	Intentionally Deleted.....	65
Section 6.14	Restrictions on Investments.....	65
Section 6.15	RV Sites.....	66
SECTION 7.	EVENTS OF DEFAULT.....	67
Section 7.01	Events of Default.....	67
Section 7.02	Rights and Remedies.....	69
SECTION 8.	INTENTIONALLY DELETED.....	70
SECTION 9.	MISCELLANEOUS.....	70

Section 9.01	Payment of Agent's, Syndication Agent's and Co-Lender's Expenses, Indemnity, etc.....	70
Section 9.02	Notices.....	71
Section 9.03	Successors and Assigns.....	73
Section 9.04	Amendments and Waivers.....	73
Section 9.05	No Waiver; Remedies Cumulative.....	73
Section 9.06	Governing Law; Submission to Jurisdiction.....	74
Section 9.07	Confidentiality Disclosure of Information.....	74
Section 9.08	Recourse.....	75
Section 9.09	Sale of Loan, Co-Lenders, Participations and Servicing.....	75
Section 9.10	Borrower's and the REIT's Assignment.....	78
Section 9.11	Counterparts.....	78
Section 9.12	Effectiveness.....	78
Section 9.13	Headings Descriptive.....	78
Section 9.14	Marshaling; Recapture.....	78
Section 9.15	Severability.....	78
Section 9.16	Survival.....	79
Section 9.17	Domicile of Loan Portions.....	79
Section 9.18	Intentionally Deleted.....	79
Section 9.19	Calculations; Computations.....	79
Section 9.20	WAIVER OF TRIAL BY JURY.....	79
Section 9.21	No Joint Venture.....	79
Section 9.22	Estoppel Certificates.....	79
Section 9.23	No Other Agreements.....	80
Section 9.24	Controlling Document.....	80
Section 9.25	No Benefit to Third Parties.....	80

SCHEDULES

Schedule 1	Unencumbered Assets
Schedule 2	List of Real Property Assets
Schedule 3	Loan Parties, Operating Partnerships and Affiliates
Schedule 4	Intentionally Deleted
Schedule 5	Litigation
Schedule 6	Employee Benefit Plans
Schedule 7	Liens
Schedule 8	REIT Assets
Schedule 9A	REIT Business Operations
Schedule 9B	Borrower Business Operations
Schedule 10	Ground Leases
Schedule 11	Pro Rata Interests
Schedule 12	Exceptions to Representations and Warranties
Schedule 13	Canadian Properties and Mortgages
Schedule 14	Guarantors

EXHIBITS

Exhibit A	Notice of Borrowing
Exhibit B	The Note
Exhibit C	Notice of Conversion or Continuation
Exhibit D	Notice of Voluntary Reduction of Facility Amount
Exhibit E	Voluntary Prepayment Notice
Exhibit F	Intentionally Deleted
Exhibit G	Intentionally Deleted
Exhibit H	Intentionally Deleted
Exhibit I	Intentionally Deleted
Exhibit J	Subordination of Management Agreement
Exhibit K	Intentionally Deleted
Exhibit L	Ground Lease Estoppel
Exhibit M	Intentionally Deleted
Exhibit N	Intentionally Deleted
Exhibit O	Intentionally Deleted

THIS SENIOR UNSECURED LINE OF CREDIT AGREEMENT, dated as of May 1, 1996 is made among SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Borrower"), SUN COMMUNITIES, INC., a Maryland corporation (the "REIT") (subject to Section 9.08 hereof,) and NBD BANK, a Michigan banking corporation, individually as a Co-Lender ("Lender") and as Agent for one or more Co-Lenders ("Agent") and LEHMAN BROTHERS HOLDINGS INC., D/B/A LEHMAN CAPITAL, A DIVISION OF LEHMAN BROTHERS HOLDINGS INC., a Delaware corporation, individually as a Co-Lender ("Lehman") and as Syndication Agent ("Syndication Agent") (each, including Lender, a "Co-Lender" and together with Lender, the "Co-Lenders").

SECTION 1. DEFINITIONS.

Section 1.01 Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Agreement shall include in the singular number the plural and in the plural number the singular.

"Accounts Receivable" shall mean all income and revenues of Borrower and any Loan Party received and Borrower's and the Loan Party's right to receive all income and revenues arising from the operation of the Real Property Assets and all payments for goods or property sold or leased or for services rendered by Borrower or any Loan Party, whether or not yet earned by performance, and not evidenced by an instrument or chattel paper, including, without limiting the generality of the foregoing, (i) all accounts, contract rights, book debts, and notes arising from the operation of a mobile home park or manufactured housing community on the Real Property Assets or arising from the sale, lease or exchange of goods or other property and/or the performance of services, (ii) Borrower's and any Loan Party's rights to payment from any consumer credit/charge card organization or entity (such as, or similar to, the organizations or entities which sponsor and administer the American Express Card, the Visa Card, the BankAmericard, the Carte Blanche Card, or the Mastercard), (iii) Borrower's and any Loan Party's rights in, to and under all purchase orders for goods, services or other property, (iv) Borrower's and any Loan Party's rights to any goods, services or other property represented by any of the foregoing, (v) monies due to or to become due to Borrower or any Loan Party under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services including the right to payment of any interest or finance charges in respect thereto (whether or not yet earned by performance on the part of Borrower or any Loan Party) and (vi) all collateral security and guaranties of any kind given by any person or entity with respect to any of the foregoing. Accounts Receivable shall include those now existing or hereafter created, substitutions therefor, proceeds (whether cash or non-cash, movable or immovable, tangible or intangible) received upon the sale, exchange, transfer, collection or other disposition or substitution thereof and any and all of the foregoing and proceeds therefrom.

"Administrative Fee" shall have the meaning provided in the Section 2.15(b).

"Advance" shall mean each advance and re-advance of the principal balance of the Loan.

"Affiliate" shall mean, with reference to a specified Person, any Person that directly or indirectly through one or more intermediaries Controls or is Controlled by or is under common Control with the specified Person and any Subsidiaries (including Consolidated Subsidiaries) of such specified Person.

"Agent" shall have the meaning provided in the opening paragraph of this Agreement and in Section 9.09(e).

"Agreement" shall mean this Senior Unsecured Line of Credit Agreement as the same may from time to time hereafter be modified, supplemented or amended.

"Applicable Laws" shall mean all existing and future federal, state and local laws, statutes, orders, ordinances, rules, and regulations or orders, writs, injunctions or decrees of any court affecting Borrower, any Loan Party or any Real Property Asset, or the use thereof including, but not limited to, all zoning, fire safety and building codes, the Americans with Disabilities Act, and all Environmental Laws (as defined in the Environmental Indemnity).

"Aspen Acquisition" shall have the meaning provided in Section 5.16.

"Aspen Properties" shall mean those Real Property Assets identified on Schedule 2 as the Aspen Properties.

"Assets" of any Person means all assets of such Person that would, in accordance with GAAP, be classified as assets of a company conducting a business the same as or similar to that of such Person, including without limitation, all Real Property Assets.

"Assignment and Assumption" shall have the meaning provided in Section 9.09.

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights.

"Base Period" shall have the meaning provided in Section 5.18(a).

"Base Rate" shall mean, on any particular date, a rate per annum equal to the rate of interest publicly announced by Agent as its prime rate in effect on such day, with any change in said rate to be effective as of the date of such change; if Agent does not announce its prime rate or ceases to announce a prime rate, Base Rate shall mean, on any particular date, a rate per annum equal to the rate of interest published in The Wall Street Journal as the "prime rate", as in effect on such day, with any change in the Base Rate resulting from a change in said prime rate to be effective as of the date of the relevant change in said prime rate; provided, however, that if more than one prime rate is published in The Wall Street Journal for a day, the average of the prime rates shall be used; provided, further, however, that the prime rate (or the average of the prime rates) will be rounded to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, to the next higher 1/16 of 1%.

In the event that The Wall Street Journal should cease or temporarily interrupt publication, then the Prime Rate shall mean the daily average prime rate published in another business newspaper, or business section of a newspaper, of national standing chosen by Agent. If The Wall Street Journal resumes publication, the substitute index will immediately be replaced by the prime rate published in The Wall Street Journal.

In the event that a prime rate is no longer generally published or is limited, regulated or administered by a governmental or quasi-governmental body, then Agent shall select a comparable interest rate index which is readily available to Borrower and verifiable by Borrower but is beyond the control of Agent or any Co-Lender. Agent shall give Borrower prompt written notice of its choice of a substitute index and when the change became effective.

Such substitute index will also be rounded to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, to the next higher 1/16 of 1%.

The determination of the Base Rate by Agent shall be conclusive absent manifest error.

"Base Rate Margin" shall mean a rate determined by reference to the lowest Unsecured Debt Rating of Borrower as set forth below:

Standard & Poor's Ratings Services Rating or a Substitute Rating Agency Equivalent Rating	Moody's Investors Service, Inc. Rating or a Substitute Rating Agency Equivalent Rating	Margin from the date hereof through and including the Margin Adjustment Date	Margin from the Margin Adjustment Date through and including to date the Loan is paid in full
BBB+ or higher	BAA1 or higher	-0.10%	0.90%
BBB	BAA2	-0.05%	0.95%
BBB-	BAA3	0.00%	1.00%
BB+ or lower	Ba1 or lower	0.50%	1.50%
If no Rating Agency or Substitute Rating Agency assigns a rating to Borrower for whatever reason		0.50%	1.50%

The Base Rate Margin for the Base Rate Portion shall be determined by reference to the lowest Unsecured Debt Rating of Borrower in effect from time to time, and each change in the Base Rate Margin shall be effective as of the date such Unsecured Debt Rating is announced.

"Base Rate Portion" shall mean the portion of the Loan made and/or being maintained at a rate of interest based upon the Base Rate.

"Best" shall mean A.M. Best Company, Inc.

"Book Value" shall mean the gross book value of all of a Person's assets that is reflected on such Person's consolidated financial statements (excluding adjustment or allowance for depreciation and amortization) and calculated and prepared in accordance with GAAP.

"Borrower" shall have the meaning provided in the first paragraph of this Agreement and any successor Borrower expressly permitted hereunder.

"Borrower's Partnership Agreement" shall mean the Second Amended and Restated Limited Partnership Agreement of Sun Communities Operating Limited Partnership dated as of April 30, 1996.

"Borrowing" shall mean a borrowing of one Type of Advance from Agent and the Co-Lenders on a given date (or resulting from conversions or continuations on a given date), having in the case of Eurodollar Portions the same Interest Period.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day excluding Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which Agent, or any Co-Lender or banking institutions are authorized or required by law or other government actions to close, and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Portions, any day which is a Business Day described in clause (i) and which is also a day for trading by and between banks for U.S. dollar deposits in the relevant interbank Eurodollar market.

"Canadian Mortgages" shall mean those certain mortgages encumbering the Canadian Properties as described on Schedule 13.

"Canadian Properties" shall mean those certain properties encumbered by mortgage loans as described on Schedule 13.

"Capital Expenditures" shall mean, for any period, the sum of all expenditures during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have a useful life of more than one year.

"Capitalized Lease" as to any Person shall mean (i) any lease of property, real or personal, the obligations under which are capitalized on the consolidated balance sheet of such Person and its Subsidiaries, and (ii) any other such lease to the extent that the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Capitalized Lease Obligations" as to any Person shall mean all obligations of such Person and its Subsidiaries under or in respect of Capitalized Leases.

"Cash Equivalents" shall mean any of the following, to the extent owned by a Person free and clear of all Liens: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit of or time deposits with any commercial bank that (i) is a Co-Lender or a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) below, and (iii) is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least \$1 billion or (c) commercial paper issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's Ratings Services.

"Change in Law" shall have the meaning provided in Section 2.19(c).

"Closing Date" shall mean the date of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, together with all rules and regulations from time to time promulgated thereunder.

"Co-Lender" shall have the meaning set forth in the opening paragraph of this Agreement, and any successors or assigns pursuant to Section 9.09.

"Common OP Units" shall have the meaning ascribed to it in the Borrower's Partnership Agreement.

"Consolidated Interest Expense" means with respect to any Person for any period, interest accrued or payable by such Person and its Subsidiaries during such period in respect of Total Debt determined on a consolidated basis in accordance with GAAP, taking into account any Hedge Agreement.

"Consolidated Subsidiaries" shall mean those Persons (including Borrower and any Operating Partnership) set forth on Schedule 3 hereof, and any other Persons required to be consolidated with Borrower or the REIT under GAAP in Borrower's or the REIT's consolidated financial statements, and only for so long as (i) such Persons continue to be required to be consolidated with Borrower or the REIT under GAAP in Borrower's or the REIT's consolidated financial statements or (ii) none of the events described in Section 7.01(e) have occurred with respect to any such Persons.

"Construction in Progress" shall mean construction on any vacant, unimproved or non-income producing Undeveloped Land or other Real Property Asset or construction, renovation or rehabilitation of that portion of the net rentable area of any Improvements on Real Property Assets as to which no certificate of occupancy (or its equivalent) has been issued.

"Contingent Obligation" as to any Person shall mean any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases (including Capitalized

Leases) dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth, solvency or other financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof: provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business or obligations of such Person which would not be required under GAAP to be disclosed as liabilities or footnoted on such Person's financial statement. The amount of any accrued or accruable Contingent Obligation shall be determined in accordance with GAAP.

"Contract Rate" shall mean the rate or rates of interest (which rate shall include the applicable margin added thereto pursuant to the terms of this Agreement) per annum provided for in this Agreement which are applicable to the Loan from time to time so long as no Event of Default has occurred and is continuing. If more than one rate of interest is applicable to the Loan, then, unless the context indicates that the Contract Rate is to be determined for each Loan Portion, the Contract Rate shall be the average of such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%) with such average to be weighted according to the relative size of the Loan Portions to which such different rates are applicable. The determination of the Contract Rate by Agent shall be conclusive absent manifest error.

"Control" shall mean in (a) in the case of a corporation, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all the voting stock (exclusive of stock which is voting only as required by applicable law or in the event of nonpayment of dividends and pays dividends only on a nonparticipating basis at a fixed or floating rate), and (b) in the case of any other entity, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all of the beneficial equity interests therein [calculated by a method that excludes from equity interests, ownership interests that are nonvoting (except as required by applicable law or in the event of nonpayment of dividends or distributions) and pay dividends or distributions only on a non-participating basis at a fixed or floating rate] or, in any case, (c) the power directly or indirectly, to direct or control, or cause the direction of, the management policies of another Person, whether through the ownership of voting securities, general partnership interests, common directors, trustees, officers by contract or otherwise. The terms "controlled" and "controlling" shall have meanings correlative to the foregoing definition of "Control."

"Debt Service" means with respect to any Person for any period, the sum (without duplication) of (a) Consolidated Interest Expense of such Person for such period plus (b) scheduled principal amortization of Total Debt and any unscheduled principal amortization payments actually made or required to be made during such period pursuant to a settlement of debt (giving effect to any principal payments actually made or required to be made other than

scheduled balloon payments due on the applicable maturity date that are not then due or past due) of such Person for such period (whether or not such payments are made).

"Default" shall mean any event, act or condition which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" shall mean for each Loan Portion the lesser of (a) the Maximum Legal Rate or (b) the rate per annum determined by adding 4% if prior to the Margin Adjustment Date or 5% if after the Margin Adjustment Date to the Base Rate as from time to time is in effect.

"Distribution" shall mean any dividends (other than dividend payable solely in common stock), distributions, return of capital to any stockholders, general or limited partners or members, other payments, distributions or delivery of property or cash to stockholders, general or limited partners or members, or any redemption, retirement, purchase or other acquisition, directly or indirectly, of any shares of any class of capital stock now or hereafter outstanding (or any options or warrants issued with respect to capital stock) general or limited partnership interest, or the setting aside of any funds for the foregoing.

"Dollars" and the symbol "\$" each mean the lawful money of the United States of America.

"Domestic Lending Office" shall mean the office set forth in Section 9.02 for Agent and the Co-Lenders, or such other office as may be designated from time to time by written notice to Borrower.

"Draw Period" shall mean the period commencing on the date hereof and expiring on May 1, 1999.

"EBITDA" shall mean with respect to any Person for any period, earnings (or losses) before interest and taxes of such Person and its Affiliates for such period plus, to the extent deducted in computing such earnings (or losses) before interest and taxes, depreciation and amortization expense, all as determined on a consolidated basis with respect to such Person and its Affiliates in accordance with GAAP; provided, however, EBITDA shall exclude earnings or losses resulting from (i) cumulative changes in accounting practices, (ii) discontinued operations, (iii) extraordinary items, (iv) net income of any entity acquired in a pooling of interest transaction for the period prior to the acquisition, (v) net income of an Affiliate or any other Loan Party that is unavailable to the Borrower or the REIT, (vi) net income not readily convertible into Dollars or remittable to the United States, (vii) gains and losses from the sale of assets, and (viii) net income from corporations, partnerships, associations, joint ventures or other entities in which the Borrower, the REIT or an Affiliate thereof has a minority interest and in which neither Borrower, the REIT or their Affiliate has Control, except to the extent actually received.

"Employee Benefit Plan" shall mean an employee benefit plan within the meaning of Section 3(3) of ERISA.

"Engineering Reports" shall mean written engineering reports prepared by licensed engineers acceptable to Agent, stating, among other things, that such Real Property Asset is in good condition and repair, free from damage and waste and is in compliance with the Americans with Disabilities Act and otherwise in form and substance satisfactory to the Agent.

"Environmental Indemnity" shall mean that certain environmental indemnity agreement dated the date hereof given by Borrower and the REIT to the Agent, individually as a Co-Lender and as Agent, and Lehman as Syndication Agent and Co-Lender, as the same may be supplemented or amended from time to time.

"Environmental Reports" shall mean written environmental site assessments, prepared by independent qualified environmental professionals acceptable to Agent, on any Real Property Assets in form and substance satisfactory to Agent and containing the following: (i) a Phase I environmental site assessment analyzing the presence of environmental contaminants, polychlorinated biphenyls or storage tanks and other Hazardous Substances at each of the Real Property Assets, the risk of contamination from off-site Hazardous Substances and compliance with Environmental Laws, such assessments shall be conducted in accordance with ASTM Standard E 1527-93, or any successor thereto published by ASTM, with respect to each of the Real Property Assets, (ii) an asbestos survey of each of the Real Property Assets, which shall include random sampling of materials and air quality testing, (iii) if any of the Real Property Assets is used for residential housing, an assessment of the presence of lead-based paint, lead in water and radon in the improvements (other than Units that are not owned or leased by Borrower, the REIT, any other Loan Party or any Affiliate thereof), and (iv) such further site assessments Agent may require or request due to the results obtained in (i), (ii) or (iii) hereof or in its reasonable discretion.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statute, together with all rules and regulations promulgated thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any provisions of ERISA substituted therefor.

"ERISA Controlled Group" means any corporation or entity or trade or business or person that is a member of any group described in Section 414(b), (c), (m) or (o) of the Code of which Borrower, the REIT or any other Loan Party is a member.

"Eurocurrency Reserve Requirements" shall mean, with respect to each day during an Interest Period for Eurodollar Portions, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Federal Reserve Board or other governmental authority or agency having jurisdiction with respect thereto for determining the maximum reserves (including, without limitation, basic, supplemental, marginal and emergency reserves) for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate" shall mean, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one hundred of a percentage point) for deposits in U.S. Dollars for a period equal to such Interest Period which appears on the Telerate

Page 3750 as of 11:00 a.m. (London, England time) two (2) Business Days prior to the first day of such Interest Period. The determination of the Eurodollar Base Rate by Agent shall be conclusive absent manifest error.

"Eurodollar Lending Office" shall mean the office of Agent (or any Co-Lender) designated as such by Agent from time to time by written notice to Borrower.

"Eurodollar Portions" shall mean each portion of the Loan made and/or being maintained at a rate of interest calculated by reference to the Eurodollar Rate.

"Eurodollar Rate" shall mean with respect to each day during an Interest Period for Eurodollar Portions, a rate per annum equal to the Eurodollar Base Rate, or, if any Co-Lender is subject to Eurocurrency Reserve Requirements, whether or not such reserves are actually incurred or maintained, the average of the Eurodollar Base Rate and the Adjusted Eurodollar Base Rate, with such average to be weighted according to the percentage of the Eurodollar Portion subject to such Co-Lender's interest in the Loan and the balance of such Eurodollar Portion. The Adjusted Eurodollar Base Rate shall mean a rate per annum, determined for each day during an Interest Period in accordance with the following formula (rounded upwards to the nearest whole multiple of 1/16th of one percent):

Eurodollar Base Rate
1.00 - Eurocurrency Reserve Requirements

"Eurodollar Rate Margin" shall mean the rate determined by reference to the lowest Unsecured Debt Rating of Borrower as set forth below:

Standard & Poor's Ratings Services Rating or a Substitute Rating Agency Equivalent Rating	Moody's Investors Service, Inc. Rating or a Substitute Rating Agency Equivalent Rating	Margin from the date hereof through and including the Margin Adjustment Date	Margin from the Margin Adjustment Date through and including to date the Loan is paid in full
BBB+ or higher	BAA1 or higher	1.40%	2.40%
BBB	BAA2	1.45%	2.45%
BBB-	BAA3	1.50%	2.50%
BB+ or lower	Ba1 or lower	2.00%	3.00%
If no Rating Agency or Substitute Rating Agency assigns a rating to Borrower for whatever reason		2.00%	3.00%

The Eurodollar Rate Margin for each Eurodollar Portion shall be determined by reference to the lowest Unsecured Debt Rating of Borrower in effect on the first day of the related Interest Period.

"Event of Default" shall have the meaning provided in Section 7.

"Fair Market Value" shall mean a value determined by Agent equal to (a) with respect to any Real Property Asset, the quotient of Net Operating Income for the twelve month period immediately preceding the calculation thereof for such Real Property Asset divided by the Market Capitalization Rate, provided, however, that if such Real Property Asset is not open for business and fully operational at the time of such calculation, the Fair Market Value shall be the value determined by Agent in its reasonable discretion, subject to approval by the Majority Co-Lenders; (b) with respect to Other Assets, excluding the Canadian Mortgages, the cash and Cash Equivalents owned by a Person at the time of the calculation; and (c) with respect to the Canadian Mortgages, the net book value of such mortgages as set forth in the consolidated financial statements of the Borrower and its Consolidated Subsidiaries prepared in accordance with GAAP.

"Facility Amount" shall mean U.S. \$75,000,000.00 as such amount may be permanently reduced pursuant to Sections 2.09 or 2.12 or otherwise pursuant to the terms and conditions of this Agreement.

"Facility Fee" shall have the meaning provided in Section 2.15(c).

"Federal Funds Rate" shall mean, on any particular date, a rate per annum equal to the overnight rate of interest at which Agent can borrow Federal Funds from the Federal Reserve on such day, with any change in said rate to be effective as of the date of such change; if Agent cannot borrow Federal Funds from the Federal Reserve, Federal Funds Rate shall mean, on any particular date, a rate per annum equal to the rate of interest published in The Wall Street Journal as the "Federal Funds" rate as in effect on such day, with any change in the Federal Funds Rate to be effective as of the date of the relevant change in said Federal Funds rate; provided, however, that if more than one Federal Funds rate is published in The Wall Street Journal for a day, the average of the Federal Funds shall be used; provided further, however, that the Federal Funds rate (or the average of the Federal Funds rates) will be rounded to the nearest 1/16th of 1% or, if there is no nearest 1/16th of 1%, to the next higher 1/16th of 1%.

"Federal Funds Rate Margin" shall mean a rate determined by reference to the lowest Unsecured Debt Rating of Borrower as set forth below:

Standard & Poor's Ratings Services Rating or a Substitute Rating Agency Equivalent Rating	Moody's Investors Service, Inc. Rating or a Substitute Rating Agency Equivalent Rating	Margin from the date hereof through and including the Margin Adjustment Date	Margin from the Margin Adjustment Date through and including to date the Loan is paid in full
BBB+ or higher	BAA1 or higher	1.60%	2.60%
BBB	BAA2	1.65%	2.65%
BBB-	BAA3	1.70%	2.70%
BB+ or lower	Ba1 or lower	2.20%	3.20%
If no Rating Agency or Substitute Rating Agency assigns a rating to Borrower for whatever reason		2.20%	3.20%

"Federal Funds Portion" shall mean the portion of the Loan made and/or being maintained at a rate of interest based upon the Federal Funds Rate.

"Federal Reserve Board" shall mean the Board of Governors of the Federal Reserve System as constituted from time to time, or any successor thereto in function.

"Fees" shall mean all amounts payable pursuant to Sections 2.09, 2.15, 2.17 and 9.01.

"Fixed Charges" means the amount of scheduled lease payments with respect to leasehold interests or obligations of the respective Person and dividends and distributions on all classes of preferred stock or Preferred OP Units of such Person.

"Funding Costs" shall have the meaning provided in Section 2.17.

"Funds from Operations" shall mean consolidated net income (loss) before extraordinary items, computed in accordance with GAAP, plus, to the extent deducted in determining net income (loss) and without duplication, (i) gains (or losses) from debt restructuring and sales of property, (ii) non-recurring charges, (iii) provisions for losses, (iv) real estate related depreciation and amortization (excluding amortization of financing costs), and (v) amortization of organizational expenses less, to the extent included in net income (loss), (a) non-recurring income and (b) equity income (loss) from unconsolidated partnerships and joint ventures less the proportionate share of funds from operations of such partnerships and joint ventures, which adjustments shall be calculated on a consistent basis.

"Furnished Information" shall have the meaning provided in Section 4.15.

"GAAP" shall mean United States generally accepted accounting principles on the date hereof and as in effect from time to time during the term of this Agreement, and consistent with those utilized in the preparation of the financial statements referred to in Section 4.05.

"Guarantor" shall mean the REIT and the Loan Parties identified on Schedule 14.

"Guaranty" shall mean that certain Guaranty of Payment dated the date hereof made by the REIT and the Guarantors to Agent, the Syndication Agent and the Co-Lenders, as the same may be supplemented or amended from time to time.

"Hazardous Substances" shall have the meaning provided in the Environmental Indemnity.

"Hedge Agreement" shall mean an interest rate swap, cap or other interest rate management agreement, provided that the entity providing such interest rate management agreement maintains a credit rating equal or exceeding "A" as rated by Standard & Poor's Ratings Services or Aa2 by Moody's Investors Service, Inc. or such other reputable rating agency reasonably satisfactory to Agent and the Majority Co-Lenders.

"Improvements" shall mean any building, structure, fixture, addition, enlargement, extension, modification, repair, replacement or improvement now or hereafter located or erected on any Real Property Asset.

"Increased Capital Costs" shall have the meaning provided in Section 2.18.

"Indebtedness" of any Person shall mean, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument, (iii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all un-reimbursed amounts drawn thereunder, (iv) all indebtedness of any other Person secured by any Lien on any property owned by such Person, whether or not such indebtedness has been assumed, (v) all Contingent Obligations of such Person, (vi) all Unfunded Benefit Liabilities of such Person, (vii) all payment obligations of such Person under any interest rate protection agreement (including, without limitation, any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements, (viii) all indebtedness and liabilities secured by any Lien or mortgage on any property of such Person, whether or not the same would be classified as a liability on a balance sheet, (ix) the liability of such Person in respect of banker's acceptances and the estimated liability under any participating mortgage, convertible mortgage or similar arrangement, (x) the aggregate amount of rentals or other consideration payable by such Person in accordance with GAAP over the remaining unexpired term of all Capitalized Leases, (xi) all judgments or decrees by a court or courts or competent jurisdiction entered against such Person, (xii) all indebtedness, payment obligations, contingent obligations, etc. of any partnership in which such Person holds a general partnership interest, (xiii) all Preferred OP Units and preferred stock of such Person that, in either case, are redeemable for cash, a cash equivalent, a note receivable or similar instrument or are convertible

to Indebtedness as defined herein (other than Indebtedness described in clauses (iii), (vi), (x), (xi) or (xiii) of this definition), and (xiv) all obligations, liabilities, reserves and any other items which are listed as a liability on a balance sheet of such Person determined on a consolidated basis in accordance with GAAP, but excluding all general contingency reserves and reserves for deferred income taxes and investment credit.

"Indemnitee" shall have the meaning provided in Section 9.01(c).

"Intercreditor Agreement" shall mean that certain intercreditor agreement dated as of the date hereof between Agent, individually as a Co-Lender and as Agent, and Lehman, as Syndication Agent and a Co-Lender, as the same may be supplemented or amended from time to time.

"Interest Period" shall have the meaning provided in Section 2.06.

"Leases" shall mean all written leases and rental agreements, registration cards and agreements and other agreements, whether or not in writing, affecting the use, enjoyment or occupancy of any Real Property Asset heretofore or hereafter entered into.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, inchoate liens arising under ERISA to secure the Contingent Liabilities of Borrower, the REIT, or any Loan Party, and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction, domestic or foreign.

"Loan" shall mean, in the aggregate, the Advances made to Borrower under this Agreement and the Note pursuant to the terms hereof, the aggregate principal amount of which shall not exceed the Facility Amount.

"Loan Documents" shall mean this Agreement, the Note, the Guaranty, the Environmental Indemnity, the Subordination of Management Agreement, the Intercreditor Agreement and any other documents or instruments evidencing, securing or guaranteeing the Loan.

"Loan Party" shall mean, individually and collectively, as the context requires, Borrower, the REIT, the Operating Partnerships, Borrower's Consolidated Subsidiaries, the REIT's Consolidated Subsidiaries, and all of the other parties set forth on Schedule 3.

"Loan Portion" shall mean the Base Rate Portion, the Federal Funds Portion and each Eurodollar Portion of the Loan.

"Majority Co-Lenders" shall have the meaning provided in the Intercreditor Agreement.

"Margin Adjustment Date" shall mean the date that is six (6) months after the Termination Date.

"Margin Stock" shall have the meaning provided such term in Regulation U and Regulation G of the Federal Reserve Board.

"Market Capitalization Rate" shall mean the appropriate capitalization rate for mobile home parks and manufactured housing communities as published in the then current Korpacz Real Estate Investor Survey as of the time of calculation of Fair Market Value. If the Korpacz Real Estate Investor Survey (a) has ceased publication, (b) does not report a capitalization rate for mobile home parks and manufactured housing communities, or (c) the current survey is dated more than three (3) months prior to the time of calculation, Agent shall determine an appropriate capitalization rate, subject to the approval of the Majority Co-Lenders, which rate shall in no event be less than 9% or greater than 112. Agent may make such determination no more frequently than twice in any consecutive twelve (12) month period upon sixty (60) days prior written notice to Borrower. If Borrower has not submitted reasonably satisfactory evidence to Agent and the Majority Co-Lenders that a different rate is appropriate, the rate chosen by Agent shall be effective as of the end of such sixty (60) day period. If Borrower and the REIT are required to submit any financial reports during such sixty (60) day period, such reports shall include a pro forma statement showing the impact of the Agent's selected rate on the calculations in such reports. As of the date hereof, the parties agree that the appropriate capitalization rate is 9.75%. The determination by Agent and Majority Co-Lenders of the Market Capitalization Rate after review of any evidence submitted by Borrower as provided above shall be final.

"Material Adverse Effect" shall mean any condition which causes or continues the occurrence of an Event of Default or has a material adverse effect upon (i) the business, operations, properties, assets, prospects, corporate structure or condition (financial or otherwise) of Borrower, the REIT or any of the Loan Parties, taken as a whole, (ii) the ability of Borrower, the REIT or the Loan Parties to perform, or of Agent or any Co-Lender to enforce, any of the Obligations.

"Maturity Date" shall mean May 1, 2001 or such earlier date on which the principal balance of the Loan and all other sums due in connection with the Loan shall be due as a result of the acceleration of the Loan.

"Maximum Legal Rate" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"Minimum Capital Expenditure Reserves" shall mean, for any Real Property Asset, an amount equal to \$50.00 per Unit pad or site located on such Real Property Asset for the

twelve (12) month period preceding the calculation that Borrower or the appropriate Loan Party shall reserve for Capital Expenditures on such Real Property Asset.

"Minimum Net Worth" shall have the meaning provided in Section 5.16.

"Multiemployer Plan" shall mean a Plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Net Operating Income" shall mean, with respect to any Real Property Asset, the Rents derived from the customary operation of such Real Property Asset, less Operating Expenses attributable to such Real Property Asset, and shall include only the Rents and other such income actually received and earned, in accordance with GAAP, including any rent loss or business interruption insurance proceeds, water and sewer charges, recreational vehicle storage charges, and laundry, parking or other vending or concession income, which are actually received and earned, in accordance with GAAP, and Operating Expenses actually paid or payable on an accrual basis in accordance with GAAP attributable to such Real Property Asset during the twelve (12) month period commencing on the date that the Aspen Acquisition was consummated or such shorter period, as applicable, and thereafter during the twelve (12) month period ending at the end of the calendar month for which the Net Operating Income is being calculated, as set forth on operating statements satisfactory to Agent. Notwithstanding the foregoing, (a) for purposes of calculating Fair Market Value, Net Operating Income will be based on the twelve (12) month period immediately preceding the date of calculation, and (b) for purposes of calculating the Coverage Ratios in Section 5.18, for any Base Period of less than twelve (12) months, Net Operating Income with respect to Seasonal RV Sites on the Aspen Properties shall be based on the twelve month period immediately preceding the calculation divided by 12, and multiplied by the number of months in the applicable Base Period. Net Operating Income shall be calculated in accordance with customary accounting principles applicable to real estate. Notwithstanding the foregoing, Net Operating Income shall not include (i) any condemnation or insurance proceeds (excluding rent or business interruption insurance proceeds), (ii) any proceeds resulting from the sale, exchange, transfer, financing or refinancing of all or any portion of the Real Property Asset for which it is to be determined, (iii) amounts received from tenants as security deposits, and (iv) any type of income otherwise included in Net Operating Income but paid directly by any tenant to a Person other than Borrower or a Loan Party or its agents or representatives.

"Net Worth" shall mean, with respect to a Person, net worth as calculated in accordance with GAAP.

"New Manager" shall have the meaning provided in Section 5.21.

"Non-use Fee" shall have the meaning provided in Section 2.15(a).

"Non-use Fee Due Date" shall mean the tenth (10th) Business Day after the last day of the first calendar quarter after the Closing Date and of each succeeding calendar quarter thereafter through and including the Termination Date.

"Note" shall have the meaning provided in Section 2.04.

"Notice of Borrowing" shall have the meaning provided in Section 2.02.

"Notice of Conversion or Continuation" shall have the meaning provided in Section 2.08.

"Obligations" shall mean all payment, performance and other obligations, liabilities and indebtedness of every nature of (i) Borrower from time to time owing to Agent or any Co-Lender under or in connection with this Agreement or any other Loan Document, or (ii) the REIT and the other Loan Parties under or in connection with the Guaranty or any other Loan Document.

"Operating Expenses" shall mean, with respect to any Real Property Asset, for any given period (and shall include the pro rata portion for such period of all such expenses attributable to, but not paid during, such period), all expenses to be paid or payable, as determined in accordance with GAAP, by Borrower, the REIT or the applicable Loan Party during that period in connection with the operation of such Real Property Asset for which it is to be determined, including without limitation:

(i) expenses for cleaning, repair, maintenance, decoration and painting of such Real Property Asset (including, without limitation, parking lots and roadways), net of any insurance proceeds in respect of any of the foregoing;

(ii) wages (including overtime payments), benefits, payroll taxes and all other related expenses for Borrower's, the REIT's or other Loan Party's on-site personnel, up to and including (but not above) the level of the on-site manager, engaged in the repair, operation and maintenance of such Real Property Asset and service to tenants and on-site personnel engaged in audit and accounting functions performed by Borrower, the REIT or the applicable Loan Party;

(iii) management fees pursuant to the Management Agreement providing for fees not exceeding market and approved by Agent. Such fees shall include all fees for management services whether such services are performed at such Real Property Asset or off-site;

(iv) the cost of all electricity, oil, gas, water, steam, heat, ventilation, air conditioning and any other energy, utility or similar item and the cost of building and cleaning supplies;

(v) the cost of any leasing commissions and tenant concessions or improvements payable by Borrower, the REIT or any Loan Party pursuant to any leases which are in effect for such Real Property Asset at the commencement of that period as such costs are recognized in accordance with GAAP, but on no less than a straight line basis over the expected term of the respective tenancy, inclusive of any renewal or

extension or similar options (but in no event over a term longer than the greater of (a) the actual remaining term of the respective tenancy or (b) 5 years);

(vi) rent, liability, casualty, fidelity, errors and omissions, dram shop liability, workmen's compensation and other insurance premiums;

(vii) legal, accounting and other professional fees and expenses;

(viii) the cost of all equipment to be used in the ordinary course of business, which is not capitalized in accordance with GAAP;

(ix) real estate, personal property and other taxes;

(x) advertising and other marketing costs and expenses;

(xi) casualty losses to the extent not reimbursed by an independent third party; and

(xii) all amounts that should be reserved, as reasonably determined by Borrower or the applicable Loan Party, with approval by Agent in its reasonable discretion, for repair or maintenance of the Real Property Asset and to maintain the value of the Real Property Asset including replacement reserves equal to the greater of (a) the reserves provided for in Borrower's or the applicable Loan Party's capital budget and (b) \$50.00 per Unit pad or site.

Notwithstanding the foregoing, Operating Expenses shall not include (i) depreciation or amortization or any other non-cash item of expense unless otherwise determined by Agent (ii) interest, principal, fees, costs and expense reimbursements of Agent and the Co-Lenders in administering the Loan but not in exercising any of its rights under this Agreement or the Loan Documents; or (iii) any expenditure (other than leasing commissions, tenant concessions and improvements, and replacement reserves) which is properly treatable as a capital item under GAAP.

"Operating Partnership" shall mean those partnerships set forth on Schedule 3, as such Schedule may be amended or supplemented from time to time, and any partnership in which Borrower or the REIT own, singly or together, a majority or all of the economic interest and either Borrower or the REIT, either directly or indirectly, is the sole managing general partner.

"OP Units" shall mean the Common OP Units and the Preferred OP Units.

"Other Assets" shall mean all Assets of a Person that are not Real Property Assets.

"Participant" shall have the meaning provided in Section 9.09(i).

"PBGC" shall mean the Pension Benefit Guaranty Corporation established under ERISA, or any successor thereto.

"Permitted Investments" shall mean, at any time, (a) an aggregate amount of all investments, which shall be less than the lesser of (i) 50% of Borrower's Net Worth as of the date of calculation, and (ii) 25% of the Book Value of all of Borrower's Assets as of the date of calculation and (b) an aggregate amount of each of the following categories of investments, which shall be less than the specified percentage of the Book Value of all of Borrower's Assets as of the date of calculation:

Permitted Investment -----	Maximum of Book Value of all of Borrower's Assets -----
Undeveloped Land:	5%
Construction in Progress:	7.5%
Mortgages, deeds of trust, deeds to secure debt or similar instruments or receivables that are a Lien on real property and secure indebtedness evidenced by a note or bond:	7.5%
Operating Partnerships in which Borrower and the REIT own, singly or together, a majority of the economic interest and either Borrower or the REIT, either directly or indirectly, is the sole managing general partner:	10%
Manufactured housing units and mobile homes that are personal property and are not deemed fixtures or real property under the law of the jurisdiction in which they are located:	2%

For purposes of calculating the foregoing: (A) the amount of each Permitted Investment will be deemed to be the original acquisition price of such Asset, verified by Borrower to the satisfaction of Agent, (B) in the case of Permitted Investment in mortgages and Operating Partnerships, the nature of underlying real property asset and the conduct of business in respect thereof shall in all respects comply with the limitations set forth in Section 2.20(a)(i); and (C) Operating Partnerships for purposes of determining Permitted Investments shall not include Operating Partnerships that are wholly owned and controlled by Borrower or the REIT, either directly or indirectly. Operating partnerships in which Borrower and the REIT do not own, singly or together, a majority of the economic interest and in which neither Borrower nor the REIT, either directly or indirectly, is the sole managing partner, are not Permitted Investments.

"Permitted Liens" shall have the meaning provided in Section 6.03.

"Permitted Mortgage Debt" shall mean any debt financing which is secured by a first priority Lien granted by Borrower, the REIT or any other Loan Party on a Real Property Asset other than an Unencumbered Asset in favor of a lending source other than pursuant to the terms of this Agreement, and which meets the following condition: the value (determined in a manner consistent with the method of determining Fair Market Value for Real Property Assets)

of each Real Property Asset subject to the mortgage securing such debt does not exceed an amount equal to 75% of the Indebtedness secured thereby.

"Person" shall mean and include any individual, partnership, joint venture, firm, corporation, limited liability company, association, company, trust or other enterprise or any government or political subdivision or agency, department or instrumentality thereof.

"Plan" means any employee benefit plan covered by Title IV of ERISA or which is subject to Section 412 of the Code or Section 302 of ERISA, for which Borrower, any other Loan Party or any member of either of their ERISA Controlled Group has or may have any obligation or liability, whether direct or indirect.

"Plan Asset Entity" shall mean any "employee benefit plan" as defined in ERISA, any "plan" as defined in Section 4975 of the Code, and any entity any portion or all of the assets of which are deemed pursuant to United States Department of Labor Regulation Section 2510.3-101 or otherwise pursuant to ERISA or the Code to be, for any purpose of ERISA or Section 4975 of the Code, assets of any such "employee benefit plan" or "plan" which invests in such entity.

"Policies" shall have the meaning provided in Section 5.03(c).

"Preferred OP Units" shall mean the class of convertible preferred OP Units as defined in the Borrower's Partnership Agreement.

"Pro Rata Interest" shall mean the proportionate share of each Co-Lender in the Loan, this Agreement, the other Loan Documents and the obligations to make Advances pursuant to the terms of this Agreement.

"Qualifying Insurer" shall have the meaning provided in Section 5.03(c).

"Quarter" shall mean a period of ninety (90) days.

"Rating Agencies" shall mean both Standard & Poor's Ratings Services and Moody's Investor Service, Inc. If either of such agencies discontinue its rating of Borrower or its ratings of real estate investment trusts generally, Agent and all of the Co-Lenders shall, within six (6) months of such discontinuance, determine another nationally recognized statistical ratings agency that assigns a rating to Borrower (a "Substitute Rating Agency"), and the term Rating Agencies shall include such substituted rating agency. During any time that only one Rating Agency is assigning a rating to Borrower, that agency's rating shall be used for all calculations under this Agreement.

"REIT" shall have the meaning set forth in the opening paragraph of this Agreement.

"Real Property Assets" shall mean the real property set forth on Schedules 1 and 2, as such Schedules may be amended or supplemented from time to time, and all real property

owned or leased, directly or indirectly, wholly or partly, by Borrower, the REIT, any Operating Partnership or any other Loan Party subject to the conditions of Sections 6.10 and 6.14.

"Register" shall have the meaning provided in Section 9.09.

"Regulation D" shall mean Regulation D of the Federal Reserve Board as from time to time in effect and any successor to all or any portion thereof.

"Rents" shall mean all income, rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses), golf revenues, and all pass-throughs and tenant's required contributions for taxes, maintenance costs, tenant improvements, leasing commissions, capital expenditures and other items including without limitation, all revenues and credit card receipts collected from recreation facilities, vending machines and concessions and all Accounts Receivable (without duplication) from the Real Property Assets.

"Reportable Event" has the meaning set forth in Section 4043(c)(3), (5), (6) or (13) of ERISA (other than a Reportable Event as to which the provision of 30 days' notice to the PBGC is waived under applicable regulations).

"Responsible Officer" means the Chairman of the Board, President or the Chief Operating Officer of the REIT.

"Restoration" shall have the meaning provided in Section 5.03(h).

"Seasonal RV Sites" shall have the meaning provided in Section 6.15.

"Scheduled Amortization Dates" shall have the meaning provided in Section 2.10.

"Scheduled Amortization Payment" shall have the meaning provided in Section 2.10.

"Solvent" as to any Person shall mean that (i) the sum of the assets of such Person, at a fair valuation based upon appraisals or comparable valuation, will exceed its liabilities, including contingent liabilities, (ii) such Person will have sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and (iii) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means (x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. With respect to any such Contingent Liabilities, such liabilities shall be computed in accordance with GAAP at the amount which, in light of all the facts and circumstances existing

at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

"Subordination of Management Agreement" shall mean a Subordination of Management Agreement substantially in the form set forth as Exhibit "J" hereto.

"Subsidiary" of any Person shall mean and include (i) any corporation Controlled by such Person, directly or indirectly through one or more intermediaries, and (ii) any partnership, association, joint venture or other entity Controlled by such Person, directly or indirectly through one or more intermediaries and (iii) all of the parties listed as Subsidiaries on Schedule 3.

"Substantial Asset" shall mean Real Property Assets of Borrower, the REIT and any other Loan Party which, in the aggregate, either (i) number more than 7.5% of the total number of all Real Property Assets (ii) contribute more than 7.5% of the consolidated Net Operating Income of Borrower, the REIT and the other Loan Parties derived from all Real Property Assets.

"Substitute Rating Agency" shall have the meaning provided in the definition of "Rating Agency".

"Syndication Agent" shall have the meaning provided in the opening paragraph of this Agreement.

"Taxes" shall have the meaning provided in Section 2.19.

"Telerate Page 3750" means the display designated as "Page 3750" on the Telerate Service (or such other page as may replace Page 3750 on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for U.S. Dollar deposits).

"Termination Date" shall mean the date on which the Draw Period expires.

"Termination Event" shall mean (i) a Reportable Event, or (ii) the initiation of any action by Borrower, any member of Borrower's or any other Loan Party's ERISA Controlled Group or any other person to terminate a Plan or the treatment of an amendment to an ERISA Plan as a termination under ERISA, in either case, which would result in liability to Borrower, any Loan Party or any of their ERISA Controlled Group in excess of \$3,000,000 (iii) the institution of proceedings by the PBGC under Section 4042 of ERISA to terminate an ERISA Plan or to appoint a trustee to administer any ERISA Plan, (iv) any partial or total withdrawal from a Multiemployer Plan which in either case, which would result in liability to Borrower, any Loan Party or any of their ERISA Controlled Groups in excess of \$3,000,000 or (v) the taking of any action would require security to the Plan under Section 401(a)(29) of the Code.

"Title Searches" shall have the meaning provided in Section 5.14.

"Total Debt" means with respect to any Person at any time, all Indebtedness of such Person as determined on a consolidated basis in accordance with GAAP.

"Transferee" shall have the meaning provided in Section 9.07.

"Type" shall mean the type of any portion of the Loan determined with respect to the interest option applicable thereto, i.e., the Base Rate Portion, the Federal Funds Portion or a Eurodollar Portion.

"UCC Searches" shall have the meaning provided in Section 3.01(g).

"Undeveloped Land" shall mean any vacant or unimproved non-income producing Real Property Asset.

"Unencumbered Assets" shall mean those Real Property Assets set forth on Schedule 1, as such Schedule may be amended or supplemented from time, (i) against which there are no liens or encumbrances except for Permitted Liens, (ii) with respect to which Borrower has complied with all the requirements of Section 3.01, (iii) with respect to which Borrower, the REIT or a Guarantor is the sole record and beneficial owner, and (iv) which Agent and the Majority Co-Lenders have agreed in writing are to be deemed Unencumbered Assets for purposes of this Agreement pursuant to Section 2.25.

"Unfunded Benefit Liabilities" means with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefit liabilities under such Plan as defined in Section 4001(a)(16) of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan (on the basis of assumptions prescribed by the PBGC for the purpose of Section 4044 of ERISA).

"Unit" shall mean any mobile home units or manufactured housing units.

"Unsecured Debt" shall mean, with respect to a Person, the outstanding principal balance of all Indebtedness (including all Advances hereunder) which is not secured by any collateral or Assets of such Person and is evidenced by a promissory note or other instrument or written agreement.

"Unsecured Debt Rating" shall mean with respect to a Person, the rating assigned by the Rating Agencies to such Person's long term unsecured debt obligations.

SECTION 2. AMOUNT AND TERMS OF REVOLVING CREDIT FACILITY.

Section 2.01 Advances. (a) Subject to and upon the terms and conditions herein set forth, Lender and each Co-Lender agrees, at any time and from time to time on and after the Closing Date and prior to the Termination Date, to make its pro rata share of Advances to Borrower, which Advances shall not exceed in aggregate principal amount at any time outstanding the Facility Amount at such time.

(b) Advances may be voluntarily prepaid pursuant to Section 2.11, and, subject to the other provisions of this Agreement, including, without limitation, Sections 2.09, 2.10 and 2.12, any amounts so prepaid may be re-borrowed prior to the Termination Date. All outstanding Advances shall mature on the Maturity Date, without further action on the part of Agent or any Co-Lender.

(c) Each Advance of the Loan shall be in the aggregate minimum amount of One Millions Dollars (U.S. \$1,000,000.00) or any integral multiple of One Hundred Thousand Dollars (U.S. \$100,000.00) in excess thereof. No Advance shall be made after the Termination Date.

(d) The obligation of Lender and each Co-Lender to make their pro rata share of each Advance of the Loan is several and not joint. Neither Agent, Lender, nor any Co-Lender shall be liable for the failure of any other Co-Lender to fund its pro rata share of any Advance hereunder.

Section 2.02 Notice of Borrowing. Whenever Borrower desires an Advance hereunder, it shall give Agent at Agent's Office prior to 10:00 A.M., New York City time, at least three (3) Business Days' (or, if such Advance shall be a Base Rate Portion or a Federal Funds Portion, one (1) Business Days') prior to telex, facsimile, or telephonic notice (promptly confirmed in writing) of each Advance to be made hereunder. Each such notice (a "Notice of Borrowing") (i) shall be irrevocable, (ii) shall be executed by the general partner of Borrower or a senior executive officer of Borrower, (iii) shall specify (x) the aggregate principal amount of the requested Advance, (y) the date of Borrowing (which shall be a Business Day) and (z) the initial Interest Period to be applicable thereto and Type of Advance, (or, if at the time of such request, Eurodollar Loan Portions are not available pursuant to Section 2.16, that such Advance shall be a Base Rate Portion), (iv) shall certify that, taking into account the amount of the requested Advance, no Default or Event of Default has occurred and is continuing, all provisions of the Loan Documents will be complied with after giving effect to such Advance, (v) shall contain a description of the intended use of the Advance and (vi) shall be in the form annexed hereto as Exhibit "A".

Agent shall, upon determining the Eurodollar Rate for any Interest Period, promptly notify Borrower thereof.

Section 2.03 Disbursement of Funds. No later than 2:00 P.M., New York City time on the date specified in each Notice of Borrowing, provided all conditions precedent to the making of such Advance have been complied with, and further provided that Agent has received, in immediately available federal funds, each Co-Lender's pro rata share of such Advance from each Co-Lender, Agent will make available to Borrower by disbursing to or at the direction of Borrower, or by depositing in Borrower's account at Agent's Office, the amount of the requested Advance.

Section 2.04 The Note. (a) Borrower's obligation to pay the principal of, and interest on, the Loan shall be evidenced by the promissory note (as amended, modified, supplemented, extended or consolidated, the "Note") duly executed and delivered by Borrower

substantially in the form of Exhibit "B" hereto in a principal amount equal to the Facility Amount, with blanks appropriately completed in conformity herewith. The Note shall (i) be payable to the order of Agent, Lender and the Co-Lenders, (ii) be dated the Closing Date, and (iii) mature on the Maturity Date. If required by a Co-Lender that is not a Co-Lender as of the date hereof, Borrower hereby agrees to execute a supplemental Note in the principal amount of such Co-Lender's pro rata share of the Facility Amount substantially in the form of Exhibit "B" hereto, with blanks appropriately completed, and such supplemental Note shall (i) be payable to order of Agent, on account of such Co-Lender, (ii) be dated as of the Closing Date, and (iii) mature on the Maturity Date. Such supplemental Note shall evidence a portion of the existing indebtedness hereunder and not any new or additional indebtedness of Borrower.

(b) Agent is hereby authorized, at its option, (i) to endorse on the schedule attached to each Note (or on a continuation of such schedule attached to each such Note and made a part thereof) an appropriate notation evidencing the date and amount of each Advance evidenced thereby and the pro rata share thereof of each Co-Lender, and the date and amount of each principal and interest payment in respect thereof, and/or (ii) to record such Advances and such payments in its books and records. Such schedule or such books and records, as the case may be, shall be conclusive and binding on Borrower absent manifest error, provided that the failure to make any notation shall not affect the obligations of Borrower or any Guarantor or the rights of Lender or any Co-Lender hereunder or under the Guaranty.

Section 2.05 Interest. (a) Borrower shall pay interest in respect of the unpaid principal amount of the Base Rate Portion from the date of the making of the Base Rate Portion until the Base Rate Portion shall be paid in full, or converted to a Eurodollar Portion, at a rate per annum which shall be equal to the sum of the Base Rate Margin plus the Base Rate in effect from time to time, such rate to change as and when the Base Rate changes.

(b) Borrower shall pay interest in respect of the unpaid principal amount of the Federal Funds Portion from the date of the making of the Federal Funds Portion until the Federal Funds Portion shall be paid in full, or converted to a Eurodollar Portion, at a rate per annum which shall be equal to the sum of the Federal Funds Margin plus the Federal Funds Rate in effect from time to time, such rate to change as and when the Federal Funds Rate changes.

(c) Borrower shall pay interest in respect of the unpaid principal amount of each Eurodollar Portion from the date of the making of such Eurodollar Portion until such Eurodollar Portion shall be paid in full, continued as a Eurodollar Portion or converted to a Base Rate Portion or a Federal Funds Portion, at a rate per annum which shall be equal to the sum of the Eurodollar Rate Margin plus the relevant Eurodollar Rate.

(d) In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal amount of the Loan and, to the extent permitted by law, overdue interest in respect of the Loan, shall bear interest at the Default Rate, calculated from the date such payment was due without regard to any grace or cure periods contained herein.

(e) Interest on the Loan shall accrue from and including the date of each Borrowing thereof to but excluding the date of any repayment thereof (provided that any Advance borrowed and repaid on the same day shall accrue one day's interest) and Borrower shall pay such interest (i) in respect of the Base Rate Portion or the Federal Funds Portion, (A) monthly in arrears on the first day of each month, (B) on the Maturity Date (whether by acceleration or otherwise) and (C) after the Maturity Date, on demand, and (ii) in respect of each Eurodollar Portion, in arrears (A) on the last day of the applicable Interest Period, (B) on the date of any prepayment or conversion (on the amount prepaid or converted), (C) on the Maturity Date (whether by acceleration or otherwise), and (D) after the Maturity Date, on demand.

(f) Interest on the outstanding principal balance of the Base Rate Portion or the Federal Funds Portion shall be calculated on the basis of a three hundred sixty (360) day year based on twelve (12) thirty (30) day months, except that interest due and payable for a period of less than a full month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on said 360-day year. Interest on the outstanding principal balance of Eurodollar Portions shall be calculated on the basis of a three hundred sixty (360) day year based on the actual number of days elapsed.

(g) This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender or any Co-Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the interest rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Agent for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

Section 2.06 Interest Periods. (a) Borrower shall, in each Notice of Borrowing or Notice of Conversion or Continuation in respect of the making of, conversion into or continuation of a Eurodollar Portion, select the interest period (each an "Interest Period") applicable to such Eurodollar Portion, which Interest Period shall, at the option of Borrower, be either a one month, two-month or three-month period, provided that:

(i) the Interest Period for any Eurodollar Portion shall commence on the date of the making of such Advance (including the date of any conversion from the Base Rate Portion) and each Interest Period occurring thereafter in respect of such Portion shall commence on the date on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, if such Interest Period would otherwise expire on the Maturity Date, and the Maturity Date is not a Business Day, such Interest Period shall expire on the immediately preceding Business Day;

(iii) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month; and

(iv) no Interest Period in respect of any Eurodollar Portion shall extend beyond the Maturity Date.

(b) [Intentionally Deleted]

(c) If upon the expiration of any Interest Period, Borrower has failed to elect or confirm a new Interest Period or Eurodollar Base Rate to be applicable to any Eurodollar Portion in accordance with Section 2.08, Borrower shall be deemed to have elected to convert such Eurodollar Portion into a Base Rate Portion effective as of the expiration date of such current Interest Period.

Section 2.07 Minimum Amount of Eurodollar Portions. All advances, borrowings, conversions, continuations, payments, prepayments and selection of Interest Periods hereunder shall be made or selected so that, after giving effect thereto, each Eurodollar Portion shall (i) have a principal amount equal to or greater than One Million Dollars (U.S. \$1,000,000.00) and (ii) be in an integral multiple of \$100,000.00 in excess of such minimum amount. There shall be no more than six (6) Eurodollar Portions outstanding at any one time.

Section 2.08 Conversion or Continuation. (a) Subject to the other provisions hereof, Borrower shall have the option (i) to convert at any time all or any part of the outstanding Base Rate Portion or Federal Funds Portion to Eurodollar Portions, (ii) to continue all or any part of the outstanding Eurodollar Portions as Eurodollar Portions for an additional Interest Period, on the expiration of the Interest Period applicable thereto (or prior to such expiration date, provided Borrower pays Funding Costs in connection therewith pursuant to Section 2.17); provided that no Loan Portion may be continued as, or converted into, a Eurodollar Portion when any Default with respect to the payment of money or any Event of Default has occurred and is continuing, or (iii) to convert at anytime all or any portion of the outstanding Eurodollar Portions to a Base Rate Portion or a Federal Funds Portion. In the event Eurodollar Portions are not available pursuant to Section 2.16, Borrower shall be deemed to have elected to convert such Eurodollar Portions into a Base Rate Portion, and if such conversion occurs prior to the expiration date of the applicable Interest Period, Borrower shall also pay all Funding Costs and other costs, expenses and losses in connection therewith pursuant to Sections 2.16 and 2.17.

(b) In order to elect to convert or continue a Loan Portion under this Section 2.08, Borrower shall deliver an irrevocable notice thereof in the form annexed hereto as Exhibit "C" (a "Notice of Conversion or Continuation") to Agent no later than 11:00 A.M., New York

City time, (which notice may be by facsimile transmission provided that an original is delivered prior to the close of business on the immediately succeeding Business Day) three (3) Business Days prior to the proposed conversion or continuation date in the case of a conversion to, or a continuation of, a Eurodollar Portion. A Notice of Conversion or Continuation shall specify (v) the requested conversion or continuation date (which shall be a Business Day), (w) the amount and Type of the Loan Portion to be converted or continued, (x) whether a conversion or continuation is requested, (y) in the case of a conversion to, or a continuation of, a Eurodollar Portion, the requested Interest Period and (z) the Contract Rate applicable to the Loan Portion to be converted or continued as previously quoted by Agent.

Section 2.09 Voluntary Reduction of Facility Amount; Termination of Facility Amount. (a) Upon at least three (3) Business Days' prior irrevocable written notice annexed hereto as Exhibit "D" (or telephonic notice promptly confirmed in writing) to Agent, Borrower shall have the right without premium or penalty to permanently reduce the Facility Amount, provided that (a) Borrower may not reduce the Facility Amount below the aggregate principal amount outstanding under the Loan at the time of such requested reduction (unless Borrower simultaneously prepays the Loan to the extent necessary so that the aggregate principal amount outstanding does not exceed such reduced Facility Amount, together with any applicable Funding Costs and accrued interest as a result of such prepayment, (b) any such partial reduction shall be in the minimum aggregate amount of Five Million Dollars (U.S. \$5,000,000.00) or any integral multiple of One Million Dollars (U.S. \$1,000,000.00) in excess thereof, and (c) Borrower may not reduce the Facility Amount to an amount less than Fifty Million Dollars (U.S. \$50,000,000.00) (unless the Loan is terminated and prepaid in full pursuant to Section 2.09(b)). Any reduction of the Facility Amount shall be permanent and be applied pro rata to Lender's and each Co-Lender's respective percentage interest in the Loan.

(b) Upon at least three (3) Business Days prior irrevocable written notice to Agent, Borrower shall have the right to terminate the Loan, this Agreement and reduce the Facility Amount to zero, provided that Borrower, on the date specified in such notice, pays to Agent, on behalf of the Co-Lenders, the entire outstanding principal balance of the Loan, together with all interest accrued and unpaid thereon, all Funding Costs, and all other sums due under the Note, this Agreement and the other Loan Documents; upon such termination, Lender and the Co-Lenders shall have no further obligation to make any Advances.

Section 2.10 Principal Amortization. Commencing on the date which is six (6) months after the Termination Date and continuing on each six (6) month anniversary thereafter or until the Loan is paid in full (the "Scheduled Amortization Dates"), Borrower shall make three equal amortization payments of the outstanding principal balance of the Loan (the "Scheduled Amortization Payments"), each such payment to be in an amount equal to one-fourth (3th) of the outstanding principal balance at the Termination Date together with accrued interest thereon and any Funding Costs, and on the Maturity Date, the then outstanding principal balance together with accrued interest thereon and any Funding Costs shall be paid in full. Each Scheduled Amortization Payment shall be applied first to any outstanding Base Rate Portion, second to any outstanding Federal Funds Portion, and third to any outstanding Eurodollar Portion in order of such Loan Portion's maturity. The prepayment of a Eurodollar Portion made as a result of a

Scheduled Amortization Payment shall be accompanied by payment of any Funding Costs which Lender and the Co-Lenders shall incur as a result of such payment.

Section 2.11 Voluntary Prepayments. Borrower shall have the right to prepay the Loan, in whole or in part, from time to time on the following terms and conditions: (a) Borrower shall give Agent written notice (or telephonic notice promptly confirmed in writing), in the form attached hereto as Exhibit E, which notice shall be irrevocable, of its intent to prepay all or a portion of the Loan, at least three (3) Business Days prior to a prepayment of Eurodollar Portions and all or some of the Base Rate Portion or Federal Funds Portion, which notice shall specify the amount of such prepayment and what Loan Portions are to be prepaid and, in the case of Eurodollar Portions, the specific Borrowing(s) pursuant to which made, (b) each prepayment shall be in an aggregate principal amount of Five Hundred Thousand Dollars (U.S. \$500,000.00) or any integral multiple of One Hundred Thousand Dollars (U.S. \$100,000.00) in excess thereof, and (c) prepayments of Eurodollar Portions made pursuant to this Section on a date other than the last day of the Interest Period applicable thereto shall be accompanied by payment of any Funding Costs which Lender and the Co-Lenders shall incur as a result of such early payment. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein.

Section 2.12 Mandatory Prepayments. On each day on which the Facility Amount is reduced pursuant to the terms of this Agreement, Borrower shall prepay the Loan to the extent, if any, that the outstanding principal amount of the Loan exceeds such reduced Facility Amount, together with any applicable Funding Costs and accrued interest as a result of such payment.

Section 2.13 Application of Payments and Prepayments. Unless specifically provided otherwise, all payments and prepayments of the Loan, whether voluntary or otherwise, shall be applied first, to unpaid Fees, any reasonable out-of-pocket costs and expenses of Agent and any Co-Lender arising as a result of such prepayment and any Funding Costs, second, to pay any accrued and unpaid interest then payable with respect to the Loan, and third, to pay the outstanding principal amount of the Loan. Payments applied to the outstanding principal amount of the Loan shall be first applied to the Base Rate Portion of the Loan, then to the Federal Funds Portion of the Loan, and then to pay the Eurodollar Portions of the Loan being repaid in the order of such Loan Portion's maturity.

Section 2.14 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments, prepayments, and Scheduled Amortization Payments under this Agreement and the Note shall be made to Agent not later than 12:00 noon, New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Agent's Office, and any funds received by Agent after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day. Each payment (including all prepayments on account of principal and interest on the Loan), to the extent received, shall constitute payment by Borrower and the REIT to each Co-Lender in the amount of such Co-Lender's pro rata share of such payment.

(b) Except as expressly provided to the contrary in Section 2.06 hereof, whenever any payment to be made hereunder or under the Note or other Loan Documents shall be stated to be due on a day which is not an Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

(c) All payments made by Borrower hereunder, under the Note and the other Loan Documents, shall be made irrespective of, and without any deduction for, any setoff or counterclaims.

Section 2.15 Fees. (a) Borrower shall pay to Agent a fee (the "Non-use Fee"), computed at the per annum rate (based on a year of 360 days, for the actual number of days elapsed) of either (i) 0.25% or (ii) if Borrower's Unsecured Debt Rating is at any time less than the lower of BBB- as assigned by Standard & Poor's Ratings Services or Baa3 as assigned by Moody's Investors Service, Inc., 0.375% for so long as such condition exists, on the average daily unfunded portion of the Facility Amount, from and including the Closing Date through and including the Termination Date, payable, in arrears, on the Non-use Fee Due Date through and including the Termination Date. Agent shall notify Borrower within three (3) Business Days of the last day of the calendar Quarter of the amount of Non-use Fee then due. Each payment of the Non-Use Fee, to the extent received by Agent, shall constitute payment by Borrower to each Co-Lender in the amount of such Co-Lender's Pro Rata Interest in such Non-Use Fee.

(b) Borrower shall pay to Agent an administrative fee as compensation for administering and servicing the Loan and performing its duties under this Agreement and the Loan Documents equal to \$37,500.00 per annum (the "Administrative Fee"). The Administrative Fee shall be paid in advance on the date hereof and on the first day of each twelfth calendar month thereafter.

(c) On the Closing Date Borrower shall pay to Lehman for the benefit of the Co-Lenders a Facility Fee equal to 0.45% of the Facility Amount (the "Facility Fee").

Section 2.16 Interest Rate Unascertainable, Increased Costs, Illegality. (a) In the event that Agent has determined or, with respect to any Co-Lender, has been notified that (which determination or notice shall, absent manifest error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the Eurodollar Rate for any Interest Period, that by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of the Eurodollar Rate; or

(ii) at any time, that the relevant Eurodollar Rate applicable to any of its Eurodollar Portions shall not represent the effective pricing to Lender or the Co-Lenders for funding or maintaining its Eurodollar Portions, or Lender and the Co-Lenders shall incur increased costs or reduction in the amounts received or receivable hereunder in

respect of any Eurodollar Portion, in any such case because of (x) any change since the date of this Agreement in any applicable law or governmental rule, regulation, guideline, order, request or directive or any interpretation thereof and including the introduction of any new law or governmental rule, regulation, guideline, order, request or directive (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D of the Federal Reserve Board to the extent included in the computation of the Eurodollar Rate), whether or not having the force of law and whether or not failure to comply therewith would be unlawful, and/or (y) other circumstances affecting Lender, any Co-Lender or the interbank Eurodollar market or the position of Lender or any Co-Lender in such market; or

(iii) at any time, that the making or continuance by it of any Eurodollar Portion has become unlawful in order for Lender or any Co-Lender, in good faith, to comply with any law or governmental rule, regulation, guideline, order, request or directive (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or has become impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, Agent shall, promptly after making such determination or receiving notice thereof from any Co-Lender, give notice by telephone promptly confirmed in writing to Borrower. Thereafter (x) in the case of clause (i) above, Borrower's right to request advances, conversions or continuations of Eurodollar Portions shall be suspended, and any Notice of Borrowing, or Notice of Conversion or Continuation given by Borrower with respect to any Borrowing of Eurodollar Portions which has not yet been made shall be deemed cancelled and rescinded by Borrower, (y) in the case of clause (ii) above, Borrower shall pay to Agent, upon such Agent's written demand therefor to Borrower, such additional amounts (in the form of an increased rate of interest, or a different method of calculating interest, or otherwise, as Agent and the affected Co-Lenders shall determine) as shall be required to compensate Lender and any Co-Lender for such increased costs or reduction in amounts received or receivable hereunder (it being understood and agreed by the parties hereto that in the event that Agent shall fail to notify Borrower promptly after such determination, then Borrower shall not be liable to pay to Agent any additional amounts relating to the period prior to Agent's notifying Borrower), and (z) in the case of clause (iii) above, Borrower shall take one of the actions specified in clause (b) below as promptly as possible and, in any event, within the time period required by law. The written demand provided for in clause (y) shall demonstrate in reasonable detail the circumstances giving rise to such demand and the calculation of the amounts demanded; provided that Borrower shall not be obligated to pay an amount in excess of the amount directly attributable to the Loan hereunder (it being understood and agreed that Agent shall not be required to deliver any documentation substantiating such amounts).

(b) In the case of any Eurodollar Portion or requested Eurodollar Portion affected by the circumstances described in clause (a)(ii) above, Borrower may, and in the case of any Eurodollar Portion affected by the circumstances described in clause (a)(iii) above, Borrower

shall, either (i) if any such Eurodollar Portion has not yet been made but is then the subject of a Notice of Borrowing or a Notice of Conversion or Continuation, be deemed to have cancelled and rescinded such notice, or (ii) if any such Eurodollar Portion is then outstanding, require Agent to convert each such Eurodollar Portion into a Base Rate Portion at the end of the applicable Interest Period or such earlier time as may be required by law, in each case by giving Agent notice (by telephone promptly confirmed in writing) thereof within two (2) Business Days after Borrower was notified by Agent pursuant to clause (a) above.

(c) In the event that Agent determines at any time following the giving of notice based on the conditions described in clause (a)(i) above that such conditions no longer exist, Agent shall promptly give notice thereof to Borrower, whereupon Borrower's right to request Eurodollar Portions from Agent and Lender's and any Co-Lender's obligation to make Eurodollar Portions shall be automatically restored and until such time as Borrower has delivered a Notice of Conversion or Continuation, the entire Loan shall be deemed to be a Eurodollar Portion with an Interest Period of one month at a Contract Rate determined as of the date that Eurodollar Portions are again available to Borrower.

(d) In the event that Agent determines at any time following its giving of a notice based on the conditions described in clause (a)(iii) above that such conditions no longer exist, Agent shall promptly give notice thereof to Borrower, whereupon Borrower's right to request Eurodollar Portions from Agent and Lender's and any Co-Lender's obligation to make Eurodollar Portions shall be automatically restored and until such time as Borrower has delivered a Notice of Conversion or Continuation, the entire Loan shall be deemed to be a Eurodollar Portion with an Interest Period of one month at a Contract Rate determined as of the date that Eurodollar Portions are again available to Borrower.

(e) The amount of any increased costs or reductions in amounts referred to in Section 2.16(a)(ii) with respect to Lender and each Co-Lender shall be based on the assumption that Lender and any Co-Lender funded all of its Eurodollar Portions in the interbank Eurodollar market, although the parties hereto agree that Lender or Co-Lender may fund all or any portion of a Eurodollar Portion, in any manner it independently determines. For purposes of any demand for payment made by Agent under Sections 2.16(a)(ii) or 2.18, in attributing Lender's or any Co-Lender's general costs relating to Eurocurrency operations or its commitments or customers, or in averaging any costs over a period of time, Agent and the affected Co-Lenders may use any reasonable attribution and/or averaging method which it deems appropriate, reasonable and practical. The agreements in this Section 2.16 shall survive the termination of this Agreement and the payment of the Note and all other Obligations for a period of one (1) year.

Section 2.17 Funding Losses. Borrower shall compensate Lender and the Co-Lenders for all reasonable losses, expenses and liabilities, to the extent actually incurred (including, without limitation, any loss, expense or liability incurred by Lender or any Co-Lender in connection with the liquidation or reemployment of deposits or funds required by it to make or carry its Eurodollar Portions), excluding loss of anticipated profits ("Funding Costs"), that Lender or any Co-Lender sustains: (a) if for any reason (other than a default by Agent or any Co-Lender) a Borrowing of, or conversion from or into, or a continuation of, Eurodollar Portions does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion or

Continuation (whether or not rescinded, cancelled or withdrawn or deemed rescinded, cancelled or withdrawn, pursuant to Section 2.16(a) or 2.16(b) or otherwise), (b) if any prepayment (whether voluntary or mandatory), repayment (including, without limitation, payment after acceleration) or conversion of any of its Eurodollar Portions occurs on a date which is not the last day of the Interest Period applicable thereto, (c) if any prepayment of any of its Eurodollar Portions is not made on any date specified in a notice of prepayment given by Borrower, or (d) as a consequence of any default by Borrower in repaying its Eurodollar Portions or any other amounts owing hereunder in respect of its Eurodollar Portions when required by the terms of this Agreement. Borrower shall pay such Funding Costs on the date specified for conversion or continuation of any Eurodollar Portion, the date of prepayment or repayment of any Eurodollar Portion under clause (b) or (c) above, or within five (5) Business Days of written demand therefor by Agent with respect to clause (d) above. Calculation of all amounts payable to Agent under this Section 2.17 shall be made on the assumption that Lender and each Co-Lender has funded its relevant Eurodollar Portion through (i) the purchase of a Eurodollar deposit bearing interest at the Eurodollar Rate in an amount equal to the amount of such Eurodollar Portion with a maturity equivalent to the Interest Period applicable to such Eurodollar Portion, and (ii) the transfer of such Eurodollar deposit from an offshore office of Lender or any Co-Lender to a domestic office of Lender and the Co-Lenders in the United States of America, provided that Lender and the Co-Lenders may fund their Eurodollar Portions in any manner that they in their sole discretion choose and the foregoing assumption shall only be made in order to calculate amounts payable under this Section 2.17. Agent shall provide Borrower with a statement detailing the basis for requesting such amounts and the calculation thereof, and such statement shall, absent manifest error, be final and conclusive and binding upon Borrower, the REIT and all Loan Parties). The agreements in this Section 2.17 shall survive the termination of this Agreement and the payment of the Note and all other Obligations for a period of one (1) year.

Section 2.18 Increased Capital. With respect to each Eurodollar Portion, if Agent shall have determined (or received notice from any Co-Lender of its determination that) in good faith, that compliance with any applicable law, rule, regulation, guideline or directive (whether or not having the force of law) which shall be imposed, issued or amended from and after the date of this Agreement by any governmental authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital or assets of Lender or any Co-Lender as a consequence of its commitments or obligations hereunder, then from time to time, upon Agent's delivering a written demand therefor to Borrower, setting forth its reasonable calculations, Borrower shall pay to Agent on demand such additional amount or amounts ("Increased Capital Costs") as will compensate Lender and any Co-Lender for such reduction. Such calculations may use any reasonable averaging and attribution methods selected by Agent and the affected Co-Lenders. The agreements in this Section 2.18 shall survive the termination of this Agreement and the payment of the Note and all other Obligations for a period of one (1) year.

Section 2.19 Taxes. (a) All payments made by Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority excluding, in the case of Lender or any Co-Lender, net income and

franchise taxes imposed on Lender or any Co-Lender by the jurisdiction under the laws of which Lender or any Co-Lender is organized or any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which Lender's or Co-Lender's Domestic Lending Office or Eurodollar Lending Office, as the case may be, is located or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being hereinafter called "Taxes").

(b) Notwithstanding anything to the contrary herein, if at any time or from time to time Taxes are required to be deducted or withheld from the payments required to be made to Lender or any Co-Lender hereunder solely by reason of a Change in Law after the date hereof (other than as a result of any transfer or assignment of any of the obligations of Borrower hereunder), all payment required to be made by Borrower hereunder (including any additional amounts that may be payable pursuant to this clause (b)) shall be increased to the extent required so that the net amount received by Lender or any Co-Lender after the deduction or withholding of Taxes imposed solely by reason of a Change in Law after the date hereof will be not less than the full amount that would otherwise have been receivable had no such deduction or withholding been imposed by reason of such Change in Law. In the event that this clause (b) shall be operative, Borrower shall promptly provide to Agent evidence of payment of such Taxes to the appropriate taxing authority and shall promptly forward to Agent any official tax receipts or other documentation with respect to the payment of the Taxes as may be issued by the taxing authority. If Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Agent the required receipts or other required documentary evidence, Borrower shall indemnify Agent and any Co-Lender for any incremental taxes, interest or penalties that may become payable by Lender or Co-Lender as a result of any such failure. The agreements in this Section 2.19 shall survive the termination of this Agreement and the payment of the Note and all other Obligations for a period of one (1) year.

(c) For purposes of this Section 2.19 the term "Change in Law" shall mean the following events: (i) the enactment of any legislation by the United States, including the enactment, amendment or modification of a treaty; (ii) the lapse, by its terms, of any law of the United States or any treaty to which the United States is a party; or (iii) the promulgation of any temporary or final regulation under the Code.

(d) Each Co-Lender that is not incorporated under the laws of the United States of America or a state thereof agrees that, prior to the first date on which any payment is due to it hereunder, it will deliver to Borrower and Agent (i) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224 or successor applicable form, as the case may be, certifying in each case that such Co-Lender is entitled to receive payments under this Agreement and the Note payable to it, without deduction or withholding of any United States federal income taxes, and (ii) an Internal Revenue Service Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax. Each Co-Lender required to deliver to Borrower and Agent a Form 1001 or 4224 and Form W-8 or W-9 pursuant to the preceding sentence further undertakes to deliver to Borrower and Agent two further copies of the said letter and Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms, or other manner of certification, as the case may be, on or before the date that any such letter or form expires (which, in the case of the Form 4224, is the

last day of each U.S. taxable year of the non-U.S. Co-Lender) or becomes obsolete or after the occurrence of any event requiring a change in the most recent letter and form previously delivered by it to Borrower and Agent, and such other extensions or renewals thereof as may reasonably be requested by Borrower or Agent, certifying in the case of a Form 1001 or 4224 that such Co-Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Co-Lender from duly completing and delivering any such letter or form with respect to it and such Co-Lender advises Borrower and Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax, and in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax. Notwithstanding clause (a), if a Co-Lender fails to provide a duly completed Form 1001 or 4224 or other applicable form and, under applicable law, in order to avoid liability for Taxes, Borrower is required to withhold on payments made to such a Co-Lender that has failed to provide the applicable form, Borrower shall be entitled to withhold the appropriate amount of Taxes. In such event, Borrower shall promptly provide to such Co-Lender or Agent evidence of payment of such Taxes to the appropriate taxing authority and shall promptly forward to such Co-Lender or Agent any official tax receipts or other documentation with respect to the payment of the Taxes as may be issued by the taxing authority.

Section 2.20 Use of Proceeds and Limitations on Advances. (a) Borrower shall use the proceeds of the Loan solely to provide short-term financing for (i) the acquisition of fee interests in Real Property Assets which are utilized principally for mobile home parks or manufactured housing communities, (ii) capital improvements, expansion or additional development (subject to Section 6.14) to Real Property Assets owned by Borrower or any Loan Party, (iii) working capital, (iv) the acquisition of Undeveloped Land that is non-income producing or Real Property Assets which are held in any form other than undivided fee simple ownership (such as co-tenancy interests, leasehold interests, partnership interests, shares of stock in corporations owning real estate, or through mortgages or participation interests in or assignments of mortgages), in both cases provided that such Assets constitute Permitted Investments and subject however to the limitations of Section 6.14, (v) to pay other Indebtedness subject to the terms of Section 6.09, (vi) to pay various costs and expenses in connection with the Loan and (vii) the redemption of OP Units, provided that no more than \$5,000,000.00 of Advances in the aggregate over the term of this Agreement shall be used for such redemption. Notwithstanding anything contained herein to the contrary, the principal amount outstanding at any time hereunder which has been advanced for working capital (including the payment of dividends and distributions) shall not exceed \$15,000,000.00.

(b) The aggregate amount of any single Advance made hereunder shall not exceed with respect to an acquisition by Borrower, the REIT or any Loan Party of a Real Property Asset, an amount equal to the acquisition cost of such Real Property Asset, as verified by Borrower to the satisfaction of Agent, less the amount of any mortgage indebtedness secured by such Real Property Asset that will remain outstanding following such acquisition.

Section 2.21 Intentionally Deleted.

Section 2.22 Intentionally Deleted.

Section 2.23 Intentionally Deleted.

Section 2.24 Decision Making by the Agent. Borrower and the REIT acknowledge and agree that any and all approvals, consents, requests, calculations, determinations, decisions, waivers, amendments and modifications that Agent is entitled to make under this Agreement are subject to the approval or consent of some or all of the Co-Lenders pursuant to the terms and conditions of the Intercreditor Agreement, whether or not such approval or consent is expressly stated herein or otherwise.

Section 2.25 Additional Unencumbered Assets. If Borrower desires to add an Unencumbered Asset for purposes of this Agreement, it shall notify Agent and together with such notification, deliver to Agent, with respect to such Asset the documentation required in Section 3.01(a)(xi), (f), (g), (i), (j), (k), (p), (q), (r), (s), (v) (and if Borrower or any Guarantor owns a leasehold interest in such Asset, Section 3.01(a)(x)) and such other items as Agent and the Co-Lenders may reasonably request. If such Asset is owned by a Loan Party other than a Guarantor or Borrower, such Loan Party shall execute and deliver a guaranty in the form of the Guaranty, together with the items required in 3.01(b), (c), (d) and (m) with respect to such Loan Party and Guaranty. If such Asset is subject to no Liens or encumbrances other than Permitted Liens and is otherwise satisfactory to Agent and the Majority Co-Lenders, Agent shall confirm to Borrower in writing that such Asset shall be deemed an Unencumbered Asset and Schedule 1 shall be amended accordingly. The cost of the review of such documentation (but not the cost of preparation and delivery of such documentation to Agent) shall be paid by Agent and the Co-Lenders.

Section 2.26 Pro Rata Interests. The Pro Rata Interest of each Co-Lender is set forth on Schedule 11. The liabilities of each of the Co-Lenders are several and not joint, and each Co-Lenders' obligations to Borrower and the REIT under this Agreement shall be reduced by the amount of any Assignment and Assumption. No Co-Lender shall be responsible for the obligations of any other Co-Lender. Each Co-Lender shall be liable to Borrower and the REIT only for their respective proportionate shares of the Loan. If for any reason any of the Co-Lenders shall fail or refuse to abide by their obligations under this Agreement, the other Co-Lenders shall not be relieved of their obligations, if any, hereunder, including their obligations to make their pro rata share of any Advance on the date set forth for such Advance in the Notice of Borrowing; notwithstanding the foregoing, the Co-Lenders shall have the right, but not the obligation, at their sole option, to make the defaulting Co-Lender's pro rata share of such Advance pursuant to the terms of the Intercreditor Agreement.

SECTION 3. CONDITIONS PRECEDENT.

Section 3.01 Conditions Precedent to the Initial Advance. The obligation of Lender and each Co-Lender to make the initial Advance of the Loan (or its pro rata share thereof) on the Closing Date is subject to the satisfaction by Borrower on the Closing Date of the following conditions precedent:

(a) Loan Documents.

(i) Line of Credit Agreement. Borrower and the REIT shall have executed and delivered this Agreement to the Syndication Agent.

(ii) The Note. Borrower shall have executed and delivered to Syndication Agent the Note in the amount, maturity and as otherwise provided herein.

(iii) Intercreditor Agreement. Agent, the Syndication Agent, the Co-Lenders, Borrower and the REIT shall have executed and delivered the Intercreditor Agreement.

(iv) Guaranty. The REIT and the Guarantors shall have executed and delivered the Guaranty to the Syndication Agent.

(v) Environmental Indemnity. Borrower and the REIT shall have executed and delivered to the Syndication Agent the Environmental Indemnity.

(vi) Intentionally Deleted.

(vii) Intentionally Deleted.

(viii) Intentionally Deleted.

(ix) Intentionally Deleted.

(x) Ground Leases. If the Borrower or any other Loan Party owns a leasehold estate in a Real Property Asset, (A) a certified copy of the Ground Lease for such Real Property Asset, together with all amendments and modifications thereto and a recorded memorandum thereof, which Ground Lease shall be satisfactory in all respects to Agent and all of the Co-Lenders in their sole discretion and (B) a Ground Lease Estoppel substantially in the form of Exhibit L, executed by the fee owner and ground lessor of each Unencumbered Asset, which estoppel shall be satisfactory to Agent and all of the Co-Lenders in its sole discretion.

(xi) Flood Plain. The Syndication Agent shall have received reasonably satisfactory evidence indicating which of the Real Property Assets are in a flood plain.

(b) Opinions of Counsel.

The Syndication Agent shall have received legal opinions, dated the Closing Date, from counsel to Borrower and the other Loan Parties, in form and substance satisfactory to the Syndication Agent and all of the Co-Lenders and its counsel, that, among other things: (i) this

Agreement and the Loan Documents have been duly authorized, executed and delivered by Borrower and the REIT and the other Loan Parties and are valid and enforceable in accordance with their terms, subject to bankruptcy and equitable principles; (ii) that Borrower, the REIT and other Loan Parties are qualified to do business and in good standing under the laws of the jurisdiction in which it is organized, in which it is transacting business and where the Real Property Assets are located; and (iii) the Loan does not violate any usury laws.

(c) Organizational Documents. The Syndication Agent shall have received (i) with respect to the REIT and each of the Loan Parties which is a corporation, the certificate of incorporation of the REIT and such Loan Party, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretaries of State (or the equivalent thereof) of each other State in which each Real Property Asset is located and in which each of them is required to be qualified to transact business, each to be dated a date not more than thirty (30) days prior to the Closing Date, (ii) with respect to Borrower and each of the Loan Parties which is a limited partnership, the agreement of limited partnership of such Person, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by a general partner of such Person, together with a copy of the certificate of limited partnership of such entity, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretary of State (or the equivalent thereof) of each other State in which each such Person is required to be qualified to transact business, each to be dated not more than thirty (30) days prior to the Closing Date, (iii) with respect to any Loan Party which is a general partnership, the agreement of general partnership of such Loan Party, as amended, modified or supplemented to the Closing Date, certified to be true, complete and correct by a general partner of such Loan Party, together with a copy of such Loan Party's doing business certificate (or the equivalent thereof), as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or County Clerk's or Recorder's Office, as the case may be) as of a date not more than thirty (30) days prior to the Closing Date in each case reasonably satisfactory to the Syndication Agent and all of the Co-Lenders, and (iv) evidence satisfactory to the Syndication Agent and all of the Co-Lenders that the REIT is a "qualified real estate investment trust" as defined in Section 856 of the Code, including, without limitation, copies of the REIT's real estate investment trust registration statement and all amendments thereto, any similar material documents filed with the United States Securities and Exchange Commission or issued in connection with a public offering of equity securities by the REIT.

(d) Certified Resolutions, etc. The Syndication Agent shall have received a certificate of the secretary or assistant secretary of the REIT and each of the Loan Parties which is a corporation and dated the Closing Date, certifying (i) the names and true signatures of the incumbent officers of such Person authorized to sign the applicable Loan Documents, (ii) the by-laws of such Person as in effect on the Closing Date, (iii) the resolutions of such Person's board of directors approving and authorizing the execution, delivery and performance of all Loan Documents executed by such Person, and (iv) that there have been no changes in the certificate

of incorporation of such Person since the date of the most recent certification thereof by the appropriate Secretary of State.

(e) Intentionally Deleted.

(f) Insurance. The Syndication Agent shall have received certificates of insurance demonstrating insurance coverage in respect of each of the Real Property Assets of types, in amounts, and with insurers satisfactory to the Syndication Agent and all of the Co-Lenders and otherwise in compliance with the terms, provisions and conditions of Section 5.03.

(g) Lien Search Reports. The Syndication Agent shall have received satisfactory (i.e., showing no Liens other than Permitted Liens) UCC searches, together with tax lien searches conducted in the appropriate jurisdictions by a search firm acceptable to the Syndication Agent and all of the Co-Lenders with respect to the Unencumbered Assets, Borrower and each of the other Loan Parties (collectively, the "UCC Searches").

(h) Rating Agencies. Borrower shall deliver evidence satisfactory to the Syndication Agent and all of the Co-Lenders, which evidence may include a letter or other written confirmation from the respective Rating Agency, that Borrower's Unsecured Debt Rating is BBB- or higher as assigned by Standard & Poor's Ratings Services and Baa3 or higher as assigned by Moody's Investor Service, Inc., and that the consummation of the Loan will not cause any change, downgrade or withdrawal of such rating.

(i) Title Insurance Policies; Surveys. The Syndication Agent shall have received (i) title insurance policies issued by a title insurance company satisfactory to the Syndication Agent, and all of the Co-Lenders in form and substance satisfactory to Co-Lenders, insuring the Borrower's good and marketable fee simple title to the Unencumbered Assets (the "Title Policy"), together with a title "bring down" or lien search showing no liens or encumbrances other than Permitted Liens on any Unencumbered Asset and (ii) a recent survey with respect to each of the Unencumbered Assets reasonably satisfactory in form and substance to the Syndication Agent and all of the Co-Lenders.

(j) Financial Statements. The Syndication Agent shall have received the (i) consolidated audited financial statements of Borrower and the REIT and their Consolidated Subsidiaries for the most recently ended fiscal year of Borrower and the REIT and the unaudited consolidated financial statements of Borrower and the REIT and their Consolidated Subsidiaries for each fiscal quarter of Borrower and the REIT and their Consolidated Subsidiaries ending since the end of such entity's most recent fiscal year and (ii) for each Real Property Asset, annual operating statements and occupancy statements for Borrower's most recent fiscal year together with current year to date operating statements, current occupancy statements and operating and capital budget approved by Borrower for the current fiscal year. Such financial statements shall be reasonably acceptable to the Syndication Agent and all of the Co-Lenders in their sole discretion, and each such statement shall be certified by a general partner or senior executive officer of Borrower and the REIT that, as of the Closing Date, there has been no material adverse change in the financial condition of any Real Property Asset or Borrower, the REIT or the respective Loan Parties since the date thereof.

(k) Environmental Matters. The Syndication Agent shall have received environmental reports with respect to each of the Real Property Assets, each of which shall be in form and substance reasonably satisfactory to the Syndication Agent and all of the Co-Lenders.

(l) Fees and Operating Expenses. The Syndication Agent shall have received, for its and the Co-Lenders' account, as applicable, the Facility Fee, all costs and expenses of the Syndication Agent and the Co-Lenders in connection with the Loan, Fees and other fees and expenses due and payable hereunder on or before the Closing Date, including, without limitation, the costs of all environmental reports required to be delivered hereunder and the fees and expenses accrued through the Closing Date, of counsel retained by the Syndication Agent and the Co-Lenders.

(m) Consents, Licenses, Approvals, etc. The Syndication Agent shall have received certified copies of all consents, licenses and approvals, if any, required in connection with the execution, delivery and performance by Borrower and the other Loan Parties, and the validity and enforceability, of the Loan Documents, or in connection with the Loan, and such consents, licenses and approvals shall be in full force and effect.

(n) Intentionally Deleted.

(o) Intentionally Deleted.

(p) Zoning Compliance. The Syndication Agent shall have received evidence reasonably satisfactory to the Syndication Agent and all of the Co-Lenders to the effect that each of the Unencumbered Assets and the use thereof are in substantial compliance with the applicable zoning, subdivision, and all other applicable federal, state or local laws and ordinances affecting each of the Unencumbered Assets, and that all building and operating licenses and permits necessary for the use and occupancy of each of the Unencumbered Assets as a mobile home park or manufactured housing community including, but not limited to, current certificates of occupancy, if available, have been obtained and are in full force and effect.

(q) Leases. The Syndication Agent shall have received certified copies of the standard forms of lease which will be used by Borrower in leasing space in each of the Unencumbered Assets.

(r) Contracts and Agreements. The Syndication Agent shall have received certified copies of all contracts and agreements relating to the management, leasing and operation of each of the Unencumbered Assets each of which shall be reasonably satisfactory to the Syndication Agent and all of the Co-Lenders.

(s) Plans and Specifications. The Syndication Agent shall have been provided access to the plans and specifications for each of the Unencumbered Assets, if available.

(t) Representations and Warranties. The Syndication Agent shall have received a certification by the REIT for itself and as general partner of Borrower certifying that to the best of its knowledge, all of the representations and warranties contained in this Agreement,

the Security Instruments and the other Loan Documents are true and correct with respect to each of the Real Property Assets, Borrower and each Loan Party, and that there is no Default or Event of Default hereunder.

(u) Certification as to Covenants. The Syndication Agent shall have received a certificate of the REIT and for itself and as general partner of Borrower together with other evidence satisfactory to Agent and all of the Co-Lenders that, as of the Closing Date and after giving effect to the Loan to be consummated thereon, there is no Default or Event of Default hereunder.

(v) Certification as to Applicable Laws. The Syndication Agent shall have received such evidence as the Syndication Agent and all of the Co-Lenders shall deem necessary to establish (including, without limitation, a certification by the REIT for itself and as general partner of Borrower) that to the best knowledge of Borrower and the REIT, each Real Property Asset is in material compliance with all Applicable Laws as of the Closing Date.

(w) Additional Matters. The Syndication Agent shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by the Syndication Agent and any of the Co-Lenders, and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Loan shall be reasonably satisfactory in form and substance to the Syndication Agent and all of the Co-Lenders.

Section 3.02 Conditions Precedent to All Advances of the Loan. The obligation of Lender and each Co-Lender to make any Advance under the Loan (including the initial Advance made on or after the Closing Date) (or its pro rata share thereof) is subject to the satisfaction on the date such Advance is made of the following conditions precedent:

(a) Representations and Warranties. The representations and warranties contained herein and in the other Loan Documents (other than representations and warranties which expressly speak only as of a different date) shall be true and correct in all material respects on such date both before and after giving effect to the making of such Advance.

(b) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing on such date either before or after giving effect to the making of such Advance.

(c) No Injunction. No law or regulation shall have been adopted, no order, judgment or decree of any governmental authority shall have been issued, and no litigation shall be pending or threatened, which in the good faith judgment of Agent would enjoin, prohibit or restrain, or impose or result in the imposition of any material adverse condition upon, the making of the Advances or Borrower's obligation to pay (or Agent or any Co-Lender's rights to receive payment) of the Loan and the other Obligations or the consummation of the Loan.

(d) No Material Adverse Change. No event, act or condition shall have occurred after the Closing Date which, in the reasonable judgment of Agent has had or would have a Material Adverse Effect.

(e) Notice of Borrowing. Agent shall have received a fully executed Notice of Borrowing or Notice of Conversion or Continuation, as the case may be, in respect of the Advance to be made on such date.

(f) No Litigation. Except for matters identified on Schedule 5 (as the same may be amended or supplemented), no actions, suits or proceedings shall be pending or threatened with respect to the Loan or the Loan Documents, Borrower or any of the other Loan Parties, or with respect to the Real Property Assets, that could, in the aggregate, result in a Material Adverse Effect and matters identified on Schedule 5, in the aggregate, do not result in a Material Adverse Effect.

(g) Title Insurance Searches. Agent, or any Co-Lender, may elect, in its sole discretion, to perform or have performed Title Searches with respect to some or all of the Unencumbered Assets at Borrower's sole cost and expense. Provided that no Event of Default has occurred and is continuing, Borrower shall be required to pay for only one Title Search per Real Property Asset per consecutive twelve (12) month period, unless a Title Search indicates a Lien other than a Permitted Lien or another state of facts not reasonably satisfactory to Agent and the Majority Co-Lenders, in which case Borrower shall pay for such Title Search and a subsequent Title Search to establish that such Lien or state of facts has been removed. The results of all such Title Searches shall be satisfactory to Agent in its reasonable discretion.

(h) UCC Searches. Agent shall have received satisfactory (i.e., showing no Liens other than Permitted Liens) UCC searches, together with tax lien searches conducted in the appropriate jurisdictions and as requested by Agent and the Co-Lenders performed by a search firm acceptable to Agent with respect to the Unencumbered Assets, Borrower and each of the other Loan Parties.

(i) Additional Matters. Agent shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by Agent or any of the Co-Lenders and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Loan shall be satisfactory in form and substance to Agent and the Majority Co-Lenders.

Section 3.03 Acceptance of Borrowings. The acceptance by Borrower of the proceeds of each Advance shall constitute a representation and warranty by Borrower to Agent and the Co-Lenders that all of the conditions required to be satisfied under this Section 3 in connection with the making of such Advance and all of the terms and provisions of this Agreement have been satisfied.

Section 3.04 Sufficient Counterparts. All certificates, agreements, legal opinions and other documents and papers referred to in this Section 3, unless otherwise specified,

shall be delivered to Agent and shall be satisfactory in form and substance to Agent and the Co-Lenders in their sole discretion (unless the form thereof is prescribed herein) and Borrower shall deliver sufficient counterparts of all such materials for distribution to Agent and each Co-Lender.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

In order to induce Agent, Lender and the Co-Lender to enter into this Agreement and to make the Loan, Borrower and the REIT make the following representations and warranties, which shall survive the execution and delivery of this Agreement and the Note and the making of the Loan and each Advance:

Section 4.01 Corporate/Partnership Status. Each of Borrower and the other Loan Parties (a) is a duly organized and validly existing corporation or partnership, as the case may be, in good standing under the laws of the jurisdiction of its incorporation or formation, (b) has all requisite corporate or partnership power and authority, as the case may be, to own its property and assets (including the Real Property Assets) and to transact the business in which it is engaged or presently proposes to engage (including this Loan) and (c) has duly qualified and is authorized to do business and is in good standing as a foreign corporation or foreign partnership, as the case may be, in every jurisdiction in which it owns or leases real property (including the Real Property Assets) or in which the nature of its business requires it to be so qualified.

Section 4.02 Corporate/Partnership Power and Authority. Each of Borrower and the other Loan Parties has the corporate or partnership power and authority, as the case may be, to execute, deliver and carry out the terms and provisions of each of the Loan Documents to which it is a party and has taken all necessary corporate or partnership action, as the case may be, to authorize the execution, delivery and performance by it of such Loan Documents. Each of Borrower and the other Loan Parties has duly executed and delivered each such Loan Document, and each such Loan Document constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by applicable insolvency, bankruptcy or other laws affecting creditors' rights generally, or general principles of equity whether enforcement is sought in a proceeding in equity or at law.

Section 4.03 No Violation. To the best of Borrower's and the REIT's knowledge, neither the execution, delivery or performance by Borrower or any other Loan Party of the Loan Documents to which it is a party, nor the compliance by such Person with the terms and provisions thereof nor the consummation of the Loan, (a) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, or (b) will conflict with or result in any material breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the Assets (including the Real Property Assets) of Borrower or any of the other Loan Parties (or of any partnership of which such Person is a partner) pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower or any of the other Loan Parties (or of any partnership of which such Person is a partner) is a party or by which it or any of its Assets (including the Real Property Assets) is bound or to which it may be subject, or (c) will, with respect to Borrower or any Loan Party which is a partnership, violate any provisions of the

partnership agreement of such Person (or the partnership agreement of any partnership of which such Person is a partner), or (d) will, with respect to the REIT or any of the Loan Parties which is a corporation, violate any provision of the Certificate of Incorporation or By-Laws of such Person.

Section 4.04 Litigation. Except as set forth on Schedule 5, there are no actions, suits or proceedings, judicial, administrative or otherwise, pending or, to the best of Borrower's or the REIT's knowledge, threatened with respect to any of the Loan or any of the Loan Documents, Borrower, the REIT, or any of the other Loan Parties, or with respect to the Real Property Assets, that could, in the aggregate, result in a Material Adverse Effect. All matters set forth on Schedule 5 do not, in the aggregate, result in a Material Adverse Effect.

Section 4.05 Financial Statements: Financial Condition; etc. The financial statements delivered pursuant to Section 3.01(j) were prepared in accordance with GAAP consistently applied and fairly present the financial condition and the results of operations of Borrower, the REIT and their Consolidated Subsidiaries and the Real Property Assets covered thereby on the dates and for the periods covered thereby, except as disclosed in the notes thereto and, with respect to interim financial statements, subject to usual year-end adjustments. Neither Borrower nor the REIT nor any of their Consolidated Subsidiaries has any material liability (contingent or otherwise) not reflected in such financial statements or in the notes thereto. There has been no adverse change in any condition, fact, circumstance or event that would make any such information materially inaccurate, incomplete or otherwise misleading or would affect Borrower's or the REIT's ability to perform its obligations under this Agreement.

Section 4.06 Solvency. On the Closing Date and after and giving effect to the Loan, Borrower and the Loan Parties will be Solvent.

Section 4.07 Material Adverse Change. Since the date of the most recent audited financial statements delivered pursuant to Section 3.01(j), there has occurred no event, act or condition, and to the best of Borrower's or the REIT's knowledge, there is no prospective event or condition which has had, or could have, a Material Adverse Effect.

Section 4.08 Use of Proceeds; Margin Regulations. All proceeds of each Advance will be used by Borrower and the REIT only in accordance with the provisions of Section 2.20. No part of the proceeds of any Advance will be used by Borrower and the REIT to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Advance nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulations G, T, U or X of the Federal Reserve Board.

Section 4.09 Governmental Approvals. To the best knowledge of Borrower and the REIT, no order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with (i) the execution, delivery and performance of any Loan Document or the consummation of the Loan or (ii) the legality, validity, binding effect or enforceability of any Loan Document.

Section 4.10 Unsecured Debt Rating. Borrower has an Unsecured Debt Rating of BBB- or higher assigned by Standard & Poor's Ratings Services and of Baa3 or higher assigned by Moody's Investor Service, Inc., and the consummation of the Loan will not cause any change, downgrade or withdrawal of such rating.

Section 4.11 Tax Returns and Payments. Borrower, the REIT and the other Loan Parties have filed all tax returns required to be filed by them for which the filing date has passed and not been extended and has paid all taxes and assessments payable by such Persons which have become due, other than (a) those not yet delinquent or (b) those that are reserved against in accordance with GAAP which are being diligently contested in good faith by appropriate proceedings.

Section 4.12 ERISA. Neither Borrower or any of the other Loan Parties has any Employee Benefit Plans other than those listed on Schedule 6. No accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA) or Reportable Event has occurred with respect to any Plan. As of the Closing Date, the Unfunded Benefit Liabilities do not in the aggregate exceed \$500,000. Borrower, the other Loan Parties and each member of their respective ERISA Controlled Group have complied in all material respects with the requirements of ERISA and the Code and plan documents for each Employee Benefit Plan and Plans and are not in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan. Neither Borrower nor any of the other Loan Parties, nor any member of their respective ERISA Controlled Groups is subject to any present or potential liability or withdrawal liability or annual withdrawal liability payments, which, individually or in the aggregate, could materially adversely affect any of such Persons. To the best knowledge of Borrower, the other Loan Parties and their respective ERISA Controlled Group, no Multiemployer Plan is or is likely to be in reorganization (within the meaning of Section 4241 of ERISA or Section 418 of the Code) or is insolvent (as defined in Section 4245 of ERISA). No material liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Plan or any trust established under Title IV of ERISA has been, or is expected by Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group to be, incurred by Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group. Except as otherwise disclosed on Schedule 6 hereto, none of Borrower, the other Loan Parties, nor, any member of their respective ERISA Controlled Group has any contingent liability with respect to any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA. No lien under Section 412(n) of the Code or 302(f) of ERISA or requirement to provide security under Section 401(a)(29) of the Code or Section 307 of ERISA has been or is reasonably expected by Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group to be imposed on the assets of Borrower, the other Loan Parties, or any member of their respective ERISA Controlled Group. Neither Borrower nor any other Loan Party is a party to any collective bargaining agreement. Neither Borrower nor any Loan Party nor any of their ERISA Controlled Group has engaged in any transaction prohibited by Section 408 of ERISA or Section 4975 of the Code. As of the Closing Date and throughout the term of the Loan, neither Borrower nor any other Loan Party is or will be an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and none of the assets of Borrower or any other Loan Party will constitute "plan assets" of one or more such plans for

purposes of Title I of ERISA. As of the Closing Date and throughout the term of the Loan, neither Borrower nor any other Loan Party is or will be a "governmental plan" within the meaning of Section 3(3) of ERISA and neither Borrower nor any other Loan Party will be subject to state statutes applicable to Borrower or such Loan Party regulating investments and fiduciary obligations, of Borrower or any Loan Party with respect to governmental plans.

Section 4.13 Intentionally Deleted.

Section 4.14 Representations and Warranties in Loan Documents. All representations and warranties made by Borrower, the REIT or any other Loan Party in the Loan Documents are true and correct in all material respects.

Section 4.15 True and Complete Disclosure. To the best knowledge of Borrower and the REIT, all factual information (taken as a whole) furnished by or on behalf of Borrower, the REIT or any other Loan Party in writing to Agent and/or the Syndication Agent on or prior to the Closing Date, for purposes of or in connection with this Agreement or the Loan (the "Furnished Information") is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Borrower, the REIT or any other Loan Party in writing to Agent and/or the Syndication Agent will be, true, accurate and complete in all material respects and will not omit any material fact necessary to make such information (taken as a whole) not misleading on the date as of which such information is dated or furnished. As of the Closing Date, there are no facts, events or conditions directly and specifically affecting Borrower, the REIT, or any other Loan Party known to Borrower, the REIT or any other Loan Party and not disclosed to Agent and the Syndication Agent, in the Furnished Information, in the Schedules attached hereto or in the other Loan Documents, which, in the aggregate, have or could be expected to have a Material Adverse Effect.

Section 4.16 Ownership of Real Property; Existing Security Instruments. Borrower or the Operating Partnerships have good and marketable fee simple title in all of the Real Property Assets and good title to all of their personal property subject to no Lien of any kind except for Permitted Liens. Borrower or a Guarantor, as applicable, has good and marketable fee simple title in all of the Unencumbered Assets. As of the date of this Agreement, there are no options or other rights to acquire any of the Real Property Assets that run in favor of any Person and there are no mortgages, deeds of trust, indentures, debt instruments or other agreements creating a Lien against any of the Real Property Assets other than Permitted Liens and, except for Unencumbered Assets, Permitted Mortgage Debt.

Section 4.17 No Default. No Default or Event of Default exists under or with respect to any Loan Document. Neither Borrower, any Loan Party or any of their respective Subsidiaries is in default in any material respect beyond any applicable grace period under or with respect to any other material agreement, instrument or undertaking to which it is a party or by which it or any of its properties or assets is bound in any respect, the existence of which default could result in a Material Adverse Effect.

Section 4.18 Licenses, etc. Borrower or the applicable Loan Party has obtained and holds in full force and effect, all material franchises, trademarks, tradenames, copyrights,

licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals which are necessary for the operation of the Real Property Assets and their respective businesses as presently conducted.

Section 4.19 Compliance With Law. To the best knowledge of Borrower and the REIT, Borrower, the REIT and each Loan Party is in material compliance with all Applicable Laws and other laws, rules, regulations, orders, judgments, writs and decrees, noncompliance with which could result in a Material Adverse Effect.

Section 4.20 Brokers. Borrower, the REIT, Agent and each Co-Lender hereby represent and warrant that no brokers or finders were used in connection with procuring the financing contemplated hereby and Borrower and the REIT hereby agree to indemnify and save Agent and each Co-Lender harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Agent or any Co-Lender as a result of any claim or assertion by any party claiming by, through or under Borrower, the REIT or any Loan Party, that it is entitled to compensation in connection with the financing contemplated hereby and Agent and each Co-Lender hereby agrees to indemnify and save Borrower harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Borrower as a result of any claim or assertion by any party claiming by, through or under Agent or any Co-Lender that it is entitled to compensation in connection with the financing contemplated hereby.

Section 4.21 Judgments. To the best knowledge of Borrower and the REIT, there are no judgments, decrees, or orders of any kind against Borrower or any Loan Party unpaid of record which would materially or adversely affect the ability of Borrower or any Loan Party to comply with its obligations under the Loan or this Agreement in a timely manner. To the best knowledge of Borrower and the REIT, there are no federal tax claims or liens assessed or filed against Borrower or any Loan Party or any related entity, or any principal thereof, and there are no material judgments against Borrower or any Loan Party unsatisfied of record or docketed in any court of the States in which the Real Property Assets are located or in any other court located in the United States and no petition in bankruptcy or similar insolvency proceeding has ever been filed by or against Borrower or any Loan Party, and neither Borrower nor any Loan Party has ever made any assignment for the benefit of creditors or taken advantage of any insolvency act or any act for the benefit of debtors.

Section 4.22 Property Manager. As of the date hereof, the manager of the Real Property Assets is Borrower. The manager of the Canadian Properties is Fort McMurray, Inc.

Section 4.23 Assets of the REIT. The sole assets of the REIT are its general partnership interest in Borrower, such other assets that may be incidental to or required in connection with the ownership of such general partnership interest, and as set forth on Schedule 8. The REIT is the sole general partner of Borrower.

Section 4.24 REIT Status. The "REIT" is a "qualified real estate investment trust" as defined in Section 856 of the Code.

Section 4.25 Operations. The REIT conducts its business directly only through Borrower, except as described on Schedule 9A, and the Borrower conducts its business only in its own name, except as described on Schedule 9B.

Section 4.26 Stock. The REIT lists all of its outstanding shares of stock on the New York Stock Exchange.

Section 4.27 Ground Leases. With respect to those Real Property Assets in which Borrower or any other Loan Party holds a leasehold estate under a Ground Lease, with respect to each such Ground Lease (i) Borrower or the respective Loan Party is the owner of a valid and subsisting interest as tenant under the Ground Lease; (ii) the Ground Lease is in full force and effect, unmodified and not supplemented by any writing or otherwise; (iii) all rent, additional rent and other charges reserved therein have been paid to the extent they are payable to the date hereof; (iv) the remaining term of the Ground Lease is at least 10 years after the Maturity Date; (v) Borrower or the respective Loan Party enjoys the quiet and peaceful possession of the estate demised thereby, subject to any sublease; (vi) the Borrower or the respective Loan Party is not in default under any of the terms thereof and there are no circumstances which, with the passage of time or the giving of notice or both, would constitute an event of default thereunder; (vii) the lessor under the Ground Lease is not in default under any of the terms or provisions thereof on the part of the lessor to be observed or performed; (viii) the lessor under the Ground Lease has satisfied all of its repair or construction obligations, if any, to date pursuant to the terms of the Ground Lease; (ix) Schedule 10 lists all the Ground Leases to which any of the Real Property Assets are subject and all amendments and modifications thereto; and (x) the lessor indicated on Schedule 10 for each Ground Lease is the current lessor under the related Ground Lease.

Section 4.28 Single Purpose. Each Operating Partnership is and will continue to be engaged only in the business of owning, operating and developing Real Property Assets. No Operating Partnership owns or has any interest in any Person. The sole partners and beneficial owners of each Operating Partnership are and will continue to be, directly or indirectly, Borrower and/or the REIT. The principal place of business of each Operating Partnership is, and will continue to be, the location of Borrower's principal place of business.

Section 4.29 Status of Property. With respect to each Real Property Asset, except as set forth on Schedule 12:

(a) No portion of any improvement on the Real Property Asset is located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, or any successor law, or, if located within any such area, Borrower or the respective Loan Party has obtained and will maintain the insurance prescribed in Section 5.03 hereof.

(b) To the best knowledge of Borrower and the REIT, Borrower or the respective Loan Party has obtained all necessary certificates, licenses and other approvals,

governmental and otherwise, necessary for the operation of the Real Property Asset and the conduct of its business and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification.

(c) To the best knowledge of Borrower and the REIT, the Real Property Asset and the present and contemplated use and occupancy thereof are in material compliance with all applicable zoning ordinances (without reliance upon grandfather provisions or adjoining or other properties), building codes, land use and environmental laws, laws relating to the disabled (including, but not limited to, the ADA) and other similar laws.

(d) The Real Property Asset is served by all utilities required for the current or contemplated use thereof. All utility service is provided by public utilities and the Real Property Asset has accepted or is equipped to accept such utility service.

(e) All public roads and streets necessary for service of and access to the Real Property Asset for the current or contemplated use thereof have been completed, are serviceable and all-weather and are physically and legally open for use by the public.

(f) The Real Property Asset is served by public water and sewer systems; or, if the Real Property Asset is not serviced by a public water and sewer system, such alternate systems are adequate and meet, in all material respects, all requirements and regulations of, and otherwise complies in all material respects with, all Applicable Laws.

(g) Neither Borrower nor any Loan Party is aware of any latent or patent structural or other significant deficiency of the Real Property Asset. The Real Property Asset is free of damage and waste that would materially and adversely affect the value of the Real Property Asset, is in good repair and there is no deferred maintenance, other than ordinary wear and tear. The Real Property Asset is free from damage caused by fire or other casualty. There is no pending or, to the actual knowledge of Borrower, the REIT or the respective Loan Party, threatened condemnation proceedings affecting the Real Property Asset, or any part thereof.

(h) To the best knowledge of Borrower and the REIT, all costs and expenses of any and all labor, materials, supplies and equipment used in the construction of the improvements on the Real Property Asset have either (i) been paid in full, (ii) not yet due and payable, or (iii) are being contested in good faith by Borrower, the REIT or the applicable Loan Party. Subject to Borrower's or the respective Loan Party's right to contest as set forth in any Permitted Mortgage Debt related to such Real Property Asset, there are no mechanics' or similar liens or claims that have been filed and recorded for work, labor or materials that affects the Real Property Asset.

(i) To the best knowledge of Borrower and the REIT, Borrower or the respective Loan Party has paid in full for, and is the owner of, all furnishings, fixtures and equipment (other than tenants' property) used in connection with the operation of the Real Property Asset, free and clear of any and all security interests, liens or encumbrances, except for Permitted Liens and purchase money financing which is not a Lien on the fee title of such Real

Property Asset and is incurred in the ordinary course of business.

(j) To the best knowledge of Borrower and the REIT, all liquid and solid waste disposal, septic and sewer systems located on the Real Property Asset are in a good and safe condition and repair and are in material compliance with all Applicable Laws.

(k) All improvements on the Real Property Asset lie within the boundaries and building restrictions of the legal description of record of the Real Property Asset, no such improvements encroach upon easements benefitting the Real Property Asset other than encroachments that do not materially adversely affect the use or occupancy of the Real Property Asset and no improvements on adjoining properties encroach upon the Real Property Asset or easements benefitting the Real Property Asset other than encroachments that do not materially adversely affect the use or occupancy of the Real Property Asset. All amenities, access routes or other items that materially benefit the Real Property Asset are under direct control of Borrower or the respective Loan Party, constitute permanent easements that benefit all or part of the Real Property Asset or are public property, and the Real Property Asset, by virtue of such easements or otherwise, is contiguous to a physically open, dedicated all weather public street, and has the necessary permits for ingress and egress.

(l) If the Real Property Asset constitutes a legal non-conforming use, the non-conforming Improvements may be rebuilt to current density and used and occupied for such non-conforming purposes if damaged or destroyed.

(m) To the best knowledge of Borrower and the REIT, there are no delinquent taxes, ground rents, water charges, sewer rents, assessments (including assessments payable in future installments), insurance premiums, leasehold payments, or other outstanding charges affecting the Real Property Asset.

(n) To the best knowledge of Borrower and the REIT, the Real Property Asset is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Real Property Asset or any portion thereof.

(o) (i) Borrower or the respective Loan Party is the sole owner of the entire lessor's interest in the Leases; (ii) the Leases are valid and enforceable; (iii) the terms of all alterations, modifications and amendments to the Leases are reflected in the certified occupancy statement delivered to and approved by Agent; (iv) none of the rents reserved in the Leases have been assigned or otherwise pledged or hypothecated; (v) none of the rents have been collected for more than one (1) month in advance (other than rents in connection with Seasonal RV Sites); (vi) the premises demised under the Leases have been completed and the tenants under the Leases have accepted the same and have taken possession of the same on a rent-paying basis; (vii) there exist no offsets or defenses to the payment of any portion of the rents; (viii) with respect to Unencumbered Assets no Lease contains an option to purchase, right of first refusal to purchase, or any other similar provision; (ix) no person or entity has any possessory interest in, or right to occupy, the Real Property Asset except under and pursuant to a Lease; (x) with respect to

Unencumbered Assets, there are no prior assignments, pledges, hypothecations or other encumbrances of any Leases or any portion of rents due and payable or to become due and payable thereunder which are presently outstanding; and (xi) the Real Property Asset is not subject to any Lease other than the Leases described in the rent rolls delivered pursuant to Section 5.01(a), none of which is a lease for commercial use (other than laundry, cable television, vending and other similar commercial leases for services).

(p) No portion of the Real Property Asset has been or will be purchased with proceeds of any illegal activity.

(q) To the best knowledge of Borrower and the REIT, all contracts, agreements, consents, waivers, documents and writings of every kind or character at any time to which the Borrower or any Loan Party is a party to be delivered to Agent pursuant to any of the provisions hereof are valid and enforceable against the Borrower and such Loan Party and, to the best knowledge of Borrower, are enforceable against all other parties thereto, and in all respects are what they purport to be and, to the best knowledge of Borrower, to the extent that any such writing shall impose any obligation or duty on the party thereto or constitute a waiver of any rights which any such party might otherwise have, said writing shall be valid and enforceable against said party in accordance with the terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

Section 4.30 Canadian Properties. With respect to each Canadian Property, the Borrower's only interest therein is as the holder of a mortgage lien on each Canadian Property as described on Schedule 13. The Borrower is the sole holder of the mortgagee's interest in the Canadian Mortgages and such interest has not been pledged, assigned, or participated.

Section 4.31 Intentionally Deleted.

Section 4.32 Survival. The foregoing representations and warranties shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the indebtedness evidenced by the Note has been fully paid and satisfied and Lender and the Co-Lenders have no further commitment to advance funds hereunder. The request for any Advance under this Agreement by Borrower or on its behalf shall constitute a certification that the aforesaid representations and warranties are true and correct as of the date of such request, except to the extent any such representation or warranty shall relate solely to an earlier date.

SECTION 5. AFFIRMATIVE COVENANTS.

Borrower and the REIT covenant and agree that on and after the Closing Date and until the Obligations are paid in full:

Section 5.01 Financial Reports. (a) Borrower will furnish to Agent: (i) annual audited consolidated financial statements of the REIT and its Consolidated Subsidiaries prepared in accordance with GAAP within 90 days of the end of the REIT's fiscal year prepared by nationally recognized independent public accountants (which accountant's opinion shall be

unqualified), including the related consolidated statements of income, cash flow and retained earnings and setting forth in comparative form the figures for the corresponding prior year period, satisfactory to Agent; (ii) within 60 days after the close of each quarterly accounting period in each fiscal year, the management prepared consolidated balance sheet of the REIT and its Consolidated Subsidiaries as of the end of such quarterly period and the related consolidated statements of income, cash flow and retained earnings for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, each prepared in accordance with GAAP; (iii) annual audited, if available, or unaudited consolidated financial statements of Borrower and its Consolidated Subsidiaries prepared in accordance with GAAP within 90 days of the end of Borrower's fiscal year and, if audited, prepared by nationally recognized independent public accountants (which accountant's opinion shall be unqualified), including the related consolidated statements of income, cash flow and retained earnings and setting forth in comparative form the figures for the corresponding prior year period, satisfactory to Agent; (iv) within 60 days after the close of each quarterly accounting period in each fiscal year, the management prepared consolidated balance sheet of Borrower and its Consolidated Subsidiaries as of the end of such quarterly period and the related consolidated statements of income, cash flow and retained earnings for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, each prepared in accordance with GAAP; and (v) copies of all of the REIT's, Borrower's and Loan Parties' quarterly and annual filings with the Securities and Exchange Commission and all shareholder reports and letters to the REIT's, Borrower's and all Loan Parties' shareholders or partners, as the case may be and all other publicly released information promptly after their filing or mailing. Borrower and the REIT will furnish such additional reports or data, but no more often than on a quarterly basis, as Agent may reasonably request including, without limitation, monthly operating statements, a certified rent roll, leasing and management reports for each Unencumbered Asset. Borrower and the REIT shall maintain a system of accounting capable of furnishing all such information and data, and shall maintain its books and records respecting financial and accounting matters in a proper manner and on a basis consistent with that used in the preparation of the GAAP consolidated financial statements of Borrower. Financial reports requested by Agent of Borrower shall be provided to Agent no later than (A) the later of (I) 15 days after such request and (II) 60 days after the end of the fiscal quarter relating to the requested financial reports described in clause (ii) or (iv) above or (B) 90 days after the end of the fiscal year relating to such financial report described in clause (i) or (iii) above.

(b) Officer's Certificates; Comfort Letters. (i) At the time of the delivery of the financial statements under clause (a) above, Borrower and the REIT shall provide a certificate of the REIT for itself and as general partner of Borrower that (x) such financial statements have been prepared in accordance with GAAP (unless such financial statements are not required to be prepared in accordance with GAAP pursuant to this Agreement) and fairly present the consolidated financial condition and the results of operations of the REIT, its Consolidated Subsidiaries, Borrower, its Consolidated Subsidiaries and the Real Property Assets, as applicable, on the dates and for the periods indicated, subject, in the case of interim financial statements, to usual year end adjustments, (y) to the best knowledge of Borrower and the REIT, that no Default or Event of Default has occurred on the date of such certificate or, if any Default or Event of Default has occurred and is continuing on such date, specifying the nature and extent thereof and the action Borrower and the REIT propose to take in respect thereof, and (z) that

since the date of the prior financial statements delivered pursuant to such clause no change has occurred in the financial position of Borrower or the REIT or their respective Consolidated Subsidiaries, which change could result in a Material Adverse Effect.

(ii) Within 60 days of the end of each calendar quarter, Borrower and the REIT shall provide a certificate of the REIT for itself and as general partner of Borrower certifying that no Default or Event of Default has occurred, that there has been no change in the REIT's tax status as a real estate investment trust as defined under Section 856 of the Code, and demonstrating compliance with the financial covenants set forth in Sections 5.16, 5.17, 5.18, 5.21 and 6.07 hereof (including providing copies of the most recently available unaudited operating statements of the Real Property Assets) and the provisions of Sections 5.12, 5.13, 5.19, 6.09, 6.10, 6.14 and 6.15 and containing calculations verifying such compliance commencing with the calendar quarter ending on June 30, 1996; provided that the certificate for the last calendar quarter with respect to Sections 5.16, 5.17, 5.18 and 6.07 may be delivered within 90 days after the end of such fiscal year with the audited financial statements for the year then ended.

(c) Notice of Default or Litigation. Promptly after a Responsible Officer obtains actual knowledge thereof, Borrower and the REIT shall give Agent notice of (i) the occurrence of a Default or any Event of Default, (ii) the occurrence of (x) any default that is not cured, or any event of default, under any partnership agreement of Borrower or any Loan Party, any mortgage, deed of trust, indenture or other debt or security instrument, covering any of the Assets of Borrower or (y) any event of default under any other material agreement to which Borrower or the REIT or any other Loan Party is a party, which, if not cured could result in a Material Adverse Effect, (iii) any litigation or governmental proceeding pending or threatened (in writing) against Borrower, the REIT or any other Loan Party which could result in a Material Adverse Effect and (iv) any other event, act or condition which could result in a Material Adverse Effect. Each notice delivered pursuant to this Section 5.01(c) shall be accompanied by a certificate of the REIT for itself and as general partner of Borrower setting forth the details of the occurrence referred to therein and describing the actions Borrower and the REIT proposes to take with respect thereto.

(d) Asset Information. Promptly after they have been prepared, but in no event later than 60 days after the end of each calendar quarter, Borrower shall deliver to Agent schedules that provide the following information:

(i) Funds from Operations calculation for the preceding quarter;

(ii) Net Operating Income and net cash flow calculations for the preceding quarter for each Real Property Asset;

(iii) Consolidated listing of all unsecured and recourse Indebtedness;

(iv) Listing of net Book Value and gross Book Value of all Unencumbered Assets;

(v) Listing of all Real Property Assets and Other Assets acquired, transferred or sold during the preceding quarter and the price paid or received, as the case may be, for such Asset; and

(vi) Listing of pending acquisitions, transfers and sales of any Assets and the estimated acquisition or sales price, as the case may be, for any acquisition, transfer or sale for which a contract of sale has been executed or a non-refundable deposit has been made or received.

(e) Intentionally Deleted.

(f) Other Information. From time to time, Borrower shall provide such other information and financial documents relating to Borrower as Agent may reasonably request.

Section 5.02 Books, Records and Inspections. Borrower shall, and shall cause each applicable Loan Party to, at Borrower's or such Loan Party's principal place of business or at each Real Property Asset, keep proper books of record and account in which full, true and correct entries shall be made. Borrower shall and shall cause each applicable Loan Party to, permit officers and designated representatives of Agent to visit and inspect any of the Real Property Assets, and to examine and copy the books of record and account of Borrower and any Loan Party and the Real Property Assets (including, without limitation, leases, statements, bills and invoices), discuss the affairs, finances and accounts of Borrower and any Loan Party, and be advised as to the same by, its and their officers and independent accountants, all upon reasonable notice and at such reasonable times as Agent may desire. Any Co-Lender may accompany the Agent on such visit or inspection. Provided that no Event of Default has occurred and is continuing, such inspections shall be made no more frequently than four (4) times in any consecutive twelve (12) month period.

Section 5.03 Maintenance of Insurance. (a) Borrower and the other Loan Parties shall (i) maintain with financially sound and reputable insurance companies insurance on itself and its Other Assets in commercially reasonable amounts, (ii) maintain Agent as named additional insured in respect of any such liability insurance required to be maintained hereunder, and (iii) furnish to Agent from time to time, upon written request, certificates of insurance or certified copies or abstracts of all insurance policies required under this Agreement and such other information relating to such insurance as Agent or any Co-Lender may reasonably request.

(b) With respect to each Real Property Asset, Borrower shall obtain and maintain, or cause to be maintained, insurance providing at least the following coverages:

(i) comprehensive all risk insurance on the Real Property Assets, including contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements, in each case (A) in an amount equal to 100% of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation, but the amount shall in no event be less than the outstanding principal balance of the Note; (B) containing an agreed amount

endorsement with respect to the improvements owned or leased by Borrower waiving all co-insurance provisions; (C) providing for no deductible in excess of \$50,000; and (D) containing an "Ordinance or Law Coverage" or "Enforcement" endorsement if any of the improvements or the use of the Real Property Asset shall at any time constitute legal non-conforming structures or uses. The Full Replacement Cost shall be redetermined from time to time (but not more frequently than once in any twelve (12) calendar months) at the request of Agent by an appraiser or contractor designated and paid by Borrower and approved by Lender, or by an engineer or appraiser in the regular employ of the insurer. After the first appraisal, additional appraisals may be based on construction cost indices customarily employed in the trade. No omission on the part of Agent to request any such ascertainment shall relieve Borrower of any of its obligations under this Section. In addition, Borrower shall obtain (y) flood hazard insurance if any portion of the improvements is currently or at any time in the future located in a federally designated "special flood hazard area", or otherwise required by Agent and (z) earthquake insurance in amounts and in form and substance satisfactory to Agent and the Majority Co-Lenders in the event the Real Property Asset is located in an area with a high degree of seismic activity, or otherwise as required by Agent, provided that the insurance pursuant to clauses (y) and (z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this Section 5.03, except that the deductible on such insurance shall not be in excess of five percent (5%) of the appraised value of the Real Property Asset;

(ii) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Real Property Asset, such insurance (A) to be on the so-called "occurrence" form with a combined single limit of not less than \$1,000,000; (B) to continue at not less than the aforesaid limit until required to be changed by Agent in writing by reason of changed economic conditions making such protection inadequate; and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; and (4) blanket contractual liability for all written and oral contracts;

(iii) business income and rent loss insurance (A) covering all risks required to be covered by the insurance provided for in Subsection 5.03(b)(i); (B) containing an extended period of indemnity endorsement which provides that after the physical loss to the improvements and personal property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of twelve (12) months from the date of the loss, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (C) in an amount equal to 100% of the projected gross income from the Real Property Asset for a period of twelve (12) months. The amount of such business income insurance shall be determined prior to the date hereof and at least once each year thereafter based on the greatest of: (x) Borrower's reasonable estimate of the gross income from the Real Property Asset; (y) the estimate of gross income set forth in the annual operating budget delivered pursuant to Section 5.01(a); and (z) the highest gross

income received during the term of the Note for any full calendar year prior to the date the amount of such insurance is being determined;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Real Property Asset (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in clause (i) above written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to Section 5.03(b)(i), (3) including permission to occupy the Real Property Asset, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the state in which the Real Property Asset is located, and employer's liability insurance (A) with a limit per accident and per disease per employee, and (B) in an amount for disease aggregate in respect of any work or operations on or about the Real Property Asset, or in connection with the Real Property Asset or its operation (if applicable), in each case reasonably required by Agent;

(vi) comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Agent on terms consistent with the commercial general liability insurance policy required under Subsection 3.3(a)(ii);

(vii) umbrella liability insurance in an amount not less than \$15,000,000 per occurrence on terms consistent with the commercial general liability insurance policy required under Subsection 3.3(a)(ii);

(viii) motor vehicle liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of \$1,000,000; and

(ix) such other insurance and in such amounts as Agent from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Real Property Asset located in or around the region in which the Real Property Asset is located.

(c) All insurance provided for hereunder shall be obtained under valid and enforceable policies (the "Policies" or in the singular, the "Policy"), and shall be subject to the approval of Agent and the Majority Co-Lenders as to insurance companies, amounts, forms, deductibles, loss payees and insurers. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the state in which the Real Property Asset is located and approved by Agent and the Co-Lenders. Each insurance company must have a rating of "A" or better for claims paying ability assigned by Standard & Poor's Rating Group or, if Standard & Poor's Rating Group does not assign a rating for such insurance company, such insurance company must have a general policy rating of A or better and a financial class of VIII or better by Best (each such insurer shall be referred to below as a

"Qualified Insurer"). Not less than thirty (30) days prior to the expiration dates of the Policies theretofore furnished to Agent, certified copies of the Policies marked "premium paid" or accompanied by evidence satisfactory to Agent of payment of the premiums due thereunder shall be delivered by Borrower to Agent; provided, however, that in the case of renewal Policies, Borrower may furnish Agent with binders therefor to be followed by the original Policies when issued.

(d) Borrower shall not obtain (i) any umbrella or blanket liability or casualty Policy unless, in each case, such Policy is approved in advance in writing by Agent and approved by the Majority Co-Lenders and such Policy is issued by a Qualified Insurer, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in Section 5.03(b) to be furnished by, or which may be reasonably required to be furnished by, Borrower. In the event Borrower obtains separate insurance or an umbrella or a blanket Policy, Borrower shall notify Agent of the same and shall cause certified copies of each Policy to be delivered as required in Section 5.03(b). Any blanket insurance Policy shall (a) specifically allocate to the Real Property Asset the amount of coverage from time to time required hereunder or (b) be written on an occurrence basis for the coverages required hereunder with a limit per occurrence in an amount equal to the amount of coverage required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 5.03(b).

(e) All Policies of insurance provided for in Section 5.03(b) shall contain clauses or endorsements to the effect that:

(i) the Policy shall not be materially changed (other than to increase the coverage provided thereby) or cancelled without at least 30 days' written notice to Agent and any other party named therein as an insured; and

(ii) each Policy shall provide that the issuers thereof shall give written notice to Agent if the Policy has not been renewed thirty (30) days prior to its expiration.

(f) Borrower shall furnish to Agent, on or before thirty (30) days after the close of each of Borrower's fiscal years, a statement certified by Borrower or a duly authorized officer of Borrower of the amounts of insurance maintained in compliance herewith, of the risks covered by such insurance and of the insurance company or companies which carry such insurance and, if requested by Agent, verification of the adequacy of such insurance by an independent insurance broker or appraiser acceptable to Agent. Agent and the Co-Lenders agree that American Modern Home Group is an acceptable insurance company for so long as its Best general policy rating is A+ or higher and its financial class is VII or greater.

(g) If at any time Agent is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Agent shall have the right, without notice to Borrower to take such action as Agent deems necessary to obtain such insurance coverage as Agent and the Co-Lenders in their sole discretion deems appropriate, and all expenses incurred by Agent and the Co-Lenders in connection with such action or in obtaining such insurance and

keeping it in effect shall be paid by Borrower and the REIT to Agent upon demand and shall bear interest in accordance with Section 10.2 hereof.

(h) If the Real Property Assets shall be damaged or destroyed, in whole or in part, by fire or other casualty, or condemned or taken by eminent domain, Borrower shall give prompt notice of such damage or taking to Agent and shall promptly commence and diligently prosecute the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such fire or other casualty or taking (the "Restoration"). Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance or any condemnation award.

Section 5.04 Taxes. Borrower and the other Loan Parties shall pay or cause to be paid, when due (i.e., before any penalty or fine could be levied or charged), all taxes, charges and assessments and all other lawful claims required to be paid by Borrower, the other Loan Parties, except as contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves have been established with respect thereto in accordance with GAAP. Upon request from Agent, Borrower shall provide evidence to Agent of payment of such taxes, charges, assessments and other lawful claims.

Section 5.05 Corporate Franchises; Conduct of Business. (a) Borrower and each Loan Party shall do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and good standing in the State of its organization and in each state in which a Real Property Asset is located, and its respective franchises, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals, except where the failure to so preserve any of the foregoing (other than existence and good standing) could not, in the aggregate, result in a Material Adverse Effect.

(b) Borrower shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted.

(c) The REIT shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted and only through Borrower, except as described in Schedule 9A.

Section 5.06 Compliance with Law. Borrower and the other Loan Parties shall comply in all material respects with all Applicable Laws, rules, statutes, regulations, decrees and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of their business and the ownership of their property (including the Real Property Assets), except for such laws, rules, statutes, regulations, decrees, orders and restrictions, (a) which Borrower or such other Loan Party are contesting in good faith and in compliance with and pursuant to appropriate proceedings diligently prosecuted (provided that such contest does not and cannot (i) expose any of Agent, the Co-Lenders Borrower, the other Loan Parties to any criminal liability or penalty, (ii) give rise to a Lien against any of the Assets or any Real Property Asset, or (iii) otherwise materially adversely affect any of the Assets or the value thereof), or (b) the failure to observe which, taken individually or in the aggregate, could

not result in a Material Adverse Effect. Borrower and the applicable Loan Parties shall not permit the use of all or any portion of any Real Property Asset to be used for any illegal activity.

Section 5.07 Performance of Obligations. Borrower, the REIT and each Loan Party shall perform all of their obligations under the terms of each mortgage, indenture, security agreement, debt instrument, lease, undertaking and contract by which it or any of the Real Property Assets is bound or to which it is a party (other than the Loan Documents) so as not to cause a Material Adverse Effect.

Section 5.08 Stock. REIT shall cause its issued and outstanding shares of stock to be listed for trading on the New York Stock Exchange.

Section 5.09 Change in Rating. Borrower shall promptly notify Agent in writing of any change, downgrade or withdrawal, or threatened change, downgrade or withdrawal of Borrower's Unsecured Debt Rating.

Section 5.10 Maintenance of Properties. Borrower and the other Loan Parties shall ensure that the Real Property Assets are kept in their current condition and repair, normal wear and tear and casualty damage in the process of being repaired or restored excepted.

Section 5.11 Compliance with ERISA. (a) Borrower and the other Loan Parties shall maintain each Employee Benefit Plan and Plan in compliance with all material applicable requirements of ERISA and the Code and with all material applicable regulations promulgated thereunder. Borrower and the other Loan Parties shall provide to Agent, within ten (10) days of sending or receipt, copies of all filings or correspondence with the Internal Revenue Service, PBGC, Department of Labor, Plan, Multiemployer Plan or union, regarding any Plan, or regarding or disclosing any liability or potential liability or violation of law under any Employee Benefit Plan.

(b) Borrower and the other Loan Parties shall also provide to Agent, with ten (10) days of filing or receipt, (i) any notice from the Department of Labor or Internal Revenue Service of assessment or investigation regarding a prohibited transaction under Section 4975 of the Code or Section 406 of ERISA, (ii) any notice from a Multiemployer Plan of withdrawal with respect to a Multiemployer Plan, (iii) notice from the Internal Revenue Service of imposition of excise tax with respect to an Employee Benefit Plan, (iv) any Form 5500 filed by any Borrower or Loan Party with respect to an Employee Benefit Plan which includes a qualified accountant's opinion, or (v) notice regarding a proposed termination from the PBGC.

(c) Neither Borrower nor any other Loan Party shall engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Agent or the Co-Lenders of any of its rights under this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or result in a violation of a state statute regulating governmental plans that would subject Agent or any Co-Lender to liability for a violation of ERISA or such a state statute.

(d) Borrower and the REIT further covenant and agree to deliver to Agent such certifications or other evidence from time to time throughout the term of the Loan, as reasonably requested by Agent or the Co-Lenders in their sole discretion, that (i) neither Borrower or any other Loan Party is an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (ii) neither Borrower or any other Loan Party is subject to state statutes applicable to Borrower or any Loan Party regulating investments and fiduciary obligations of Borrower or any Loan Party with respect to governmental plans; and (iii) with respect to each Loan Party and Borrower, at least one of the following circumstances is true:

(i) Equity interests in Borrower or such Loan Party are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2);

(ii) Less than 25 percent of each outstanding class of equity interests in Borrower or such Loan Party are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); or

(iii) Borrower or such Loan Party qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940.

Section 5.12 Settlement/Judgment Notice. Borrower agrees that it shall, within ten (10) days after a settlement of any obligation in excess of \$1,000,000.00 provide written notice to Agent of such settlement together with a certification signed by the REIT for itself and as general partner of Borrower certifying that, based upon the most recent quarterly consolidated financial statements of Borrower, the REIT and their Consolidated Subsidiaries, such settlement will not cause Borrower or the REIT to violate the financial covenants set forth in Sections 5.16, 5.17 and 5.18 hereof. Borrower further agrees that it shall, within ten (10) days after entry of a final judgment in excess of \$1,000,000.00 or final judgments in excess of \$1,000,000.00 in the aggregate during the immediately preceding twelve (12) month period, provide written notice to Agent of such judgment together with a certification signed by the REIT for itself and as general partner of Borrower certifying based upon the most recent quarterly consolidated financial statements of Borrower, such judgment will not cause Borrower to violate the financial covenants set forth in Sections 5.16 and 5.17 hereof.

Section 5.13 Acceleration Notice. Borrower agrees that it shall, within ten (10) days after receipt of written notice that any Indebtedness of Borrower or any Loan Party has been accelerated, provide written notice to Agent of such acceleration.

Section 5.14 Lien Searches; Title Searches. In addition to searches and endorsements that Agent or any Co-Lender may require in connection with an Advance, Borrower shall, upon Agent's request therefor given from time to time, but not more frequently than annually, unless an Event of Default shall have occurred and be continuing or such Title Search indicates a Lien other than a Permitted Lien or another state of facts not reasonably satisfactory to Agent and the Majority Co-Lenders, pay for (a) reports of UCC, tax lien, judgment and litigation searches with respect to Borrower, each of the other Loan Parties, and (b) searches

of title to each of the Real Property Assets (each, a "Title Search"). Such Title Searches and lien searches required under this Agreement shall be conducted by search firms designated by Agent in each of the locations designated by Agent.

Section 5.15 Intentionally Deleted.

Section 5.16 Minimum Net Worth. The consolidated minimum Net Worth of Borrower shall not, at any time, be less than \$145,000,000.00 plus 85% of the net proceeds (after payment of underwriter and placement fees and other expenses directly related to such equity offering) received from subsequent equity offerings by the REIT, calculated on a GAAP basis. For purposes of determining compliance with this covenant only, the stock offering by the REIT in connection with the acquisition of 25 manufactured housing communities from Aspen Enterprises Ltd. (the "Aspen Acquisition") shall be considered a subsequent equity offering even though such acquisition has been consummated as of the date hereof.

Section 5.17 Total Indebtedness. (a) The maximum consolidated Total Debt of the REIT, Borrower and their Consolidated Subsidiaries (without duplication) shall not exceed at any time 50% of the lesser of (i) the gross Book Value of all Assets of Borrower and its Consolidated Subsidiaries, or (ii) the total Fair Market Value of all Assets of Borrower and Consolidated Subsidiaries. In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by Agent and the Majority Co-Lenders (but not as a result of a change in such Market Capitalization Rate as published in the Korpacz Real Estate Investment Survey), such breach shall not be deemed an Event of Default unless Borrower and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

(b) The maximum consolidated aggregate Unsecured Debt of the REIT, Borrower and their Consolidated Subsidiaries (without duplication) shall not exceed at any time 50% of the lesser of (i) the gross Book Value of the Unencumbered Assets, or (ii) the aggregate Fair Market Value of the Unencumbered Assets. In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by Agent and the Majority Co-Lenders (but not as a result of a change in such Market Capitalization Rate as published in the Korpacz Real Estate Investment Survey), such breach shall not be deemed an Event of Default unless Borrower and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

Section 5.18 Coverage Ratios. (a) The ratio of (x) actual consolidated EBITDA of Borrower and its Consolidated Subsidiaries (adjusted to include Minimum Capital Expenditure Reserves) for any period of twelve consecutive months (or such shorter period since the date of the Aspen Acquisition pursuant to Section 5.18(d)) (the "Base Period"), to (y) the Debt Service of the REIT, Borrower and their Consolidated Subsidiaries (without duplication) for such Base Period shall not at any time be less than 2.25 to 1.

(b) The ratio of (x) actual consolidated EBITDA (adjusted to include Minimum Capital Expenditure Reserves) of Borrower and its Consolidated Subsidiaries for the applicable Base Period, to (y) the sum of Debt Service plus Fixed Charges of the REIT,

Borrower, and their Consolidated Subsidiaries (without duplication) for the same Base Period shall not at any time be less than 1.85 to 1.

(c) The ratio of (x) actual Net Operating Income from the Unencumbered Assets (adjusted to include Minimum Capital Expenditure Reserves) for the applicable Base Period to (y) actual Debt Service with respect to all Unsecured Debt of the REIT, Borrower and their Consolidated Subsidiaries, (without duplication), for the applicable Base Period shall not at any time be less than 1.80 to 1.

(d) The Coverage Ratios required to be maintained pursuant to this Section 5.18 shall be calculated on a monthly basis. For the purposes of the calculation of these Coverage Ratios, until the first anniversary of the Aspen Acquisition, the Base Period shall mean the period commencing upon the date that the Aspen Acquisition was consummated until the first anniversary thereof.

Section 5.19 Equity or Debt Offerings. All net proceeds (after payment of underwriter and placement fees and other expenses directly related to such equity or debt offering) from any equity or debt offering by the REIT shall be immediately distributed to Borrower.

Section 5.20 Minimum Asset Value. The lesser of (a) the consolidated Book Value of all Unencumbered Assets or (b) the Fair Market Value of all Unencumbered Assets shall at all times equal or exceed \$150,000.000.00.

Section 5.21 Managers. The Real Property Assets shall at all times be managed by the Borrower or an Affiliate of Borrower or the REIT. If (i) any manager shall become insolvent or (ii) an Event of Default shall occur and be continuing, then Agent and the Majority Co-Lenders, at their option, may require Borrower to engage a bona-fide, independent third party management agent approved by Agent and the Majority Co-Lenders in their sole discretion (the "New Manager") to manage the Real Property Assets. The New Manager shall be engaged by Borrower pursuant to a written management agreement that complies with the terms hereof and is otherwise satisfactory to Agent and the Majority Co-Lenders in all respects and the New Manager shall execute and deliver a Subordination of Management Agreement.

Section 5.22 Further Assurances. Borrower will, at Borrower's sole cost and expense, at any time and from time to time upon request of Agent take or cause to be taken any action and execute, acknowledge, deliver or record any further documents, opinions, negative pledge agreements or other instruments which Agent or any Co-Lender in its reasonable discretion deems necessary or appropriate to carry out the purposes of this Agreement and the other Loan Documents including to consummate the transfer or sale of the Loan or any portion thereof.

Section 5.23 REIT Status. The REIT shall at all times maintain its status as a "qualified real estate investment trust" under Section 856 of the Code.

Section 5.24 Additional Covenants. (a) Borrower and the REIT shall give prompt notice to Agent of the receipt by Borrower, the REIT or any Loan Party of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws.

(b) Borrower and the REIT will take appropriate measures to prevent and will not engage in or knowingly permit any illegal activities at any Real Property Asset.

Section 5.25 Intentionally Deleted.

Section 5.26 Intentionally Deleted.

Section 5.27 Preparation of Environmental Reports. At the request of Agent, or any Co-Lender, from time to time, Borrower shall provide to Agent, within 30 days after such request, at the expense of Borrower and the REIT, an Environmental Report for all Real Property Assets that have been acquired after the date hereof, or with respect to the Real Property Assets owned as of the date hereof, any Real Property Asset for which Agent has a reasonable basis for requiring such an Environmental Report (including, without limitation, the fact that an environmental report was not delivered at or prior to the Closing Date or there is a basis to believe that there may be Hazardous Materials or a threat of a Release with respect to such Real Property Asset) as described in such request. Without limiting the generality of the foregoing, if Agent or the Majority Co-Lenders determine at any time that a material risk exists that any such Environmental Report will not be provided within the time referred to above, Agent may retain an environmental consulting firm to prepare such Environmental Report at the expense of Borrower and the REIT, and Borrower hereby grants and agrees to cause any Loan Party which owns any Real Property Asset described in such request to grant at the time of such request, to Agent, such firm and any agents of representatives thereof an irrevocable non-exclusive license, subject to the rights of tenants, to enter onto their respective Real Property Assets to undertake such an assessment.

Section 5.28 Documentation following Acquisition of an Interest in Real Property Assets. Not later than 60 days following each acquisition of an interest in a Real Property Asset (which shall include only Permitted Investments) by the Borrower, the REIT or any Loan Party Borrower shall provide Agent with each of the following: (i) the closing statement relating to such acquisition, (ii) a description of the property acquired, (iii) a statement of condition of such Real Property Asset prepared by the Borrower's internal or approved external construction engineer, (iv) an historical operating statement of such Real Property Asset for such period as may be available to the Borrower and a current rent roll for such Real Property Asset and (v) such other information as may be reasonably requested by Agent, including any Environmental Reports prepared in accordance with Section 6.10.

Section 5.29 Intentionally Deleted.

Section 5.30 Preparation of Engineering Reports. At the request of Agent from time to time, Borrower shall provide to Agent, within thirty (30) days after such request, at the expense of Borrower and the REIT, an Engineering Report for all Real Property Assets acquired

after the date hereof, and, with respect to any Real Property Asset, if Agent has a reasonable basis to require an Engineering Report based on an inspection of such Real Property Asset or such other information that may have come to the Agent's attention, as described in such request.

Section 5.31 Intentionally Deleted.

SECTION 6. NEGATIVE COVENANTS.

Borrower and the REIT covenant and agree that on and after the Closing Date until the Obligations are paid in full:

Section 6.01 Intentionally Deleted.

Section 6.02 Intentionally Deleted.

Section 6.03 Liens. Borrower and the other Loan Parties shall not, create, incur, assume or suffer to exist, directly or indirectly, any Lien on any Unencumbered Asset, or any other Real Property Asset, other than the following (collectively, the "Permitted Liens"):

(a) Liens existing on the Closing Date and set forth on Schedule 7 hereto;

(b) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) Statutory Liens of landlords and Liens of mechanics, materialmen and other Liens imposed by Law (other than any Lien imposed by ERISA) created in the ordinary course of business for amounts not yet due or (i) which are being contested in good faith by appropriate proceedings diligently conducted, and with respect to which adequate bonds have been posted if required to do so by Applicable Law.

(d) Easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of Borrower and which do not detract materially from the value of any of the Real Property Assets to which they attach or impair materially the use thereof by Borrower; and

(e) With respect to Real Property Assets that are not Unencumbered Assets, Permitted Mortgage Debt;

Section 6.04 Restriction on Fundamental Changes. (a) Without the prior written consent of Agent and the Majority Co-Lenders, which consent may be withheld in the sole and absolute discretion of Agent and the Majority Co-Lenders, Borrower, the REIT and the other Loan Parties shall not enter into any merger or consolidation with, or sell, lease, transfer or otherwise dispose of any Substantial Assets to, any Person other than Borrower, the REIT or a wholly owned Subsidiary of Borrower or the REIT. Notwithstanding the foregoing, neither Borrower, the REIT nor any Loan Party shall enter into any arrangement, directly or indirectly,

whereby Borrower, the REIT or any Loan Party shall sell or transfer any Real Property Asset (in a single or multiple transaction) owned by any of them in order then or thereafter to lease such property or lease other Real Property Asset that it intends to use for substantially the same purpose as the Real Property Asset being sold or transferred.

(b) Notwithstanding the foregoing, Borrower and the Loan Parties may enter into a merger or consolidation, provided that following such merger or consolidation, Borrower is the surviving entity of such merger or consolidation and the REIT or an entity wholly owned and controlled by the REIT (i) is the sole general partner of Borrower, and (ii) owns at least a 51% economic ownership interest in Borrower.

(c) Gary Shiffman shall for so long as he is living, at all times own at least 95,846 OP Units in Borrower and 405,930 shares of common stock in the REIT; notwithstanding the foregoing, Gary Shiffman may redeem or convert some or all of his OP Units in the Borrower to shares of common stock in the REIT, provided that in the aggregate he at all times owns at least, in the aggregate, 405,930 shares of common stock in the REIT and 95,846 OP Units, either in the form of OP Units or in the form of additional stock in the REIT equivalent to such OP Units; and Milton Shiffman shall for so long as he is living, at all times own at least 106,346 OP Units in Borrower and 303,162 shares of common stock in the REIT; notwithstanding the foregoing, Milton Shiffman may redeem or convert some or all of his OP Units in the Borrower to shares of common stock in the REIT, provided that in the aggregate he at all times owns at least, in the aggregate, 303,162 shares of common stock in the REIT and 106,346 OP Units, either in the form of OP Units or in the form of additional stock in the REIT equivalent to such OP Units.

Section 6.05 Transactions with Affiliates. Borrower and the other Loan Parties shall not enter into any material transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of Borrower, other than on terms and conditions substantially as favorable as would be obtainable at the time in a comparable arm's-length transaction with a Person other than an Affiliate of Borrower.

Section 6.06 Plans. Borrower and the other Loan Parties shall not, nor shall they permit any member of their respective ERISA Controlled Group to, (i) take any action which would (A) increase the aggregate present value of the Unfunded Benefit Liabilities under all Plans or withdrawal liability under a Multiemployer Plan for which Borrower or any Loan Party or any member of their respective ERISA Controlled Groups (determined without reference to Section 414(m) or (o) of the Code, if liabilities of entities in Borrower or the Loan Parties' ERISA Controlled Group solely by reason of Section 414(m) or (o) of the Code could not result in liability to Borrower or any Loan Party) to an amount in excess of \$1,000,000.00 or (B) result in liability or Contingent Obligation for any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), or any withdrawal liability or exit fee or charge with respect to any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA, or state laws which require similar continuation coverage for which the employee pays approximately the full cost of coverage, or (ii) engage in any transaction prohibited by Section 408 of ERISA or Section 4975 of the Code.

Section 6.07 Distributions. The REIT and Borrower (without duplication) shall not pay or declare Distributions (a) if an Event of Default has occurred and is continuing or (b) that in the aggregate exceed 90% of the Funds From Operations of Borrower individually and combined with the REIT (without duplication), respectively, in any four consecutive calendar quarters (or if four consecutive calendar quarters have not passed since the date hereof, the quarterly periods from the date hereof); provided that notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, the REIT may pay or declare Distributions without violating this covenant in (i) the amount necessary to maintain the REIT's status as a real estate investment trust under Section 856 of the Code, or (ii) the amount necessary for the REIT to avoid the payment of any federal income or excise tax. Any Distributions or dividends or other sums received by the REIT must be paid promptly by the REIT as Distributions but in no event later than ten (10) business days after such funds have been received by the REIT. For purposes of the calculation only, Funds From Operations shall be determined without taking into account the effect of Distributions on either Preferred or Common OP Units, and Distributions shall include all distributions on Preferred and Common OP Units.

Section 6.08 Intentionally Deleted.

Section 6.09 Restriction on Prepayment of Indebtedness. Neither Borrower nor the REIT shall prepay the principal amount, in whole or in part, of any Unsecured Debt other than the Obligations after the occurrence of any Event of Default.

Section 6.10 Real Property Assets. Neither the Borrower, the REIT nor any other Loan Party shall acquire any Real Property Asset unless an Environmental Report for such Real Property Asset dated within 6 months of the proposed acquisition date has been prepared and, if requested, delivered to Agent and such Environmental Report is satisfactory to Agent and the Majority Co-Lenders in all material respects.

Section 6.11 Intentionally Deleted.

Section 6.12 Organizational Documents. Neither Borrower, the REIT nor any other Loan Party shall make any material amendments or modifications to their partnership agreements, corporate charters, by-laws, certificates of incorporation, articles of organization or other organizational documents without the prior approval of the Agent and the Majority Co-Lenders; notwithstanding the foregoing, Agent shall be promptly notified of all such changes (other than modifications and amendments relating solely to the admission or deletion of limited partners or changes in their limited partnership interests, unless such limited partners are either Gary Shiffman or Milton Shiffman).

Section 6.13 Intentionally Deleted.

Section 6.14 Restrictions on Investments. Neither Borrower, the REIT or any Loan Party shall make or permit to exist or remain outstanding any investment other than investments in:

(a) marketable direct or guaranteed obligations of the United States of America that mature within one (1) year from the date of purchase by the Borrower, the REIT or any Loan Party;

(b) marketable direct obligations of any of the following: Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Home Loan banks, Federal National Mortgage Association, Government National Mortgage association, Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Banks, Export-Import Bank of the United States, Federal Land Bank, or any other agency or instrumentality of the United States of America;

(c) demand deposits, certificates of deposit, bankers acceptances and time deposits of United States banks having total assets in excess of \$100,000,000.00; provided, however, that the aggregate amount at any time so invested with any single bank having total assets of less than \$1,000,000,000.00 will not exceed \$200,000.00;

(d) securities commonly known as "commercial paper" issued by a corporation organized and existing under the laws of the United States of America or any State which at the times of purchase are rate by Moody's Investors Service, Inc. or by Standard & Poor's Ratings Services at not less than "P 2" if then rated by Moody's Investors Service, Inc., and not less than "A 2", if then rated by Standard & Poor's Ratings Services;

(e) mortgage-backed securities guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and other mortgage-backed bonds which at the time of purchase are rated by Moody's Investors Service, Inc. or by Standard & Poor's Ratings Services at not less than "Aa" if then rated by Moody's Investors Service, Inc. and not less than "AA" if then rated by Standard & Poor's Ratings Services;

(f) repurchase agreements having a term not greater than 90 days and fully secured by securities described in the foregoing subsection (a), (b) or (e) with banks described in the foregoing subsection (c) or with financial institutions or other corporations having total assets in excess of \$500,000,000.00;

(g) shares of so-called "money market funds" registered with the SEC under the Investment Company Act of 1940 which maintain a level per-share value, invest principally in investments described in the foregoing subsections (a) through (f) and have total assets in excess of \$50,000,000.00;

(h) Permitted Investments.

Section 6.15 RV Sites. Except as shown as Schedule 2 no more than ten percent (10%) of the Unit pads or sites on any Real Property Asset that are actually available and capable of being leased or rented and that may be legally leased or rented pursuant to Applicable Laws shall be designated, reserved for, or leased or rented as Seasonal RV Sites or parking areas. For purposes hereof, "Seasonal RV Sites" shall mean those sites available for lease to seasonal recreational vehicle tenants who wish to spend only a portion of the season at a particular Real Property Asset.

SECTION 7. EVENTS OF DEFAULT

Section 7.01 Events of Default. Each of the following events, acts, occurrences or conditions shall constitute an Event of Default under this Agreement, regardless of whether such event, act, occurrence or condition is voluntary or involuntary or results from the operation of law or pursuant to or as a result of compliance by any Person with any judgment, decree, order, rule or regulation of any court or administrative or governmental body:

(a) Failure to Make Payments. Borrower and the REIT shall (i) default in the payment when due of any principal of the Loan, or (ii) default in the payment within five (5) days after the due date of (x) any interest on the Loan or (y) any Fees, or any other amounts owing hereunder; provided, however, that any interest payable with respect to any delinquent payment shall be calculated at the Default Rate from the date such payment was actually due as if there were no grace period.

(b) Breach of Representation or Warranty. Any representation or warranty made by Borrower, the REIT or any other Loan Party herein or in any other Loan Document or in any certificate or statement delivered pursuant hereto or thereto shall prove to be false or misleading in any material respect on the date as of which made or deemed made: provided, however, that if such breach is capable of being cured, then Borrower shall have a period of thirty (30) days after delivery of notice from Agent to cure any such breach.

(c) Breach of Covenants.

(i) Borrower, the REIT or any other Loan Party shall fail to perform or observe any agreement, covenant or obligation arising under Sections 5.01, 5.03, 5.09, 5.12, 5.13, 5.16, 5.17, 5.18, 5.19, 5.23, 6.03 (other than Liens which are placed on a Real Property Asset without the consent of Borrower, the REIT or any Loan Party), 6.04, 6.06, 6.07, 6.09, 6.10, and 6.14.

(ii) Borrower, the REIT or any of the Loan Parties shall fail to perform or observe any agreement, covenant or obligation arising under this Agreement (except those described in subsections (a), (b) and (c)(i) above), and such failure shall continue uncured for thirty (30) days after delivery of notice thereof, or such longer period of time as is reasonably necessary to cure such Default, provided that Borrower has commenced and is diligently prosecuting the cure of such Default and cures it within ninety (90) days.

(iii) Borrower, the REIT or any other Loan Party shall fail to perform or observe any agreement, covenant or obligation arising under any provision of the Loan Documents other than this Agreement, which failure shall continue after the end of any applicable grace period provided therein.

(d) Default Under Other Agreements. Borrower, the REIT or any other Loan Party shall default beyond any applicable grace period in the payment, performance or observance of any obligation or condition with respect to any Indebtedness in excess of \$2,000,000.00 or any other event shall occur or condition exist, if the effect of such default, event or condition is to accelerate the maturity of any such Indebtedness or to permit (without regard to any required notice or lapse of time) the holder or holders thereof, or any trustee or agent for such

holders, to accelerate the maturity of any such Indebtedness, or any such Indebtedness shall become or be declared to be due and payable prior to its stated maturity and the forgoing conditions are not cured within thirty (30) days after the condition occurs.

(e) Bankruptcy, etc. (i) Borrower or any other Loan Party shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commenced against Borrower or any other Loan Party and the petition is not contested within sixty (60) days, or is not dismissed within ninety (90) days, after commencement of the case or (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Borrower, any other Loan Party or Borrower or any other Loan Party commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Borrower, any other Loan Party or there is commenced against Borrower or any other Loan Party any such proceeding which remains undismissed for a period of ninety (90) days; or (iv) any order of relief or other order approving any such case or proceeding is entered; or (v) Borrower or any other Loan Party is adjudicated insolvent or bankrupt; or (vi) Borrower or any other Loan Party suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of ninety (90) days; or (vii) Borrower or any other Loan Party makes a general assignment for the benefit of creditors; or (viii) Borrower, any other Loan Party shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (ix) Borrower or any other Loan Party shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debt; or (x) Borrower or any other Loan Party shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate or partnership action is taken by Borrower or any other Loan Party for the purpose of effecting any of the foregoing.

(f) ERISA. (i) Any Termination Event shall occur, or (ii) any Plan shall incur an accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, or fail to make a required installment payment on or before the due date under Section 412 of the Code or Section 302 of ERISA, or (iii) Borrower or any of the Loan Parties or a member of their respective ERISA Controlled Group shall have engaged in a transaction which is prohibited under Section 4975 of the Code or Section 406 of ERISA which could result in the imposition of liability in excess of \$3,000,000 on any of Borrower or any other Loan Party or any member of their respective ERISA Controlled Group and an exemption shall not be applicable or have been obtained under Section 408 of ERISA or Section 4975 of the Code, or (iv) Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group shall fail to pay when due an amount which it shall have become liable to pay to the PBGC, any Plan, any Multiemployer Plan or a trust established under Section 4049 of ERISA, or (v) Borrower shall have received a notice from the PBGC of its intention to terminate a Plan or to appoint a trustee to administer such Plan or Multiemployer Plan, which notice shall not have been withdrawn within fourteen (14) days after the date thereof, or (vi) a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that an ERISA Plan must be terminated or have a trustee appointed to administer any ERISA Plan, or (vii) Borrower or any of the other Loan Parties or a member of their respective ERISA Controlled Group suffers a partial or complete withdrawal resulting in an assessment of

withdrawal liability in excess of \$3,000,000.00 from a Multiemployer Plan or is in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan, or (viii) a proceeding shall be instituted against any of Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group to enforce Section 515 of ERISA, or (ix) any other event or condition shall occur or exist with respect to any Employee Benefit Plan, Plan or Multiemployer Plan which could subject Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group to any tax, penalty or other liability in excess of \$3,000,000 or the imposition of any lien or security interest on Borrower or any of the other Loan Parties or any member of their respective ERISA Controlled Group, or (ix) with respect to any Multiemployer Plan, the institution of a proceeding to enforce Section 515 of ERISA, to terminate such Plan, the receipt of a notice of reorganization or insolvency under Sections 4241 or 4245 of ERISA, in any event which could result in liability in excess of \$3,000,000 to Borrower, any other Loan Party or any member of any of their ERISA Controlled Group, or (xi) the assets of Borrower or any other Loan Party become or are deemed to be assets of an Employee Benefit Plan. No Event of Default under this Section 7.01(f) shall be deemed to be, or have been, waived or corrected because of any disclosure by Borrower or any Loan Party.

(g) Judgments. One or more judgments or decrees (i) in an aggregate amount of \$5,000,000 or more are entered against Borrower, the REIT or any other Loan Parties in any consecutive twelve (12) month period or (ii) which, with respect to Borrower and the other Loan Parties, could result in a Material Adverse Effect, shall be entered by a court or courts of competent jurisdiction against any of such Persons (other than any judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing) and (x) any such judgments or decrees shall not be stayed (by appeal or otherwise), discharged, paid, bonded or vacated within thirty (30) days or (y) enforcement proceedings shall be commenced by any creditor on any such judgments or decrees.

(h) REIT. The REIT fails to remain a publicly-traded real estate investment trust in good standing with the New York Stock Exchange and with the Securities and Exchange Commission.

(i) Material Adverse Effect. If any Material Adverse Effect shall occur other than a down grade, withdrawal or termination of Borrower's or the REIT's Unsecured Debt Rating.

Section 7.02 Rights and Remedies. (a) Upon the occurrence of any Event of Default described in Section 7.01(e), the Facility Amount shall automatically and immediately terminate and the unpaid principal amount of and any and all accrued interest on the Loan and any and all accrued Fees and other Obligations shall automatically become immediately due and payable, with all additional interest thereon calculated at the Default Rate from the occurrence of the Default until the Loan is paid in full and without presentation, 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 notice of acceleration), all of which are hereby expressly waived by Borrower and the other Loan Parties, and the obligation of Lender and all Co-Lenders to make any Advances hereunder shall thereupon terminate; and upon the occurrence and during the continuance of any other Event of Default, Agent, upon approval of

the Majority Co-Lenders, may by written notice to Borrower, (i) declare that the Facility Amount is terminated, whereupon the Facility Amount and the obligation of Lender and all Co-Lenders to make any Advances (or their pro rata share thereof) hereunder shall immediately terminate, and (ii) declare the unpaid principal amount of and any and all accrued and unpaid interest on the Loan and any and all accrued Fees and other Obligations to be, and the same shall thereupon be, immediately due and payable with all additional interest thereon calculated at the Default Rate from the occurrence of the Default until the Loan is paid in full and without presentation, 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 notice of acceleration), all of which are hereby expressly waived by Borrower and the other Loan Parties.

(b) Agent and any Co-Lender may offset any indebtedness, obligations or liabilities owed to Borrower against any indebtedness, obligations or liabilities of Borrower or the REIT to it.

(c) Agent and any Co-Lender may avail itself of any remedies available to it under the Loan Documents or at law or equity.

SECTION 8. INTENTIONALLY DELETED.

SECTION 9. MISCELLANEOUS.

Section 9.01 Payment of Agent's, Syndication Agent's and Co-Lender's Expenses, Indemnity, etc. Borrower shall:

(a) whether or not the Loan closes, except as otherwise provided in this Agreement, pay all reasonable out-of-pocket costs and expenses of Agent, the Syndication Agent and all Co-Lenders in connection with Agent's, the Syndication Agent's, and such Co-Lender's due diligence review of the Unencumbered Assets and Real Property Assets, the negotiation, preparation, execution and delivery of the Loan Documents and the documents and instruments referred to therein, in connection with the administration of the Loan and any amendment, waiver or consent relating to any of the Loan Documents and of Agent, the Syndication Agent and the Co-Lenders in connection with the preservation of rights under, any amendment, waiver or consent relating to, and enforcement of, the Loan Documents and the documents and instruments referred to therein or in connection with any restructuring or rescheduling of the Obligations (including, without limitation, the reasonable fees and disbursements of counsel for Agent, the Syndication Agent and the Co-Lenders);

(b) pay, and hold Agent, the Syndication Agent and each Co-Lender harmless from and against, any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and hold Agent, the Syndication Agent and each Co-Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to Agent, the Syndication Agent or such Co-Lender) to pay such taxes; and

(c) indemnify Agent (in its capacity as Lender and as Agent) and the Syndication Agent (in its capacity as Syndication Agent and as Co-Lender) and each Co-Lender, its officers, directors, employees, representatives and agents and any persons or entities owned or Controlled by, owning or Controlling, or under common Control or Affiliated with Agent, the Syndication Agent or each Co-Lender (each an "Indemnatee") from, and hold each of them harmless against, any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnatee in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnatee shall be designated a party thereto) that may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, asserted against or incurred by any Indemnatee as a result of, or arising in any manner out of, or in any way related to or by reason of, (i) the Loan or the execution, delivery or performance of any Loan Document, (ii) the breach of any of Borrower's, the REIT's or other Loan Party's representations and warranties or of any of Borrower's, REIT's or other Loan Party's Obligations, (iii) a default under Sections 4.12 or 5.11, including, without limitation, attorneys' fees and costs incurred in the investigation, defense, and settlement of losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, and (iv) the exercise by Agent, the Syndication Agent and the Co-Lenders of their rights and remedies (including, without limitation, foreclosure) under any Loan Document (but excluding, as to any Indemnatee, any such losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements incurred solely by reason of the gross negligence or willful misconduct of such Indemnatee as finally determined by a court of competent jurisdiction) (collectively, "Indemnified Liabilities"). Borrower and the REIT further agree that, without Agent's, the Syndication Agent's or the Co-Lenders' prior written consent, they will not enter into any settlement of a lawsuit, claim or other proceeding arising or relating to any Indemnified Liability unless such settlement includes an explicit and unconditional release from the party bringing such lawsuit, claim or other proceeding of each Indemnatee. Borrower's and the REIT's obligations under this Section shall survive the termination of this Agreement and the payment of the Obligations.

Section 9.02 Notices. Except as otherwise by expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile, telex, or cable communication), and shall be deemed to have been duly given or made when delivered by hand, or five (5) days after being deposited in the United States mail, certified or registered, postage prepaid, or, in the case of telex notice, when sent, answerback received, or, in the case of facsimile notice, when sent, answerback received, or, in the case of a nationally recognized overnight courier service, one (1) Business Day after delivery to such courier service, addressed, in the case of Borrower, Agent, and the Syndication Agent at the addresses specified below, or to such other addresses as may be designated by any party in a written notice to the other parties hereto, provided that notices and communications to Agent shall not be effective until received by Agent.

If to Agent (including, without limitation, all notices pursuant to Sections 2.02, 2.08, 2.09 and 2.11 of this Agreement, as follows:

NBD BANK
611 Woodward Avenue, 3rd Floor
Detroit, Michigan 48226
Attention: Mr. Victor Semelsberger
Telecopier Number: (313) 225-3939
Telephone Number: (313) 225-3494

If to Syndication Agent, as follows:

Lehman Brothers Holdings Inc.
d/b/a Lehman Capital, a division of
Lehman Brothers Holdings Inc.
Three World Financial Center, 9th Floor
New York, New York 10285
Telecopier Number: (212) 528-8986
Attention: Frank Gilhool

with copies thereof to:

Lehman Brothers Holdings Inc.
d/b/a Lehman Capital, a division of
Lehman Brothers Holdings Inc.
Three World Financial Center, 12th Floor
New York, New York 10285
Telecopier Number: (212) 528-6659
Attention: Allyson Bailey

Lehman Brothers Holdings Inc.
d/b/a Lehman Capital, a division of
Lehman Brothers Holdings Inc.
Three World Financial Center, 7th Floor
New York, New York 10285
Telecopier Number: (212) 526-3721
Attention: Scott Kimmel and Annette Nazareth

If to Borrower or the REIT, as follows:

Sun Communities Operating Limited Partnership
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attention: Jeffrey P. Jorissen
Facsimile: (810) 932-3072

Sun Communities, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attention: Jeffrey P. Jorissen
Facsimile: (810) 932-3072

With a copy to:

Jaffe, Raitt, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
and Gail A. Anderson, Esq.
Facsimile No. (313) 961-8358

Section 9.03 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower, the REIT, Agent, the Syndication Agent, the Co-Lenders, all future holders of the Note and their respective successors and assigns.

Section 9.04 Amendments and Waivers. (a) Neither this Agreement, the Note, any other Loan Document to which Borrower, the REIT or any other Loan Party is a party nor any terms hereof or thereof may be amended, supplemented, modified or waived other than in a writing executed by Borrower, the REIT, or the applicable Loan Party and Agent. The parties hereto acknowledge and agree that any amendment, modification, approval, waiver or request to be granted regarding the terms of this Agreement shall be given in accordance with the terms, provisions and conditions of the Intercreditor Agreement. The authority of Agent to act as Agent hereunder arises pursuant to and is governed by the Intercreditor Agreement.

(b) In the case of any waiver, Borrower, the REIT, Agent and all Co-Lenders shall be restored to their former position and rights hereunder and under the outstanding Note and any other Loan Documents, and any Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 9.05 No Waiver; Remedies Cumulative. No failure or delay on the part of Agent or any Co-Lender in exercising any right, power or privilege hereunder or under any other Loan Document and no course of dealing between Borrower or any other Loan Party and Agent or any Co-Lender shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Agent or any Co-Lender would otherwise have. No notice to or demand on Borrower or any other Loan Party in any case shall entitle Borrower or any other Loan Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Agent or any Co-Lender, to any other or further action in any circumstances without notice or demand.

Section 9.06 Governing Law; Submission to Jurisdiction. (a) This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, that with respect to the creation, perfection, priority and enforcement of the lien of the Security Instruments, and the determination of deficiency judgments, the laws of the State where the Real Property Asset is located shall apply.

(b) Any legal action or proceeding with respect to this Agreement or any other Loan Document and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, Borrower and the REIT hereby accept for themselves and in respect of their property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any thereof. Borrower and the REIT irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Borrower and the REIT at their addresses set forth in Section 9.02. Borrower and REIT hereby irrevocably waive any objection which they may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Loan Document brought in the courts referred to above and hereby further irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of Agent or any Co-Lender, to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrower or the REIT in any other jurisdiction.

Section 9.07 Confidentiality Disclosure of Information. Each party hereto shall treat the transactions contemplated hereby and all financial and other information furnished to it about Borrower, the other Loan Parties and the Real Property Assets, as confidential; provided, however, that such confidential information may be disclosed (a) as required by law or pursuant to generally accepted accounting procedures, (b) to officers, directors, employees, agents, partners, attorneys, accountants, engineers and other consultants of the parties hereto who need to know such information, provided such Persons are instructed to treat such information confidentially, (c) by Agent or the Syndication Agent to any Participant, Co-Lender, servicer, or assignee ("Transferee"), which disclosure to Transferees and prospective Transferees may include any and all information which has been delivered to Agent or the Syndication Agent by Borrower or any other Loan Party pursuant to this Agreement or the other Loan Documents or which has been delivered to Agent or the Syndication Agent in connection with Agent's or the Syndication Agent's and the Co-Lenders' credit evaluation of Borrower and the REIT prior to entering into this Agreement, or (d) upon the written consent of the party whose otherwise confidential information would be disclosed.

Borrower and the REIT acknowledge and agree that Agent and the Syndication Agent may provide to the Co-Lenders, and that Agent, the Syndication Agent and each of the Co-Lenders may provide to any Participant, originals or copies of this Agreement, all Loan Documents and all other documents, instruments, certificates, opinions, insurance policies, letters

of credit, reports, requisitions and other materials and information of every nature or description, and may communicate all oral information, at any time submitted by or on behalf of Borrower or the REIT or received by Agent or the Syndication Agent in connection with the Loan or Borrower or the REIT.

Section 9.08 Recourse. The Loan and the Obligations shall be full recourse to Borrower. The REIT shall have no liability with respect to the Loan or the Obligations except as set forth in the Guaranty.

Section 9.09 Sale of Loan, Co-Lenders, Participations and Servicing.

(a) Lender and any Co-Lender may, at their option, sell with novation all or any part of their right, title and interest in, and to, and under the Loan, including, without limitation, all or a portion of their obligation to make Advances, and its interest in the outstanding principal balance of the Loan, to one or more additional Co-Lenders; notwithstanding the foregoing, provided that no Event of Default has occurred and is continuing, any such sale with novation to any Co-Lender that is not an Affiliate of Lender or any Co-Lender shall be subject to Borrower's prior written approval, which approval shall not be unreasonably withheld or delayed; provided, further, however, that Borrower shall be deemed to have approved any entity purchasing the Loan or part thereof or an interest therein that has a long-term credit rating on its senior debt equal or exceeding BBB as rated by Standard & Poor's Ratings Services or equal or exceeding Baa-2 as rated by Moody's Investors Service, Inc. Each additional Co-Lender shall enter into an assignment and assumption agreement (the "Assignment and Assumption") assigning a portion of Lender's or Co-Lender's rights and obligations under the Loan, and pursuant to which the additional Co-Lender accepts such assignment and assumes the assigned obligations. From and after the effective date specified in the Assignment and Assumption (i) each Co-Lender shall be a party hereto and to each Loan Document to the extent of the applicable percentage or percentages set forth in the Assignment and Assumption and, except as specified otherwise herein, shall succeed to the rights and obligations of Lender and the Co-Lenders hereunder and thereunder in respect of the Loan (including, without limitation, its pro rata share of Lender's and each Co-Lenders' obligations to make Advances hereunder), and (ii) Lender, as lender and each Co-Lender, as applicable shall, to the extent such rights and obligations have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations hereunder and under the Loan Documents.

(b) The liabilities of Lender and each of the Co-Lenders shall be several and not joint, and Lender's and each Co-Lenders' obligations to Borrower and the REIT under this Agreement shall be reduced by the amount of each such Assignment and Assumption. Neither Lender nor any Co-Lender shall be responsible for the obligations of any other Co-Lender. Lender and each Co-Lender shall be liable to Borrower only for their respective proportionate shares of the Loan. If for any reason any of the Co-Lenders shall fail or refuse to abide by their obligations under this Agreement, Lender and the other Co-Lenders shall not be relieved of their obligations, if any, hereunder, including their obligations to make their pro rata share of any Advance on the date set forth for such Advance in the Notice of Borrowing; notwithstanding the foregoing, Lender and the Co-Lenders shall have the right, but not the obligation, at their sole

option, to make the defaulting Co-Lender's pro rata share of such Advance pursuant to the terms of the Intercreditor Agreement.

(c) Borrower agrees that it shall, in connection with any sale of all or any portion of the Loan, whether in whole or to an additional Co-Lender or Participant, within ten (10) business days after requested by Agent or the Syndication Agent, furnish Agent or the Syndication Agent with the certificates required under Section 9.21(a) and (b) and such other information as reasonably requested by any additional Co-Lender or Participant in performing its due diligence in connection with its purchase of an interest in the Loan and the Facility Amount. Borrower shall not be responsible for the costs of such additional Co-Lender's or Participant's due diligence review, but shall be responsible for the cost of preparing and delivering the required information and certificates.

(d) Intentionally Deleted.

(e) Lender (or an Affiliate of Lender) shall act as administrative agent for itself and the Co-Lenders (together with any successor administrative agent, the "Agent") pursuant to this Section 9.09(e). Borrower acknowledges that Lender, as Agent shall have the sole and exclusive authority to execute and perform this Agreement and each Loan Document on behalf of itself, as Lender and as agent for itself and the Co-Lenders subject to the terms of the Intercreditor Agreement. Except as otherwise provided herein, Borrower shall have no obligation to recognize or deal directly with any Co-Lender, and no Co-Lender shall have any right to deal directly with Borrower with respect to the rights, benefits and obligations of Borrower under this Agreement, the Loan Documents or any one or more documents or instruments in respect thereof. Borrower may rely conclusively on the actions of Lender as Agent to bind Lender and the Co-Lenders, notwithstanding that the particular action in question may, pursuant to this Agreement or any Intercreditor Agreement among Agent and the Co-Lenders, be subject to the consent or direction of the Co-Lenders. Lender may resign as Agent of the Co-Lenders, in its sole discretion, without the consent of Borrower. Upon any such resignation, a successor Agent shall be determined pursuant to the terms of the Intercreditor Agreement. The term Agent shall mean any successor Agent.

Notwithstanding any provision to the contrary in this Agreement, neither the Agent nor the Syndication Agent shall have any duties or responsibilities except those expressly set forth herein and in the Intercreditor Agreement and no covenants, functions, responsibilities, duties, obligations or liabilities of Agent or the Syndication Agent shall be implied by or inferred from this Agreement, the Intercreditor Agreement, or any other Loan Document, or otherwise exist against Agent or the Syndication Agent.

(f) Except to the extent its obligations hereunder and its interest in the Loan have been assigned pursuant to one or more Assignments and Assumption, Lehman Brothers Holdings Inc. ("Lehman") as Syndication Agent, and NBD Bank ("NBD") as Agent shall have the same rights and powers under this Agreement as any other Co-Lender and may exercise the same as though it were not the Syndication Agent or Agent respectively. The term "Co-Lender" or "Co-Lenders" shall, unless otherwise expressly indicated, include Lehman and NBD in their individual capacity. Lehman, NBD and the other Co-Lenders and their respective affiliates may

accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, Borrower, any Loan Party or any Affiliate of Borrower or any Loan Party and any Person or entity who may do business with or own securities of Borrower or any Loan Party or any Affiliate of Borrower or any Loan Party or any Affiliate thereof, all as if they were not serving in such capacities hereunder and without any duty to account therefor to each other.

(g) Intentionally Deleted.

(h) Lender, as Agent, shall maintain at its domestic lending office or at such other location as Lender, as Agent, shall designate in writing to each Co-Lender and Borrower a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Co-Lenders, the amount of each Co-Lender's proportionate share of the Facility Amount and the Loan and the name and address of each Co-Lender's agent for service of process (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrower, Lender, as Agent, and the Co-Lenders may treat each person or entity whose name is recorded in the Register as a Co-Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection and copying by Borrower or any Co-Lender during normal business hours upon reasonable prior notice to the Agent. A Co-Lender may change its address and its agent for service of process upon written notice to Lender, as Agent, which notice shall only be effective upon actual receipt by Lender, as Agent, which receipt will be acknowledged by Lender, as Agent, upon request.

(i) Notwithstanding anything herein to the contrary, any financial institution or other entity may be sold a participation interest in the Loan by Lender or any Co-Lender without Borrower's consent (such financial institution or entity, a "Participant") (x) if such sale is without novation and (y) if the other conditions set forth in this paragraph are met. No Participant shall be considered a Co-Lender hereunder or under the Note or the Loan Documents. No Participant shall have any rights under this Agreement, the Note or any of the Loan Documents and the Participant's rights in respect of such participation shall be solely against Lender or Co-Lender, as the case may be, as set forth in the participation agreement executed by and between Lender or Co-Lender, as the case may be, and such Participant. The terms of any participation agreement between Lender or Co-Lender, as the case may be, and its Participant shall not grant the Participant any consent rights except for consent to (i) changes in the interest rate and term of the Loan, (ii) increase in the principal amount of the Loan, (iii) release of any party liable for repayment of the Loan, (iv) forbearance, (v) consents to Liens other than Permitted Liens on the Real Property Assets or the Rents related thereto, or (vi) the acceleration of the Loan or the taking of any enforcement action with respect to the Loan. No participation shall relieve Lender or Co-Lender, as the case may be, from its obligations hereunder or under the Note or the Loan Documents and Lender or Co-Lender, as the case may be, shall remain solely responsible for the performance of its obligations hereunder.

(j) Notwithstanding any other provision set forth in this Agreement, the Lender or any Co-Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, amounts owing to it in favor of any

Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System), provided that no such security interest or the exercise by the secured party of any of its rights thereunder shall release Lender or Co-Lender from its funding obligations hereunder.

(k) In the event that Lender or any Co-Lender sells or transfers any of its Pro Rata Interest in the Loan whether by assignment and assumption or by participation, the cost of such assignment or participation and the cost of any assignee's or participant's due diligence and review of the Loan Documents or any Assets shall be paid by such assignee or participant, but Borrower shall be responsible for the cost of preparing and delivering the required information and certificates.

Section 9.10 Borrower's and the REIT's Assignment. Neither Borrower nor the REIT may assign its rights or obligations hereunder without the prior written consent of Agent and all of the Co-Lenders.

Section 9.11 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 9.12 Effectiveness. This Agreement shall become effective on the date on which all of the parties hereto shall have signed a counterpart hereof and shall have delivered the same to the Syndication Agent.

Section 9.13 Headings Descriptive. The heading of the several Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 9.14 Marshaling; Recapture. Agent shall be under no obligation to marshal any assets in favor of Borrower, any other Loan Party or any other party or against or in payment of any or all of the Obligations. To the extent Agent receives any payment by or on behalf of Borrower or any other Loan Party, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to Borrower or such other Loan Party or its estate, trustee, receiver, custodian or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the liabilities of Borrower or such other Loan Party to Agent and the Co-Lenders as of the date such initial payment, reduction or satisfaction occurred.

Section 9.15 Severability. In case any provision in or obligation under this Agreement or the Note 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.

Section 9.16 Survival. Except as expressly provided to the contrary herein, all indemnities set forth herein including, without limitation, in Sections 2.16, 2.17, 2.18, 2.19 and 9.01 shall survive the execution and delivery of this Agreement, the Note and the Loan Documents and the making and repayment of the Loan hereunder for a period of one (1) year.

Section 9.17 Domicile of Loan Portions. Lender and the Co-Lenders may transfer and carry any Loan Portion at, to or for the account of any domestic or foreign branch office, subsidiary or affiliate, subject to Section 2.19.

Section 9.18 Intentionally Deleted

Section 9.19 Calculations; Computations. Except as otherwise expressly provided herein, the financial statements to be furnished to Agent or the Syndication Agent pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved and consistent with GAAP as used in the preparation of the financial statements referred to in Section 4.05.

SECTION 9.20 WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, AGENT AND ALL CO-LENDERS EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

Section 9.21 No Joint Venture. Notwithstanding anything to the contrary herein contained, neither Agent, Syndication Agent nor any Co-Lender by entering into this Agreement or by taking any action pursuant hereto, will be deemed a partner or joint venturer with Borrower or the REIT or any Loan Party and Borrower and the REIT agree to hold Agent, the Syndication Agent and each Co-Lender harmless from any damages and expenses resulting from such a construction of the relationship of the parties hereto or any assertion thereof.

Section 9.22 Estoppel Certificates. (a) Borrower, the REIT and Agent, each hereby agree at any time and from time to time upon not less than ten (10) days prior written notice by Borrower, the REIT or Agent to execute, acknowledge and deliver to the party specified in such notice, a statement, in writing, certifying whether this Agreement is unmodified and in full force and effect (or if there have been modifications, whether the same, as modified, is in full force and effect and stating the modifications hereto), and stating whether or not, to the best knowledge of such certifying party, any Default or Event of Default has occurred and is then continuing, and, if so, specifying each such Default or Event of Default; provided, however, that it shall be a condition precedent to Lender's obligation, as Agent, to deliver the statement pursuant to this Section, that Agent shall receive, together with Borrower's request for such statement, a certificate of the REIT for itself and as general partner of Borrower, stating that to the best knowledge of Borrower and the REIT, no Default or Event of Default exists as of the date of such certificate (or specifying such Default or Event of Default).

(b) Within five (5) Business Days of Agent's request, Borrower shall execute and deliver a certificate of the REIT for itself and as general partner of Borrower confirming the then aggregate outstanding principal balance of the Loan, the outstanding principal balance of each Eurodollar Portion and the Base Rate Portion, the Contract Rate for each Loan Portion, the dates to which all interest has been paid, and the Interest Period for each Eurodollar Portion. Such statement shall be binding and conclusive on Borrower and the REIT absent manifest error.

Section 9.23 No Other Agreements. The Loan Documents constitute the entire understanding of the parties with respect to the transactions contemplated hereby, and all prior understandings with respect thereto, whether written or oral, shall be of no force and effect.

Section 9.24 Controlling Document. In the event of a conflict between the provisions of this Agreement and the other Loan Documents, the provisions of this Agreement shall control and govern the conflicting provisions of the other Loan Documents.

Section 9.25 No Benefit to Third Parties. This Agreement is for the sole and exclusive benefit of Borrower, the REIT, and the Syndication Agent, Agent and the Co-Lenders and all conditions of the obligation of Lender and the Co-Lenders to make Advances hereunder are imposed solely and exclusively for the benefit of Lender and the Co-Lenders and their assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender and the Co-Lenders will refuse to make Advances in the absence of strict compliance with any and all thereof and no other person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Agent and the Co-Lenders at any time if they in their sole discretion deem it advisable to do so. Without limiting the generality of the foregoing, neither Agent nor the Co-Lenders shall have any duty or obligation to anyone to ascertain that funds advanced hereunder are used as required by the terms hereof or to pay the cost of constructing the improvements on any of the Real Property Assets or to acquire materials and supplies to be used in connection therewith or to pay costs of owning, operating and maintaining same.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

By: Sun Communities, Inc., its general partner

By: -----
Name:
Title:

SUN COMMUNITIES, INC.

By: -----
Name:
Title:

NBD BANK, individually as a Co-Lender and as Agent for one or more Co-Lenders

By: -----
Name:
Title:

LEHMAN BROTHERS HOLDINGS INC. D/B/A LEHMAN CAPITAL, A DIVISION OF LEHMAN BROTHERS HOLDINGS INC., individually as a Co-Lender and as Syndication Agent for one or more Co-Lenders

By: -----
Name:
Title:

=====

AMENDED AND RESTATED LOAN AGREEMENT

between

SUN COMMUNITIES FUNDING LIMITED PARTNERSHIP

and

LEHMAN BROTHERS HOLDINGS INC.
D/B/A LEHMAN CAPITAL, A DIVISION
OF LEHMAN BROTHERS HOLDINGS INC.

Dated as of September 3, 1997

\$26,000,000.00

=====

TABLE OF CONTENTS

SECTION 1. DEFINITIONS.....	2
Section 1.01 Definitions.....	2
SECTION 2. AMOUNT AND TERMS OF LOAN.....	19
Section 2.01 Intentionally Deleted.....	19
Section 2.02 Intentionally Deleted.....	19
Section 2.03 Intentionally Deleted.....	19
Section 2.04 The Note.....	20
Section 2.05 Interest and Principal Payments.....	20
Section 2.06 Intentionally Deleted.....	21
Section 2.07 Intentionally Deleted.....	21
Section 2.08 Intentionally Deleted.....	21
Section 2.09 Intentionally Deleted.....	21
Section 2.10 Intentionally Deleted.....	21
Section 2.11 Voluntary Prepayments; Defeasance.....	21
Section 2.12 Mandatory Prepayments.....	26
Section 2.13 Application of Payments.....	26
Section 2.14 Method and Place of Payment.....	27
Section 2.15 Intentionally Deleted.....	27
Section 2.16 Intentionally Deleted.....	27
Section 2.17 Intentionally Deleted.....	27
Section 2.18 Intentionally Deleted.....	28
Section 2.19 Taxes.....	28
Section 2.20 Intentionally Deleted.....	28
Section 2.21 Intentionally Deleted.....	28
Section 2.22 Intentionally Deleted.....	29
Section 2.23 Intentionally Deleted.....	29
Section 2.24 Intentionally Deleted.....	29
Section 2.25 Intentionally Deleted.....	29
Section 2.26 Intentionally Deleted.....	29
Section 2.27 Intentionally Deleted.....	29
Section 2.28 Intentionally Deleted.....	29
SECTION 3. CONDITIONS PRECEDENT.....	29
Section 3.01 Conditions Precedent to the Loan.....	29
Section 3.02 Conditions Precedent to the Closing.....	33
Section 3.03 Acceptance of Loan.....	34
Section 3.04 Sufficient Counterparts.....	35
SECTION 4. REPRESENTATIONS AND WARRANTIES.....	35
Section 4.01 Corporate/Partnership/Limited Liability Company Status.....	35

Section 4.02 Corporate/Partnership/Limited Liability Company Power and Authority.....	35
Section 4.03 No Violation.....	35
Section 4.04 Litigation.....	36
Section 4.05 Financial Statements: Financial Condition; etc.....	36
Section 4.06 Solvency.....	36
Section 4.07 Material Adverse Change.....	36
Section 4.08 Use of Proceeds; Margin Regulations.....	36
Section 4.09 Governmental Approvals.....	37
Section 4.10 Security Interests and Liens.....	37
Section 4.11 Tax Returns and Payments.....	37
Section 4.12 ERISA.....	37
Section 4.13 Representations and Warranties in Loan Documents.....	38
Section 4.14 True and Complete Disclosure.....	38
Section 4.15 Ownership of Real Property; Existing Security Instruments.....	39
Section 4.16 No Default.....	39
Section 4.17 Licenses, etc.....	39
Section 4.18 Compliance With Law.....	39
Section 4.19 Brokers.....	39
Section 4.20 Judgments.....	40
Section 4.21 Property Manager.....	40
Section 4.22 Intentionally Deleted.....	40
Section 4.23 Intentionally Deleted.....	40
Section 4.24 Trade Names.....	40
Section 4.25 Survival.....	40

SECTION 5. AFFIRMATIVE COVENANTS..... 40

Section 5.01 Books and Records.....	40
Section 5.02 Books, Records and Inspections.....	42
Section 5.03 Maintenance of Insurance.....	43
Section 5.04 Taxes.....	43
Section 5.05 Corporate Franchises; Conduct of Business.....	43
Section 5.06 Compliance with Law.....	43
Section 5.07 Performance of Other Obligations.....	44
Section 5.08 Intentionally Deleted.....	44
Section 5.09 Intentionally Deleted.....	44
Section 5.10 Maintenance of Properties.....	44
Section 5.11 Compliance with ERISA.....	44
Section 5.12 Settlement/Judgment Notice.....	45
Section 5.13 Intentionally Deleted.....	45
Section 5.14 Intentionally Deleted.....	45
Section 5.15 Intentionally Deleted.....	45
Section 5.16 Intentionally Deleted.....	45
Section 5.17 Intentionally Deleted.....	45
Section 5.18 Intentionally Deleted.....	45
Section 5.19 Intentionally Deleted.....	45

Section 5.20 Intentionally Deleted.....	45
Section 5.21 Manager.....	45
Section 5.22 Further Assurances.....	46
Section 5.23 Intentionally Deleted.....	46
Section 5.24 Security Instrument Covenants.....	46
Section 5.25 Intentionally Deleted.....	46
SECTION 6. NEGATIVE COVENANTS.....	46
Section 6.01 Liens.....	46
Section 6.02 Restriction on Fundamental Changes.....	47
Section 6.03 Transactions with Affiliates.....	47
Section 6.04 Plans.....	47
Section 6.05 Intentionally Deleted.....	47
Section 6.06 Single Purpose Entity.....	47
SECTION 7. EVENTS OF DEFAULT.....	49
Section 7.01 Events of Default.....	49
Section 7.02 Rights and Remedies.....	52
SECTION 8. CASH COLLATERAL ACCOUNT; DEFERRED MAINTENANCE RESERVE ACCOUNT.....	53
Section 8.1 Establishment of Cash Collateral Account.....	53
Section 8.2 Pledge and Grant of Security Interest.....	53
Section 8.3 Sub-Accounts.....	53
Section 8.4 Deposit of Proceeds On Closing Date.....	54
Section 8.5 Deposit and Allocation of Funds After the Closing Date.....	54
Section 8.6 Permitted Investments.....	55
Section 8.7 Earnings on Account Collateral; Monthly Statements.....	56
Section 8.8 Disbursement of Account Collateral.....	56
Section 8.9 Capital Event Proceeds.....	58
Section 8.10 Remedies Upon Default in Respect of Account Collateral.....	59
Section 8.11 Establishment of Deferred Maintenance Reserve Account.....	60
Section 8.12 Deposits into and Maintenance of Deferred Maintenance Reserve Account.....	60
Section 8.13 Disbursements from Deferred Maintenance Reserve Account.....	60
Section 8.14 Deferred Maintenance Reserve Account Shortfalls.....	61
Section 8.15 Annual Adjustment of Deferred Maintenance Reserve Account Shortfalls.....	61
Section 8.16 Performance.....	62
Section 8.17 Determination of Replacement Reserve Monthly Installment.....	62
Section 8.18 Annual Adjustment of Replacement Reserve Monthly Installment.....	63
SECTION 9. MISCELLANEOUS.....	63
Section 9.01 Payment of Lender's Expenses, Indemnity, etc.....	63

Section 9.02	Notices.....	65
Section 9.03	Successors and Assigns.....	66
Section 9.04	Amendments and Waivers.....	66
Section 9.05	No Waiver; Remedies Cumulative.....	66
Section 9.06	Governing Law; Submission to Jurisdiction.....	67
Section 9.07	Confidentiality Disclosure of Information.....	67
Section 9.08	Non-Recourse Liability.....	68
Section 9.09	Transfer of Loan; Cooperation.....	69
Section 9.10	Borrower's Assignment.....	70
Section 9.11	Counterparts.....	70
Section 9.12	Effectiveness.....	70
Section 9.13	Headings Descriptive.....	70
Section 9.14	Marshaling; Recapture.....	70
Section 9.15	Severability.....	70
Section 9.16	Survival.....	70
Section 9.17	Intentionally Deleted.....	71
Section 9.18	Calculations; Computations.....	71
Section 9.19	WAIVER OF TRIAL BY JURY.....	71
Section 9.20	No Joint Venture.....	71
Section 9.21	Estoppel Certificates.....	71
Section 9.22	No Other Agreements.....	71
Section 9.23	Controlling Document.....	72
Section 9.24	No Benefit to Third Parties.....	72
Section 9.25	Intentionally Deleted.....	72

SCHEDULES

Schedule 1	Allocated Loan Amounts
Schedule 2	Deferred Maintenance Items
Schedule 3	List of Real Property Assets
Schedule 4	Litigation
Schedule 5	Employee Benefit Plans
Schedule 6	Trade Names
Schedule 7	Liens
Schedule 8	Initial Deposit to Cash Collateral Account
Schedule 9	Release Prices
Schedule 10	Monthly Payment Schedule

THIS AMENDED AND RESTATED LOAN AGREEMENT, dated as of September ____, 1997, is made between SUN COMMUNITIES FUNDING LIMITED PARTNERSHIP, a Michigan limited partnership ("Borrower") and LEHMAN BROTHERS HOLDINGS INC., D/B/A LEHMAN CAPITAL, A DIVISION OF LEHMAN BROTHERS HOLDINGS INC., a Delaware corporation ("Lender").

PRELIMINARY STATEMENT

Sun Communities Operating Limited Partnership, a Michigan limited partnership ("Sun") and Sun Communities, Inc. a Michigan corporation and the sole general partner of Sun (the "REIT") have heretofore entered into that certain loan agreement with NBD Bank, N.A. ("NBD") pursuant to which NBD agreed to make an initial loan (the "Initial Loan") to Sun and the REIT in the original principal amount of \$30,000,000 for the uses and purposes set forth in such agreement (the "Initial Loan Agreement").

In order to evidence the Initial Loan, Sun heretofore executed that certain promissory note dated November 30, 1994, in the original principal amount of \$30,000,000 (the "Initial Note").

On May 26, 1995 NBD sold and assigned to Lender all of NBD's right, title and interest in, to and under the Initial Note.

Pursuant to that certain line of credit agreement dated as of May 26, 1995 between Sun, the REIT and Lender (as amended, supplemented, modified and restated, the "Sun Loan Agreement"), Sun and the REIT executed and delivered to Lender (i) that certain Promissory Note "A" ("Note A") in the principal sum of EIGHTY FIVE MILLION AND 00/100 DOLLARS (\$85,000,000.00) and (ii) that certain Promissory Note "B" ("Note B") in the principal sum of SEVENTEEN MILLION AND 00/100 DOLLARS (\$17,000,000.00), which Note A and Note B amended, restated and superseded the Initial Note.

As of May 1, 1996, the principal balance of Note A was reduced, Note B was satisfied and released, and simultaneously, Miami Lakes Venture Associates, a Florida general partnership (the "Partnership") entered into a certain amended and restated renewal note with Lender dated as of May 1, 1996 in the principal amount of \$14,702,265.60 (the "Renewal Note"), which Renewal Note was guaranteed by Sun and REIT pursuant to a Guaranty of Payment ("Initial Guaranty"), and subsequently, as of December 27, 1996, the principal amount of Note A was increased to \$20,297,734.40, causing the aggregate principal amounts of Note A and the Renewal Note to be \$35,000,000 (the "Sun Loan").

As of the date hereof Sun has conveyed the Real Property Assets to Borrower and Borrower has accepted the conveyance subject to the Sun Loan.

Borrower and Lender desire to modify and restate in its entirety, the Sun Loan Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and in and for other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, Borrower and Lender agree that the terms, covenants and provisions of the Sun Loan Agreement are hereby modified, amended and restated so that henceforth the terms, covenants and provisions of this Loan Agreement shall supersede the terms, covenants and provisions of the Sun Loan Agreement and shall read as follows:

SECTION 1. DEFINITIONS.

Section 1.01 Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Agreement shall include in the singular number the plural and in the plural number the singular.

"Account Collateral" shall mean (A) all of the Gross Income from Operations for each Real Property Asset, (B) all Loss Proceeds and proceeds from Capital Events other than Casualty or Condemnation, (C) all of Borrower's respective right, title and interest in and to the Cash Collateral Account and the Deferred Maintenance Reserve Account, including any Permitted Investments therein, and (D) all of Borrower's respective right, title and interest in and to all deposits of Gross Income from Operations and other deposits made from time to time in the Cash Collateral Account and the Deferred Maintenance Reserve Account in accordance with Section 8 hereof, together with all cash and non-cash proceeds thereof (including, without limitation, Permitted Investments), inclusive of all earnings and interest thereon.

"Accounts Receivable" shall mean all income and revenues of Borrower arising from the operation of the Real Property Assets and all payments for goods or property sold or leased by Borrower or for services rendered by Borrower, whether or not yet earned by performance, and not evidenced by an instrument or chattel paper, including, without limiting the generality of the foregoing, (i) all accounts, contract rights, book debts, and notes arising from the operation of a mobile home park or a manufactured housing community on the Real Property Assets or arising from the sale, lease or exchange of goods or other property and/or the performance of services, (ii) Borrower's rights to payment from any consumer credit/charge card organization or entity (such as, or similar to, the organizations or entities which sponsor and administer the American Express Card, the Visa Card, the BankAmericard, the Carte Blanche Card, or the Mastercard), (iii) Borrower's rights in, to and under all purchase orders for goods, services or other property, (iv) Borrower's rights to any goods, services or other property represented by any of the foregoing, (v) monies due to or to become due to Borrower under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services including the right to payment of any interest or finance charges in respect thereto (whether or not yet earned by performance on the part of Borrower) and (vi) all collateral security and guaranties of any kind given by any person or entity with respect to any of the foregoing. Accounts Receivable shall include those now existing or hereafter created, substitutions therefor, proceeds (whether cash or non-cash, movable or immovable, tangible or intangible) received upon the sale, exchange, transfer, collection or other disposition or substitution thereof and any and all of the foregoing and proceeds therefrom.

"Accrued Interest" shall have the meaning provided in Section 2.05(b).

"Advance" shall mean the advance of the principal balance of the Loan.

"Affiliate" shall mean, with reference to a specified Person, any Person that directly or indirectly through one or more intermediaries Controls or is Controlled by or is under common Control with the specified Person and any Subsidiaries of such specified Person.

"Agreement" shall mean this Loan Agreement as the same may from time to time hereafter be modified, supplemented or amended.

"Allocated Loan Amount" shall mean the portions of the Available Facility Amount allocated to each Real Property Asset as set forth on Schedule 1, as the same may be adjusted in accordance with this Agreement.

"Anticipated Payment Date" shall mean September 10, 2007.

"Applicable Laws" shall mean all existing and future federal, state and local laws, statutes, orders, ordinances, rules, and regulations or orders, writs, injunctions or decrees of any court affecting Borrower or any Real Property Asset, or the use thereof including, but not limited to, all laws regarding the operation of the Real Property Assets as a manufactured housing community, all zoning, fire safety and building codes, the Americans with Disabilities Act, and all Environmental Laws (as defined in the Environmental Indemnity) and Title VIII of the Civil Rights Act of 1968, as amended by the Housing and Community Developmental Act of 1974.

"Appraisal" shall mean an appraisal prepared in accordance with the requirements of FIRREA, prepared by an independent third party appraiser holding an MAI designation, who is state licensed or state certified if required under the laws of the state where the applicable Real Property Asset is located, who meets the requirements of FIRREA and who has at least ten (10) years real estate experience appraising properties of a similar nature and type as the applicable Real Property Asset and who is otherwise satisfactory to Lender.

"Approved Annual Budget" shall mean for the partial year period commencing on the Anticipated Payment Date, and for each fiscal year thereafter, the annual budget submitted to Lender for Lender's written approval not later than thirty (30) days prior to the commencement of such period or fiscal year. Such annual budget shall be in form and substance reasonably satisfactory to Lender setting forth in reasonable detail budgeted monthly operating income and monthly operating capital and monthly operating and other expenses for the Real Property Assets, including all planned capital expenditures in respect of the Real Property Assets for such period or fiscal year. Until such time that Lender approves a proposed annual budget, the most recently Approved Annual Budget shall apply; provided that, such Approved Annual Budget shall be adjusted to reflect actual increases in real estate taxes, insurance premiums and utilities expenses.

"Assignment of Contracts" shall have the meaning provided in Section 3.01(a)(vii).

"Assignment of Leases and Rents" shall have meaning provided in Section 3.01(a)(iv).

"Available Facility Amount" shall mean, individually U.S. \$45,000,000.00, as the same may be reduced pursuant to the terms of this Agreement.

"Bank" shall initially mean NBD Bank, N.A., provided that in the event that the ratings of such institution's short-term senior unsecured debt obligations fall below A-1+ by S&P (hereinafter defined), then "Bank" shall mean any other financial institution subsequently selected by Lender for the transfer of the Cash Collateral Account or the Deferred Maintenance Reserve Account, provided that any such subsequent financial institution shall be authorized to maintain Eligible Accounts. Lender shall give the Borrower notice of any transfer of the Cash Collateral Account or the Deferred Maintenance Reserve Account to a successor Bank promptly after such transfer.

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights.

"Basic Carrying Costs" shall mean, with respect to a Real Property Asset, the sum of the following costs associated with such Real Property Asset for the relevant year or payment period: (i) Taxes and Other Charges imposed by a governmental authority (each as defined in the related Security Instrument) and (ii) Insurance Premiums (as defined in the related Security Instrument).

"Basic Carrying Costs Monthly Installment" shall mean, with respect to a Real Property Asset, one twelfth (1/12th) of the annual amount (or if Basic Carrying Costs are paid more often than annually, a fraction equal to one divided by the number of full months in the relevant payment period multiplied by the amount payable for such payment period) of Basic Carrying Costs as set forth on the Approved Annual Budget with respect to such Real Property Asset. Should such Basic Carrying Costs not be ascertainable at the time any monthly deposit is required to be made, the Basic Carrying Costs Monthly Installment shall be determined by Lender on the basis of the aggregate Basic Carrying Costs for the prior year or payment period. As soon as the Basic Carrying Costs are fixed for the then current year or payment period, the remaining Basic Carrying Costs Monthly Installments in such year shall be adjusted to reflect any deficiency or surplus in prior monthly payments pursuant to Section 8.

"Basic Carrying Costs Sub-Account" shall mean a Sub-account for purposes of holding all year-to-date (or other applicable period-to-date) Basic Carrying Costs Monthly Installments (less amounts disbursed to or on behalf of the Borrower during the relevant year or other payment period) plus the amount of the Basic Carrying Costs Monthly Installment for the next ensuing month (as adjusted to reflect actual Basic Carrying Costs).

"Borrower" shall have the meaning provided in the first paragraph of this Agreement and any successor Borrower expressly permitted hereunder.

"Business Day" shall mean (i) for all purposes, any day excluding Saturday, Sunday and any day which shall be in New York City or Detroit, Michigan a legal holiday or a

day on which Lender or banking institutions are authorized or required by law or other government actions to close.

"Business Interruption Insurance Proceeds" shall have the meaning provided in Section 8.9(a).

"Business Interruption Insurance Sub-Account" shall mean a Sub-Account in the Cash Collateral Account for the purpose of holding proceeds of business interruption insurance policies paid in lump sums in advance.

"Capital Event" shall mean, with respect to a Real Property Asset, (a) the sale or other disposition (whether voluntary or involuntary) or refinancing of all or any portion of such Real Property Asset, (b) the occurrence of any Casualty or Condemnation of all or any portion of such Real Property Asset, or (c) the receipt of proceeds from any other transaction or by reason of any other occurrence, which proceeds do not constitute Gross Income from Operations of such Real Property Asset; provided, however, amounts representing proceeds from a Capital Event shall be determined net of reasonable and customary out-of-pocket closing or other settlement expenses and/or collection costs.

"Capital Event Sub-Account" shall mean a Sub-Account in the Cash Collateral Account for purposes of holding proceeds of Capital Events.

"Capitalized Lease" as to any Person shall mean (i) any lease of property, real or personal, the obligations under which are capitalized on the consolidated balance sheet of such Person and its Subsidiaries, and (ii) any other such lease to the extent that the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Capitalized Lease Obligations" as to any Person shall mean all obligations of such Person and its Subsidiaries under or in respect of Capitalized Leases.

"Cash Collateral Account" shall have the meaning provided in Section 8.1.

"Casualty" shall mean any damage to or destruction of all or any material portion of a Real Property Asset.

"Casualty Insurance Proceeds" shall mean any insurance proceeds received by a Borrower in respect of a Casualty.

"Certificate of Compliance and Indemnification Agreement" shall have the meaning provided in Section 3.01(a)(vi).

"Change in Law" shall have the meaning provided in Section 2.19(c).

"Closing Date" shall mean the date of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, together with all rules and regulations from time to time promulgated thereunder.

"Collateral" shall mean all property and interests in property now owned or hereafter acquired in or upon which a Lien has been or is purported or intended to have been granted under any of the Security Instruments or any of the other Loan Documents.

"Condemnation" shall mean any actual or proposed, contemplated or threatened commencement of any taking, condemnation, eminent domain or other similar proceeding relating to all or any material portion of a Real Property Asset.

"Condemnation Proceeds" shall mean any award proceeds or other compensation payable in respect of a Condemnation.

"Contingent Obligation" as to any Person shall mean any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases (including Capitalized Leases) dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth, solvency or other financial condition of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof: provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business, or other obligations of such Persons which would not be required under GAAP to be disclosed as liabilities or footnoted on such Person's financial statement. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Control" shall mean in (a) in the case of a corporation, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all the voting stock (exclusive of stock which is voting only as required by applicable law or in the event of nonpayment of dividends and pays dividends only on a nonparticipating basis at a fixed or floating rate), and (b) in the case of any other entity, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all of the beneficial equity interests therein (calculated by a method that excludes from equity interests, ownership interests that are nonvoting (except as required by applicable law or in the event of nonpayment of dividends or distributions) and pay dividends or distributions only on a non-participating basis at a fixed or floating rate) or, in any case, (c) the power directly or indirectly, to direct or control, or cause the direction of, the

management policies of another Person, whether through the ownership of voting securities, general partnership interests, common directors, trustees, officers by contract or otherwise. The terms "controlled" and "controlling" shall have meanings correlative to the foregoing definition of "Control."

"Debt Service Coverage Ratio" shall mean for any Real Property Asset, the ratio for the applicable period in which (a) the numerator is the Net Operating Income (excluding interest on credit accounts) for such period as set forth in the statements required hereunder, without deduction for (i) actual management fees paid in connection with the operation of the Real Property Asset, or (ii) amounts in the Basic Carrying Costs Sub-Account, the Replacement Reserve Sub-Account and the Deferred Maintenance Reserve Account, less (A) management fees equal to the greater of (1) assumed management fees of five percent (5%) of Gross Income from Operations or (2) the actual management fees, and (B) assumed Replacement Reserve Monthly Installments equal to \$4.17 per pad; and (b) the denominator is the aggregate amount of principal and interest due and payable on the Note for such period.

"Debt Service Sub-Account" shall mean a Sub-Account of the Cash Collateral Account for purposes of segregating amounts required to make all payments of interest that will be due and payable on the next Payment Date in respect of the Loan.

"Default" shall mean any event, act or condition which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" shall mean the lesser of (a) the Maximum Legal Rate or (b) the rate per annum determined by adding 5% to the Regular Interest Rate.

"Deferred Maintenance Reserve Account" shall mean that certain reserve account established with the Bank in the name of Lender in respect of certain expenses relating to the deferred maintenance at each of the Real Property Assets.

"Deferred Maintenance Reserve Account Disbursement Request" shall mean a certificate of the Borrower requesting disbursement from the Deferred Maintenance Reserve Account.

"Deferred Maintenance Reserve Account Reallocation Request" shall have the meaning provided in Section 8.15.

"Deferred Maintenance Reserve Amount" shall mean, with respect to each Real Property Asset, a funded reserve for completion of deferred maintenance items at such Real Property Asset in amounts reasonably determined by Lender based on an Engineering Report for such Real Property Asset, which amounts and descriptions of such deferred maintenance items are set forth on Schedule 2 as such schedule may be amended, modified or otherwise supplemented from time to time.

"Distribution Account" shall mean that certain trust account to which the Borrower has, by irrevocable instruction given on the date hereof, directed the Lender to deposit all funds to which Borrower is entitled hereunder.

"Dollars" and the symbol "\$" each mean the lawful money of the United States of America.

"Edwardsville Property" shall have the meaning provided in Section 2.11.

"Eligible Account" shall mean a trust account held by and at the Bank or an account that is either: (a) maintained with a depository institution or trust company the long-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the long-term unsecured debt obligations of such holding company) have been rated by the Rating Agencies in one of its two highest rating categories or the short-term commercial paper of which is rated by the Rating Agencies in its highest rating category at the time of any deposit therein; or (b) a trust account or accounts maintained with a federal or state chartered depository institution or trust company with trust powers acting in its fiduciary capacity.

"Employee Benefit Plan" shall mean an employee benefit plan within the meaning of Section 3(3) of ERISA.

"Engineering Reports" shall mean engineering reports dated within six (6) months of delivery and in form and substance satisfactory to Lender with respect to each of the Real Property Assets; such engineering reports shall be prepared in accordance with Lender's then current guidelines for property inspection reports by licensed engineers acceptable to Lender, and such report should state, among other things, that each Real Property Asset is in good condition and repair (subject to ordinary wear and tear), free from damage and waste and is in compliance with the Americans with Disabilities Act.

"Environmental Indemnity" shall have the meaning provided in Section 3.01(a)(v).

"Environmental Reports" shall mean the written environmental site assessments, prepared by independent qualified environmental professionals acceptable to Lender, dated within six (6) months of delivery, each of which shall be in form and substance satisfactory to Lender and shall include, without limitation, the following: (i) a Phase I environmental site assessment analyzing the possible presence of environmental contaminants, polychlorinated biphenyls or storage tanks and other Hazardous Substances at each of the Real Property Assets, the risk of contamination from off-site Hazardous Substances and compliance with Environmental Laws, such assessments shall be conducted in accordance with ASTM Standard E 1527-93, or any successor thereto published by ASTM, (ii) an asbestos survey of each of the Real Property Assets, which shall include random sampling of materials and air quality testing, (iii) if any of the Real Property Assets is used for residential housing, an assessment of the presence of lead-based paint, lead in water and radon in the improvements, and (iv) such further site

assessments Lender may require due to the results obtained in (i), (ii) or (iii) hereof or in its reasonable discretion.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statute, together with all rules and regulations promulgated thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any provisions of ERISA substituted therefor.

"ERISA Controlled Group" means any corporation or entity or trade or business or person that is a member of any group described in Section 414(b), (c), (m) or (o) of the Code of which Borrower is a member.

"Event of Default" shall have the meaning provided in Section 7.

"Federal Reserve Board" shall mean the Board of Governors of the Federal Reserve System as constituted from time to time, or any successor thereto in function.

"Fees" shall mean all amounts payable pursuant to Section 9.01.

"Financing Statements" shall have the meaning provided in Section 3.01(a)(h).

"FIRREA" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended from time to time.

"Florida Note" shall have the meaning provided in Section 2.11(c).

"Florida Property" shall mean that certain real property known as Royal Country, located in Miami, Florida and which is the "Real Property Asset" as defined in the Miami Lakes Loan Agreement.

"Furnished Information" shall have the meaning provided in Section 4.14.

"GAAP" shall mean United States generally accepted accounting principles on the date hereof and as in effect from time to time during the term of this Agreement, and consistent with those utilized in the preparation of the financial statements referred to in Section 4.05.

"General Partner" shall mean Sun Communities Funding GP L.L.C., a Michigan limited liability company, and the general partner of Borrower.

"Gross Income from Operations" shall mean all income, computed in accordance with GAAP, derived from the ownership and operation of the Real Property Assets from whatever source, including, but not limited to, Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, and other required pass-throughs but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any government or governmental agency, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, proceeds of casualty insurance and condemnation awards (other than business

interruption or other loss of income insurance), and any disbursements to the Borrower from the Basic Carrying Costs Sub-Account, the Replacement Reserve Sub-Account, the Deferred Maintenance Reserve Account or any other Sub-Account established by the Loan Documents. Gross income shall not be diminished as a result of the Security Instruments or the creation of any intervening estate or interest in the Real Property Assets or any part thereof.

"Guaranty" shall mean that certain guaranty of payment dated the date hereof given by Borrower to Lender pursuant to the Miami Lakes Loan Agreement.

"Indebtedness" of any Person shall mean, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument, (iii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all unreimbursed amounts drawn thereunder, (iv) all indebtedness of any other Person secured by any Lien on any property owned by such Person, whether or not such indebtedness has been assumed, (v) all Contingent Obligations of such Person, (vi) all Unfunded Benefit Liabilities of such Person, (vii) all payment obligations of such Person under any interest rate protection agreement (including, without limitation, any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements, (viii) all indebtedness and liabilities secured by any Lien or mortgage on any property of such Person, whether or not the same would be classified as a liability on a balance sheet, (ix) the liability of such Person in respect of banker's acceptances and the estimated liability under any participating mortgage, convertible mortgage or similar arrangement, (x) the aggregate amount of rentals or other consideration payable by such Person in accordance with GAAP over the remaining unexpired term of all Capitalized Leases, (xi) all judgments or decrees by a court or courts or competent jurisdiction entered against such Person, (xii) all indebtedness, payment obligations, contingent obligations, etc. of any partnership in which such Person holds a general partnership interest, and (xiii) all obligations, liabilities, reserves and any other items which are listed as a liability on a balance sheet of such Person determined on a consolidated basis in accordance with GAAP, but excluding all general contingency reserves, reserves for deferred income taxes and investment credit, and all prepaid Rents, tenant security deposits or other customer deposits.

"Indemnified Party" shall have the meaning provided in Section 9.01(c).

"Insurance Proceeds Sub-Account" shall mean a Sub-Account for the purpose of holding Loss Proceeds that are to be disbursed to the Borrower for restoration of a Real Property Asset in connection with a Casualty or Condemnation.

"Lender" shall have the meaning provided in the first paragraph of this Agreement and any successors or assigns thereof.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same

effect as any of the foregoing and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction, domestic or foreign.

"Loan" shall mean the Advance made to Borrower under this Agreement and the Note pursuant to the terms hereof, the aggregate principal amount of which shall not exceed the Maximum Facility Amount.

"Loan Documents" shall mean this Agreement, the Note, the Guaranty, the Security Instruments, the Environmental Indemnity, the Assignment of Leases and Rents, the Certificate of Compliance and Indemnification Agreement, the Assignment of Agreements, Permits and Contracts, each Financing Statement filed in connection herewith, and any other documents or instruments evidencing, securing or guaranteeing the Loan or perfecting Lender's Lien in the Collateral.

"Loss Proceeds" shall mean, collectively, all Casualty Insurance Proceeds and Condemnation Proceeds.

"Managing Member" shall mean SCF Manager, Inc., a Michigan corporation and the managing member of General Partner.

"Margin Stock" shall have the meaning provided such term in Regulation U and Regulation G of the Federal Reserve Board.

"Material Adverse Effect" shall mean any condition which causes or continues the occurrence of an Event of Default or has a material adverse effect upon (i) the business, operations, properties, assets, prospects or condition (financial or otherwise) of Borrower, individually or taken as a whole, (ii) the ability of Borrower to perform, or of Lender to enforce, the Obligations or (iii) the value of the Collateral taken as a whole.

"Matured Performing Rate" shall mean an interest rate per annum equal to the greater of (i) the Regular Interest Rate plus two percent (2%) or (ii) two percent (2%) plus the yield on the U.S. Treasury (primary issue) with a maturity date closest to September 10, 2027, with such yield being based on the bid price for such issue as published in the Wall Street Journal on the date that is 14 days prior to the Anticipated Payment Date (or, if such bid price is not published on that date, the next preceding date on which such bid price is so published) and converted to a monthly compounded nominal yield.

"Maturity Date" shall mean September 10, 2027 or such earlier date on which the principal balance of the Loan and all other sums due in connection with the Loan shall be due as a result of the acceleration of the Loan.

"Maximum Facility Amount" shall mean \$45,000,000.00, as such amount shall be reduced pursuant to the terms and conditions of this Agreement.

"Maximum Legal Rate" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received

on the indebtedness evidenced by the Note and as provided for herein or the Security Instruments or other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"Miami Lakes" shall mean Miami Lakes Venture Associates, a Florida general partnership.

"Miami Lakes Loan Agreement" shall mean that certain Amended and Restated Loan Agreement dated the date hereof between Miami Lakes, Borrower and Lender which governs a certain loan in the principal amount of \$19,000,000.00 made by Lender to Miami Lakes and guaranteed by Borrower pursuant to the Guaranty.

"Miami Lakes Property" shall mean the Real Property Asset as defined in the Miami Lakes Loan Agreement.

"Monetary Default" shall mean any Default which can be cured by the payment of principal, interest, or any other costs and expenses of Borrower arising under the Loan Documents, including, without limitation, Transaction Costs and those cost and expenses arising under Section 2.19.

"Monthly Debt Service Payment Amount" shall have the meaning provided in Section 2.05(a).

"Multiemployer Plan" shall mean a Plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Net Operating Income" shall mean, with respect to any Real Property Asset, the amount obtained by subtracting Operating Expenses from Gross Income from Operations.

"Note" shall have the meaning provided in Section 2.04.

"Obligations" shall mean all payment, performance and other obligations, liabilities and indebtedness of every nature of Borrower from time to time owing to Lender under or in connection with this Agreement or any other Loan Document.

"Operating Expenses" shall mean, with respect to any Real Property Asset, the total of all expenditures, computed in accordance with GAAP, of whatever kind relating to the operation, maintenance and management of the Real Property Asset that are incurred on a regular monthly or other periodic basis, including without limitation, utilities, ordinary repairs and maintenance, insurance, license fees, property taxes and assessments, advertising expenses, management fees, payroll and related taxes, computer processing charges, operational equipment or other lease payments as approved by Lender, and other similar costs, but excluding depreciation, Debt Service, capital expenditures, and contributions to the Replacement Reserve Sub-Account, the Basic Carrying Costs Sub-Account and any other reserves required under the Loan Documents.

"Payment Date" shall have the meaning provided in Section 2.05(a).

"PBGC" shall mean the Pension Benefit Guaranty Corporation established under ERISA, or any successor thereto.

"Permitted Investments" shall mean any one or more of the following:

(i) direct obligations of, or obligations fully guaranteed as to full and timely payment of principal and interest by, (a) the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America, or (b) the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Federal Farm Credit System provided such obligations at the time of purchase or contractual commitment for purchase are qualified by the Rating Agencies as a Permitted Investment hereunder as evidenced in writing;

(ii) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, in each case fully insured by the Federal Deposit Insurance Corporation, provided that such investments need not be insured if the commercial paper and long-term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company) have the highest rating available for such securities by the Rating Agencies, or such lower rating as will not result in the lowering or withdrawal of the rating then assigned to the Securities by the Rating Agencies as evidenced in writing;

(iii) repurchase obligations with respect to any security described in clause (i) above entered into with a depository institution or trust company (acting as principal) described in clause (ii) above;

(iv) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term unsecured debt ratings available for such securities by the Rating Agencies, or such lower rating as will not result in the lowering or withdrawal of the rating then assigned to the Securities by the Rating Agencies as evidenced in writing;

(v) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any State thereof or the District of Columbia and are rated by the Rating Agencies in the highest long-term unsecured rating categories at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Permitted Investments to the extent that investment therein will cause the then-outstanding principal amount of securities issued by such corporation and held as part of the Cash

Collateral Account to exceed 20% of the aggregate principal amount of all Permitted Investments held in the Cash Collateral Account;

(vi) commercial or finance company paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated by the Rating Agencies in its highest short-term unsecured debt rating available at the time of such investment or contractual commitment providing for such investment, and is issued by a corporation the outstanding senior long-term debt obligations of which are then rated by the Rating Agency in the highest long-term unsecured debt ratings available, or such lower rating as will not result in the lowering or withdrawal of the rating then assigned to the Securities by the Rating Agencies as evidenced in writing;

(vii) guaranteed reinvestment agreements acceptable to the Rating Agencies issued by any bank, insurance company or other corporation rated in the highest long-term unsecured rating levels available to such issuers by the Rating Agency at the time of such investment, provided that any such agreement must by its terms provide that it is terminable by the purchaser without penalty in the event any such rating is at any time lower than such level;

(viii) units of taxable money market funds rated by the Rating Agency in its highest rating category or which funds have been designated in writing by the Rating Agency as Permitted Investments with respect to this definition;

(ix) if previously confirmed in writing to the Lender, any other demand, money market or time deposit, or any other obligation, security or investment, that may be acceptable to the Rating Agencies as a Permitted Investment of funds backing securities having ratings equivalent to its initial rating of the highest-rated Securities; and

(x) such other obligations as are acceptable as Permitted Investments to the Rating Agency;

provided, however, that such instrument continues to qualify as a "cash flow investment" pursuant to Code Section 860G(a)(6) and that no instrument or security shall be a Permitted Investment if (x) such instrument or security evidences a right to receive only interest payments, (y) the right to receive principal and interest payments derived from the underlying investment provide a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment or (z) such instrument or security can be redeemed prior to its stated maturity date at an amount less than the purchase price paid therefor.

"Permitted Liens" shall have the meaning provided in Section 6.01.

"Person" shall mean and include any individual, partnership, joint venture, firm, corporation, association, company, trust or other enterprise or any government or political subdivision or agency, department or instrumentality thereof.

"Plan" means any employee benefit plan covered by Title IV of ERISA or which is subject to Section 412 of the Code or Section 302 of ERISA, for which Borrower or any member of its ERISA Controlled Group has or may have any obligation or liability, whether direct or indirect.

"Prepayment Commencement Date" shall have the meaning provided in Section 2.11.

"Prepayment Consideration" shall mean an amount equal to the present value of a series of payments each equal to the Prepayment Differential and payable on each monthly Payment Date through and including the Payment Date occurring on the Anticipated Payment Date discounted at the Reinvestment Yield for the number of months remaining from the Prepayment Date to each such monthly Payment Date through and including the Payment Date occurring on the Anticipated Payment Date.

"Prepayment Date" shall have the meaning provided in Section 2.11.

"Prepayment Differential" shall mean an amount equal to (a) the Regular Interest Rate minus the Reinvestment Yield, (b) divided by twelve (12) and (c) multiplied by the principal sum due on such Prepayment Date.

"Prepayment Notice" shall have the meaning provided in Section 2.11.

"Rating Agencies" shall mean Standard & Poor's Ratings Group, a Division of the McGraw-Hill Companies ("S&P"), Moody's Investors Service, Inc., Duff & Phelps Credit Rating Co. and Fitch Investors Service, Inc. or any other nationally recognized statistical rating agency which has been approved by Lender.

"Real Property Assets" shall mean all of the real property described on Schedule 3. Notwithstanding the foregoing, however, upon the release by Lender of the Lien against all of the Collateral relating to a Real Property Asset, such Real Property Asset, as of the effective date of such release, shall no longer be included within the definition of all of the Real Property Assets.

"Register" shall have the meaning provided in Section 9.09.

"Regular Interest Rate" shall mean an interest rate equal to seven and one one-hundredth percent (7.01%) per annum.

"Regulation D" shall mean Regulation D of the Federal Reserve Board as from time to time in effect and any successor to all or any portion thereof.

"Reinvestment Yield" shall mean an amount equal to the sum of 0.25% and the yield on the U.S. Treasury issue (primary issue) with a maturity date closest to the Anticipated Payment Date with such yield being based on the bid price for such issue as published in The Wall Street Journal on the date that is 14 days prior to the Prepayment Date set forth in the Prepayment Notice (or, if such bid price is not published on that date, the next preceding date on which such bid price is so published) and converted to a monthly compounded nominal yield.

"Release Parcel" shall have the meaning provided in Section 2.11.

"Release Price" shall have the meaning provided in Section 2.11.

"Release Property" shall have the meaning provided in Section 2.11.

"REMIC" shall mean a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code.

"REMIC Trust" shall mean a REMIC which holds the Note.

"Rents" shall mean all cash, securities, if any, or other cash equivalents, if any, deposited to secure the performance by the lessees of their obligations under the leases and other agreements effecting the use, occupancy or enjoyment of the Real Property Assets, together with all income, rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses and all golfing revenues) and all pass-throughs and tenant's required contributions for taxes, maintenance and utility costs, tenant improvements, leasing commissions, capital expenditures and other items, including, without limitation, all Accounts Receivable, from the Real Property Assets and all proceeds from the sale, termination or other disposition of said leases.

"Replacement Reserve" shall mean, with respect to each Real Property Asset, an annual reserve for such Real Property Asset in an amount equal to \$50.00 per pad.

"Replacement Reserve Monthly Installment" shall mean, with respect to each Real Property Asset, an amount equal to one-twelfth of the annual Replacement Reserve required to be maintained hereunder as the same may be adjusted pursuant to Section 8.18 hereof.

"Replacement Reserve Reallocation Request" shall have the meaning provided in Section 8.18.

"Replacement Reserve Sub-Account" shall mean a Sub-Account of the Cash Collateral Account for purposes of holding all year-to-date Replacement Reserve Monthly Installments (less amounts disbursed to or on behalf of Borrower during such year pursuant hereto) plus the amount of the Replacement Reserve Monthly Installment for the next ensuing month.

"Reportable Event" shall have the meaning set forth in Section 4043(b) of ERISA (other than (a) a Reportable Event as to which the provision of 30 days' notice to the PBGC is

waived under applicable regulations or (b) a Reportable Event specified in Section 4043(b)(9), (11) or (12) of ERISA, which is reasonably expected not to result in any liability to, or a lien upon, Borrower or any member of their Controlled Group or any of their respective assets).

"Responsible Officer" shall mean a chairman of the board, president or chief financial officer.

"RV Pads" shall mean Units being leased for use by recreational vehicles or automobile trailers, except to provide storage for such vehicles owned by tenants of any of the Units.

"Secondary Market Transaction" shall mean (i) any transaction in which Lender sells, assigns, syndicates, participates or otherwise transfers and/or disposes of all or any portion of the Loan, including all servicing rights with respect thereto, (ii) a Securitization, or (iii) any transaction in which Lender otherwise sells or transfers the Loan or an interest therein.

"Securities" shall mean any mortgage pass-through certificates or other securities evidencing a beneficial interest in the assets of a trust created in connection with a Secondary Market Transaction.

"Securitization" shall mean any transaction in which Lender deposits the Loan, the Note, the Security Instruments and the other Loan Documents with a trust, which trust may issue Securities in a rated or unrated public offering or private placement.

"Security Instruments" shall have the meaning provided in Section 3.01(a)(iii).

"Side Letters" shall mean those certain letters dated as of the date hereof (i) from Lender to Borrower, Miami Lakes and Sun Communities Operating Limited Partnership, and (ii) from Borrower, Miami Lakes and Sun Communities Operating Limited Partnership to Lender, each regarding the securitization of the Loan.

"Single Purpose Entity" shall mean a Person, other than an individual, which at all times since its formation: (i) has been a duly formed and existing limited partnership, limited liability company or corporation, as the case may be; (ii) has been duly qualified in each jurisdiction in which such qualification was at such time necessary for the conduct of its business; (iii) has complied with the provisions of its organizational documents and the laws of its jurisdiction of formation in all respects; (iv) has observed all customary formalities regarding its partnership, limited liability company or corporate existence, as the case may be; (v) has accurately maintained its financial statements, accounting records and other partnership, limited liability company or corporate documents separate from those of any other Person; (vi) has not commingled its assets or funds with those of any other Person; (vii) has accurately maintained its own bank accounts, payroll and books and accounts separate from those of any other Person; (viii) has paid its own liabilities from its own separate assets; (ix) has identified itself in all dealings with the public, under its own name and as a separate and distinct entity; (x) has not identified itself as being a division or a part of any other Person; (xi) has been adequately capitalized in light of its contemplated business operations; (xii) has not assumed, guaranteed or

become obligated for the liabilities of any other Person (except in connection with the endorsement of negotiable instruments in the ordinary course of business) or held out its credit as being available to satisfy the obligations of any other Person; (xiii) has not acquired obligations or securities of any other Person; (xiv) has not made loans or advances to any other Person; (xv) has not entered into and was not a party to any transaction with any Affiliate of such Person, except in the ordinary course of business and on terms which are no less favorable to such Person than would be obtained in a comparable arms length transaction with an unrelated third party; (xvi) has conducted its own business in its own name; (xvii) has paid the salaries of its own employees and maintained a sufficient number of employees in light of its contemplated business operations; (xviii) has allocated fairly and reasonably any overhead for shared office space; (xix) has used separate stationery, invoices and checks; (xx) has not pledged its assets for the benefit of any other entity or made any loans or advances to any person or entity; (xxi) has not engaged in a non-exempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code; (xxii) has not acquired obligations or securities of its partners or Affiliates; and (xxiv) has corrected any known misunderstanding regarding its separate identity.

"Solvent" as to any Person shall mean that (i) the sum of the assets of such Person, at a fair valuation based upon appraisals or comparable valuation, will exceed its liabilities, including contingent liabilities, (ii) such Person will have sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and (iii) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means (x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. With respect to any such Contingent Liabilities, such liabilities shall be computed in accordance with GAAP at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

"Sub-Accounts" shall mean, collectively, all or some of, the Debt Service Sub-Account, Basic Carrying Costs Sub-Account, Replacement Reserve Sub-Account, Capital Event Sub-Account, Insurance Proceeds Sub-Account, Business Interruption Insurance Sub-Account, and the Temporary Condemnation Proceeds Sub-Account, as the context requires.

"Subsidiary" of any Person shall mean and include (i) any corporation Controlled by such Person, directly or indirectly through one or more intermediaries, and (ii) any partnership, association, joint venture or other entity Controlled by such Person, directly or indirectly through one or more intermediaries.

"Taxes" shall have the meaning provided in Section 2.19, except as such term is used in Section 9.08(c)(v) where it shall have the meaning provided in the Security Instruments.

"Temporary Condemnation Proceeds Sub-Account" shall mean a Sub-Account for the purpose of holding proceeds of any temporary Condemnation paid in lump sums in advance.

"Termination Event" shall mean (i) a Reportable Event, or (ii) the initiation of any action by Borrower, any member of Borrower's ERISA Controlled Group or any other person to terminate a Plan or the treatment of an amendment to an ERISA Plan as a termination under ERISA, in either case, which would result in liability to Borrower or any of their ERISA Controlled Group in excess of \$3,000,000, (iii) the institution of proceedings by the PBGC under Section 4042 of ERISA to terminate an ERISA Plan or to appoint a trustee to administer any ERISA Plan, (iv) any partial or total withdrawal from a Multiemployer Plan which in either case, which would result in liability to Borrower or any of their ERISA Controlled Groups in excess of \$3,000,000 or (v) the taking of any action would require security to the Plan under Section 401(a)(29) of the Code.

"Title Policy" shall have the meaning provided in Section 3.01(h).

"Transaction Costs" shall mean all costs and expenses arising from transactions in connection with the Loan occurring after the Closing Date that are paid or payable by Borrower relating to the Loan, including, without limitation, the costs and expenses of Lender, without duplication, in conducting its due diligence with respect to the Loan, financing fees, commitment fees, advisory fees, appraisal fees, legal fees, accounting fees, title insurance premiums, recording charges and taxes, whether directly or as reimbursement to Lender required under this Agreement or the other Loan Documents.

"Transferee" shall have the meaning provided in Section 9.07.

"UCC Searches" shall have the meaning provided in Section 3.01(f).

"Unfunded Benefit Liabilities" means with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefit liabilities under such Plan as defined in Section 4001(a)(16) of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan (on the basis of assumptions prescribed by the PBGC for the purpose of Section 4044 of ERISA).

SECTION 2. AMOUNT AND TERMS OF LOAN

Section 2.01 Intentionally Deleted

Section 2.02 Intentionally Deleted.

Section 2.03 Intentionally Deleted.

Section 2.04 Borrower's obligation to pay the principal of, and interest on, the Loan shall be evidenced by the promissory note (as amended, modified, supplemented, extended or consolidated, the "Note") duly executed and delivered by Borrower on the date hereof in a principal amount equal to \$26,000,000.00. Lender has no obligation to

make any further advances under the Loan after the date hereof. The outstanding principal balance of the Note, together with all interest (including, without limitation, Accrued Interest following the Anticipated Payment Date) and other sums due thereunder shall be due and payable on the Maturity Date without further action on the part of Lender.

Section 2.05. Interest and Principal Payments. (a) Borrower shall pay all sums due under the Note in installments as follows:

(i) a payment of interest only on the tenth (10th) day of September, 1997, for interest accruing for the period commencing on and including the date of the Note and continuing through and including the ninth day of September, 1997; and

(ii) monthly payments in the amounts set forth on Schedule 10 attached hereto and made a part hereof (each, the "Monthly Debt Service Payment Amount") on October 10, 1997 and on the tenth day of each calendar month thereafter up to and including the Maturity Date (each, a "Payment Date"); each Monthly Debt Service Payment Amount shall be applied first, to the payment of interest computed at the Regular Interest Rate, and the balance toward the reduction of the outstanding principal balance of the Note.

(b) From and after the Anticipated Payment Date, interest shall accrue on the unpaid principal balance of the Note at the Maturity Performing Rate. Each Monthly Debt Service Payment Amount paid after the Anticipated Payment Date shall be applied first, to the payment of interest computed at the Regular Interest Rate and the balance, if any, toward the reduction of the outstanding principal balance of the Note; interest accrued at the Maturity Performing Rate shall be deferred and added to the Loan and shall earn interest at the Maturity Performing Rate to the extent permitted by applicable law (such accrued interest is hereinafter defined as "Accrued Interest"). In addition to such payments of principal and interest, Borrower shall make payments in reduction of the outstanding principal balance of the Note in monthly installments beginning on the Anticipated Payment Date and on the tenth day of each calendar month thereafter up to and including the Maturity Date in accordance with the terms and provisions of Section 2.13.

(c) Intentionally Deleted.

(d) In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal amount of the Loan and, to the extent permitted by law, overdue interest in respect of the Loan (including, without limitation, Accrued Interest), shall bear interest at the Default Rate with respect to Monetary Defaults, calculated from the date such payment was due without regard to any grace or cure periods contained herein, and with respect to all other Defaults, calculated from the date of the occurrence of the related Event of Default.

(e) Intentionally Deleted.

(f) Interest on the outstanding principal balance of the Loan shall be calculated on the basis of the actual number of days elapsed in a three hundred sixty (360) day year.

(g) This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the interest rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

Section 2.06 Intentionally Deleted.

Section 2.07 Intentionally Deleted.

Section 2.08 Intentionally Deleted.

Section 2.09 Intentionally Deleted.

Section 2.10 Intentionally Deleted.

Section 2.11 Voluntary Prepayments; Defeasance. (a) Borrower shall not have the right to prepay the Loan, in whole or in part, prior to March 10, 2007 (the "Prepayment Commencement Date"). Commencing on the Prepayment Commencement Date, provided no Event of Default exists, the outstanding principal balance of the Loan may be prepaid in whole or in part upon (a) not less than fifteen (15) Business Days' prior written notice (the "Prepayment Notice") by Borrower specifying the scheduled date (the "Prepayment Date") on which such prepayment is to be made; (b) payment of the principal amount prepaid together with all accrued and unpaid interest thereon to and including the Prepayment Date; and (c) payment of all other sums then due under this Agreement, the Note, the Security Instruments and the other Loan Documents. Lender shall not be obligated to accept any prepayment unless it is accompanied by all sums due in connection therewith. If a Prepayment Notice is given by Lender pursuant to this Section 2.11, the outstanding principal balance of the Loan (or the portion thereof specified in the Prepayment Notice) and the other sums required under this Section 2.11 shall be due and payable on the Prepayment Date.

(b) If a Default Prepayment (defined below) occurs, Borrower shall pay to Lender the entire Loan, including, without limitation, the Prepayment Consideration. The term

"Default Prepayment" shall mean a prepayment of the principal amount of the Loan made after the occurrence of any Event of Default or an acceleration of the Maturity Date under any circumstances, including, without limitation, a prepayment occurring in connection with reinstatement of any Security Instrument provided by statute under foreclosure proceedings or exercise of a power of sale, any statutory right of redemption exercised by Borrower or any other party having a statutory right to redeem or prevent foreclosure, any sale in foreclosure or under exercise of a power of sale or otherwise.

(c) Subject to compliance with and satisfaction of the terms and conditions of this Section 2.11 and provided no Event of Default has occurred and is continuing, Borrower may elect on any Payment Date after the earlier of (x) the third (3rd) anniversary of the date hereof or (y) two (2) years from the "startup day" within the meaning of Section 860G(a)(9) of the Code of a REMIC Trust (the "Defeasance Lock-Out Termination Date"), to release a Real Property Asset from the Lien of the related Security Instrument (a "Release Property") by delivering to Lender (a "Defeasance"), as security for the payment of all interest due and to become due throughout the term of the Note and the Florida Note (defined below) on, and the principal balance of the Note and the Florida Note equal to, the outstanding principal balance of the Note and the Florida Note, Defeasance Collateral (defined below) with Collateral Value (defined below) sufficient, without consideration of any reinvestment of interest therefrom, to pay (1) all amounts then due relating to the Note, including accrued interest thereon, (2) an amount equal to the lesser of (A) the amount set forth on Schedule 9 for each Real Property Asset (the "Release Price") for the Release Property or the outstanding principal balance of the Note and the note evidencing the loan made pursuant to the Miami Lakes Loan Agreement (the "Florida Note") after giving effect to all prior Defeasances (the "Defeasance Amount"), and (3) the portion of the interest that will become due on the Defeasance Amount under the Note and the Florida Note on any date prior to and including the Anticipated Payment Date (all such interest as described in this clause (3) together with the Defeasance Amount and such amounts described in clause (1) being hereinafter referred to as the "Defeasance Property").

(d) As a condition to any Defeasance, prior to any Defeasance, Borrower shall have delivered to Lender:

- (i) All necessary documents to amend and restate the Note to reflect that a portion of the principal balance of the Note and the Florida Note has been defeased (collectively, the "Defeased Note"). The Defeased Note (1) shall be in a principal amount equal to the Defeasance Amount, (2) shall be payable to the order of Lender, (3) shall be dated as of the date hereof, (4) shall mature on the Anticipated Payment Date (the "Defeased Maturity Date"), (5) shall be secured by the Defeasance Collateral delivered in connection with the Defeasance and shall otherwise contain substantially the same terms as the Note. The Defeased Note shall evidence a portion of the existing indebtedness hereunder and under the Florida Note and not any new or additional indebtedness of Borrower or Miami Lakes. A Defeased Note cannot be the subject of any further Defeasance.

- (ii) An opinion of Borrower's counsel in form reasonably satisfactory to Lender stating (1) that the Defeasance Collateral and the proceeds thereof have been duly and validly assigned and delivered to Lender and, subject to the filing of appropriate financing statements and/or taking and maintaining possession of the Defeasance Collateral, that Lender has a valid, perfected, first priority lien and security interest in the Defeasance Collateral delivered by Borrower and the proceeds thereof and all obligations, rights and duties under and to the Defeased Note, (2) that if the holder of the Note shall at the time of the release of a Release Property be a REMIC, (x) the Defeasance Collateral has been validly assigned to the REMIC Trust, (y) the Defeasance has been effected in accordance with the requirements of Treasury Regulation 1.860(g)-2(a)(8) (as such regulation may be amended or substituted from time to time) and will not be treated as an exchange pursuant to Section 1001 of the Code and (z) the tax qualification and status of the REMIC Trust as a REMIC will not be adversely affected or impaired as a result of the Defeasance, and (3) such other matters as Lender or its counsel may reasonably require.
- (iii) Written confirmation from the Rating Agencies that such Defeasance and release of the Release Property will not result in a withdrawal, downgrade or qualification of the then current ratings by the applicable Rating Agencies of the Securities and otherwise in form and substance reasonably satisfactory to Lender and its counsel. If required by the Rating Agencies, Borrower shall, at Borrower's expense (the cost of which shall be subject to Lender's prior approval, which approval shall not be unreasonably withheld), also deliver or cause to be delivered a non-consolidation opinion with respect to the Defeasance Obligor (defined below) in form and substance satisfactory to Lender and the Rating Agencies.
- (iv) A certificate of Borrower's independent certified public accountant certifying that the Defeasance Collateral generates monthly amounts equal to or greater than each monthly installment of principal and interest required to be paid under the Defeased Note through and including the Defeased Maturity Date and payments due thereon.
- (v) Evidence satisfactory to Lender that there are no subordinate Liens, mortgages, deeds of trust or other security instruments, as the case may be, encumbering the Real Property Assets remaining encumbered by the Lien of the Security Instruments or the Florida Property, including without limitation a "bring down" or "date down" of the title insurance policies insuring the Lien of the Security Instruments on such remaining Real Property Assets and the Florida Property.
- (vi) Payment of all Lender's costs and expenses, including due diligence review costs and reasonable counsel fees and disbursements incurred in connection with the release of the Release Property and the review and

approval of the documents and information required to be delivered in connection therewith ("Release Expenses").

- (vii) Evidence satisfactory to Lender that the aggregate Debt Service Coverage Ratio with respect to the Real Property Assets remaining encumbered by the Lien of the Security Instruments and the Florida Property is equal to or greater than the greater of (1) 2.20 to 1.00, and (2) the aggregate Debt Service Coverage Ratio with respect to all of the Real Property Assets (including the Release Property) and the Florida Property for the twelve (12) full calendar months immediately prior to the release of the Release Property.
- (viii) Evidence reasonably satisfactory to Lender that Borrower and Miami Lakes Venture Associates are Solvent and shall not be rendered insolvent by the release of the Release Property.
- (ix) Borrower shall deliver such other certificates, documents or instruments as Lender may reasonably request.

(e) In connection with any Defeasance hereunder, Lender shall, at its option, in each instance at Borrower's expense, establish or designate a successor entity, which shall be a Single Purpose Entity (the "Defeasance Obligor") and Borrower and Miami Lakes shall transfer and assign all obligations, rights and duties under and to the Defeased Note together with the pledged Defeasance Collateral to such Defeasance Obligor. Such Defeasance Obligor shall assume the obligations under the Defeased Note and any security agreement executed in connection with the Defeasance or the Defeasance Collateral delivered in connection therewith (the "Defeasance Security Agreement"), and Borrower and Miami Lakes shall be relieved of its obligations under such documents.

(f) Each of the obligations of the United States of America that is part of the Defeasance Collateral which are not in bearer form shall be registered in the name of Lender or be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance wholly satisfactory to Lender (including, without limitation, such instruments as may be required by the depository institution holding such securities or by the issuer thereof, as the case may be, to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the Defeasance Collateral the first priority security interest therein in favor of the Lender in conformity with all applicable state and federal laws governing the granting of such security interests. Borrower shall authorize and direct that the payments received from such obligations shall be made directly to Lender or Lender's designee and applied to satisfy the obligations of Borrower under the Defeased Note. Borrower shall execute and deliver a Defeasance Security Agreement in form and substance reasonably satisfactory to Lender creating a first priority lien on the Defeasance Collateral delivered in connection with the Defeasance and the Obligations purchased with the Defeasance Collateral.

(g) The Defeasance Collateral shall generate payments on or prior to, but as close as possible to, the Business Day prior to each successive Payment Date after the Defeasance Date upon which payments are required under this Agreement, the Miami Lakes Loan Agreement and the Defeased Note, including the amount of accrued interest together with the outstanding principal balance of the Defeased Note which would be due on the Defeased Maturity Date (the "Scheduled Defeasance Payments").

(h) Notwithstanding any release of the Security Instrument granted pursuant to this Section 2.11 or any Defeasance hereunder, Borrower shall and hereby agrees to continue to be bound by and obligated under Sections 3.1, 11.2 and Article 13 of the related Security Instrument; provided however that all references therein to "Property" or "Personal Property" shall be deemed to refer only to the Defeasance Collateral delivered to Lender.

(i) All Defeasance Collateral shall be used and applied first to defease a portion of the Note in the amount of the Allocated Loan Amount applicable to the Release Property and thereafter to defease pro-rata portions of the Note applicable to the Real Property Assets remaining encumbered by the Security Instruments and Loan Documents and, to the extent not already defeased in whole, the Florida Note, together with such amount that is necessary for the payment of all interest due and to become due with respect to such portion of the Note and the Florida Note.

(j) Any revenue, documentary stamp or intangible taxes or any other tax or charge due in connection with the creation of the Defeased Note, the modification of the Note, or otherwise required to accomplish the Defeasance shall be paid by Borrower simultaneously with the occurrence of any Defeasance.

(k) The term "Defeasance Collateral" as used herein shall mean non-callable and non-redeemable securities evidencing an obligation to timely pay principal and interest in a full and timely manner that are direct obligations of the United States of America for the payment of which its full faith and credit is pledged.

(l) The term "Collateral Value" as used herein shall mean as of any date with respect to Defeasance Collateral delivered to Lender, the aggregate amount of payments of principal of such Defeasance Collateral and the predetermined and certain income therefrom that will be paid or payable to Lender on or before the Business Day prior to each day on which payments are due on the obligations in respect of which such Defeasance Collateral was delivered, without consideration of any reinvestment of such income, all as certified in writing by a recognized and reputable independent certified public accounting firm or investment banking firm selected by Borrower.

Section 2.12 Mandatory Prepayments. On each date after the Closing Date on which Borrower actually receives a distribution of any Insurance Proceeds or Condemnation Proceeds in respect of any of the Real Property Assets, and if Lender does not make such proceeds available to Borrower for the restoration of any Real Property Asset under the terms of the Security Instruments, Borrower shall prepay, without any Prepayment Consideration, the

outstanding principal balance of the Loan in an amount equal to the lesser of (i) one hundred percent (100%) of such proceeds and the (ii) the Allocated Loan Amount with respect to such Real Property Asset. All prepayments made pursuant to this subsection shall be applied in accordance with the provisions of Section 2.13, and the Available Facility Amount shall be reduced by such amount. The Allocated Loan Amount with respect to such Real Property Asset will be reduced in an amount equal to such prepayment.

Section 2.13. Application of Payments. Subject to the terms hereof, provided that no Event of Default has occurred and is continuing, each and every payment made by Borrower to Lender in accordance with the terms of the Note and/or the terms of any other Loan Document, all other proceeds received by Lender with respect to the Loan and all funds on deposit in the Cash Collateral Account, shall be applied in the following order of priority:

(a) If due prior to the Anticipated Payment Date:

first, to the payment of Basic Carrying Costs in accordance with the terms and conditions of Section 8 of this Agreement;

second, to the payment of the Monthly Debt Service Payment Amount for the related Payment Date, applied first to the payment of all interest accrued and payable under the Note computed at the Regular Interest Rate and the balance, to the payment of the outstanding principal balance of the Note;

third, to the payment of any other amounts then due and payable to the Lender under the Note or under the Loan Documents;

last, to the extent there are funds on deposit in the Cash Collateral Account, to the Distribution Account, from which Borrower may withdraw any or all sums on deposit therein.

(b) If due on or after the Anticipated Payment Date:

first, to the payment of Basic Carrying Costs in accordance with the terms and conditions of Section 8 of this Agreement;

second, to the payment of the Monthly Debt Service Payment Amount for the related Payment Date, applied first to the payment of all interest accrued and payable under the Note computed at the Regular Interest Rate and the balance, to the payment of the outstanding principal balance of the Note;

third, to the payment of any other amounts then due and payable to the Lender under the Note or under the Loan Documents;

fourth, and to the extent there are funds on deposit in the Cash Collateral Account, to the payment of monthly Operating Expenses incurred in accordance with the related Approved Annual Budget pursuant to a written request for payment

submitted by Borrower to Lender specifying the individual Operating Expenses in a form acceptable to Lender;

fifth, to the payment of the outstanding principal balance of the Note;

sixth, to the payment of Accrued Interest; and

last, to the extent there are funds on deposit in the Cash Collateral Account, to the payment of such excess funds to Borrower.

Section 2.14 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 1:00 P.M., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's Office, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Except as expressly provided to the contrary in Section 2.06 hereof, whenever any payment to be made hereunder or under the Note or other Loan Documents shall be stated to be due on a day which is not an Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

(c) All payments made by Borrower hereunder, under the Note and the other Loan Documents, shall be made irrespective of, and without any deduction for, any setoff or counterclaims.

Section 2.15 Intentionally Deleted.

Section 2.16 Intentionally Deleted.

Section 2.17 Intentionally Deleted.

Section 2.18 Intentionally Deleted.

Section 2.19 Taxes. (a) All payments made by Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority arising solely as a result of this Loan excluding, in the case of Lender, any taxes imposed on Lender's revenues, net income and franchise taxes imposed on Lender by the United States of America or any taxing authority thereof, the jurisdiction under the laws of which Lender is organized or any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which Lender is doing business or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being hereinafter called "Taxes").

(b) Notwithstanding anything to the contrary herein, if at any time or from time to time Taxes are required to be deducted or withheld from the payments required to be made to Lender hereunder solely by reason of a Change in Law after the date hereof (other than as a result of any transfer or assignment of any of the obligations of Borrower), all payment required to be made by Borrower hereunder (including any additional amounts that may be payable pursuant to this clause (b)) shall be increased to the extent required so that the net amount received by Lender after the deduction or withholding of Taxes imposed solely by reason of a Change in Law after the date hereof will be not less than the full amount that would otherwise have been receivable had no such deduction or withholding been imposed by reason of such Change in Law. In the event that this clause (b) shall be operative, Borrower shall promptly provide to Lender evidence of payment of such Taxes to the appropriate taxing authority and shall promptly forward to Lender any official tax receipts or other documentation with respect to the payment of the Taxes as may be issued by the taxing authority. If Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Lender the required receipts or other required documentary evidence, Borrower shall indemnify Lender for any incremental taxes, interest or penalties that may become payable by Lender as a result of any such failure. The agreements in this Section 2.19 shall survive the termination of this Agreement and the payment of the Note and all other Obligations for a period of one (1) year.

(c) For purposes of this Section 2.19 the term "Change in Law" shall mean the following events: (i) the enactment of any legislation by the United States, including the enactment, amendment or modification of a treaty; (ii) the lapse, by its terms, of any law of the United States or any treaty to which the United States is a party; or (iii) the promulgation of any temporary or final regulation under the Code.

Section 2.20 Intentionally Deleted

Section 2.21 Intentionally Deleted

Section 2.22 Intentionally Deleted

Section 2.23 Intentionally Deleted.

Section 2.24 Intentionally Deleted

Section 2.25 Intentionally Deleted.

Section 2.26 Intentionally Deleted

Section 2.27 Intentionally Deleted

Section 2.28 Intentionally Deleted

SECTION 3. CONDITIONS PRECEDENT.

Section 3.01 Conditions Precedent to the Loan. The obligation of Lender to make the Loan on the Closing Date is subject to the satisfaction by Borrower on the Closing Date of the following conditions precedent:

(a) Loan Documents.

(i) Loan Agreement. Borrower shall have executed and delivered this Agreement to Lender.

(ii) The Note. Borrower shall have executed and delivered to Lender the Note in the amount, maturity and as otherwise provided herein.

(iii) Security Instruments. Borrower shall have executed and delivered to Lender mortgages, deeds of trust, deeds to secure debt or other security instruments (as amended, restated, modified or supplemented from time to time, collectively, the "Security Instruments"), with respect to each of the Real Property Assets.

(iv) Assignment of Leases and Rents. Borrower shall have executed and delivered an Assignment of Leases and Rents (as amended, restated, modified or supplemented from time to time, the "Assignment of Leases and Rents"), with respect to each of the Real Property Assets.

(v) Environmental Indemnity. Borrower shall have executed and delivered to Lender an Environmental Indemnity (as amended, restated, modified or supplemented from time to time the "Environmental Indemnity"), with respect to each of the Real Property Assets.

(vi) Certificate of Compliance and Indemnification Agreement. Borrower shall have executed and delivered to Lender a Certificate of Compliance and Indemnification Agreement (as amended, restated, modified or supplemented from time to time, the "Certificate of Compliance and Indemnification Agreement"), with respect to each of the Real Property Assets.

(vii) Assignment of Contracts. Borrower shall have executed and delivered to Lender an Assignment of Agreements, Permits and Contracts (as amended, restated, modified or supplemented from time to time, the "Assignment of Contracts"), with respect to each of the Real Property Assets.

(b) Opinions of Counsel.

Lender shall have received legal opinions, dated the Closing Date, from counsel to Borrower, in form and substance satisfactory to Lender and its counsel, that, among other things: (i) this Agreement and the Loan Documents have been duly authorized, executed and delivered by Borrower and are valid and enforceable in accordance with their terms, subject to bankruptcy

and equitable principles; (ii) that Borrower is qualified to do business and in good standing under the laws of the jurisdiction in which it is organized, in which it is transacting business and where the Real Property Assets are located; (iii) the encumbrance of the Real Property Assets with the liens of the Loan Documents shall not cause a breach of, or a default under, any agreement, document or instrument to which Borrower is a party or to which any of its properties are bound or affected; (iv) upon recording and filing of the Security Instruments, Lender will have a valid and perfected Lien in the Collateral; and (v) the Loan does not violate any usury laws.

(c) Organizational Documents. (i) Lender shall have received (A) with respect to General Partner, its operating agreement, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by its manager or member together with the articles of organization, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of the date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretaries of State of each other state in which each Real Property Asset is located, each to be dated a date not more than thirty (30) days prior to the Closing Date, (B) with respect to Managing Member, the certificate of incorporation, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretaries of State (or the equivalent thereof) of each other State in which each Real Property Asset is located, each to be dated a date not more than thirty (30) days prior to the Closing Date, and (C) with respect to Borrower, its agreement of limited partnership, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by its general partner, together with a copy of its certificate of limited partnership, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretary of State (or the equivalent thereof) of each State in which the Real Property Assets are located, each to be dated not more than thirty (30) days prior to the Closing Date.

(ii) The partnership agreement of Borrower and the operating agreement of General Partner must (A) provide that the company or partnership will only dissolve upon the withdrawal, dissolution or bankruptcy of the last remaining member or general partner, as applicable, but the company or partnership will not be dissolved if the remaining members or general partners, as applicable, within ninety (90) days, by unanimous consent elect to continue the (and appoint a new managing member or general partner in the case of the withdrawal, dissolution or bankruptcy of the last remaining managing member or general partner, as applicable), (B) provide that the dissolution and winding up or insolvency filing of such company or partnership requires the unanimous consent of all members and general partner, and (C) include provisions substantially similar to those contained in Section 6.06(a). The articles of incorporation of Managing Member each Principal must include provisions substantially similar to those contained in Section 6.06(a).

(d) Certified Resolutions, etc. Lender shall have received a certificate of the secretary or assistant secretary of Managing Member for itself and on behalf of Borrower and its general partner, as the case may be, and dated the Closing Date, certifying (i) the names and true signatures of the incumbent officers authorized to sign the applicable Loan Documents, (ii) the by-laws as in effect on the Closing Date, (iii) the resolutions of the board of directors approving and authorizing the execution, delivery and performance of all Loan Documents executed by Managing Member for itself and on behalf of Borrower and its general partner, as the case may be, and (iv) that there have been no changes in the certificate of incorporation of such Person since the date of the most recent certification thereof by the appropriate Secretary of State.

(e) Insurance. Lender shall have received certificates of insurance demonstrating insurance coverage in respect of each of the Real Property Assets of types, in amounts, and with insurers satisfactory to Lender and otherwise in compliance with the terms, provisions and conditions of the Security Instrument.

(f) Lien Search Reports. Lender shall have received satisfactory (i.e., showing no Liens other than Permitted Liens) UCC searches, together with, to the extent available, tax and judgment searches conducted in the appropriate jurisdictions by a search firm acceptable to Lender with respect to the Real Property Assets, Borrower and General Partner (collectively, the "UCC Searches").

(g) Financing Statements. Lender shall have received UCC-1 financing statements (the "Financing Statements") signed by Borrower, as debtor, naming Lender, as secured party, and to be filed in the appropriate offices of each jurisdiction where the Real Property Assets and Borrower are located.

(h) Title Insurance Policies; Surveys. Lender shall have received (i) with respect to all Real Property Assets, title insurance policies issued by a title insurance company satisfactory to Lender insuring the lien of the Security Instruments on such Real Property Assets, in form and substance satisfactory to Lender insuring that the Security Instruments are a first lien on the good and marketable fee simple title of Borrower to such Real Property Assets, in an amount equal to the amount of the Allocated Loan Amount for each such Real Property Asset, together with a "tie-in" and first loss endorsement satisfactory to Lender, or, if such endorsement is not available in the state in which such Real Property Asset is located, in an amount equal to the Release Price for such Real Property Asset, together with a "last dollar endorsement" (the "Title Policy"), and (ii) a recent survey with respect to each of the Real Property Assets certified to Lender, its successors and assigns, dated within 60 days prior to the Closing Date prepared by a land surveyor licensed in each of the states where the Real Property Assets are located pursuant to the then current ALTA/ACSM standards for title surveys and otherwise reasonably satisfactory to Lender.

(i) Financial Statements. Lender shall have received for each Real Property Asset, annual operating statements and occupancy statements for Borrower's most recent fiscal year together with current year to date operating statements, current occupancy statements and the approved operating and capital budget for the current fiscal year. Such financial statements shall be acceptable to Lender in its sole discretion, and each such statement shall be certified by

the general partner of Borrower that, as of the Closing Date, there has been no material adverse change in the financial condition of any Real Property Assets, Borrower or General Partner since the date thereof.

(j) Environmental Matters. Lender shall have received the Environmental Reports.

(k) Fees and Operating Expenses. Lender shall have received, for its account, all agreed upon fees due and payable hereunder on or before the Closing Date.

(l) Consents, Licenses, Approvals, etc. Lender shall have received certified copies of all consents, licenses and approvals, if any, required in connection with the execution, delivery and performance by Borrower and General Partner, and the validity and enforceability, of the Loan Documents, or in connection with the Loan, and such consents, licenses and approvals shall be in full force and effect.

(m) Appraisals. Lender shall have completed its internal valuation of the Real Property Assets and the value of the Real Property Assets as determined pursuant to Lender's internal valuations is satisfactory to Lender.

(n) Engineering Reports. Lender shall have received and approved of, in its sole discretion, the Engineering Reports for each of the Real Property Assets.

(o) Zoning Compliance. Lender shall have received evidence reasonably satisfactory to Lender to the effect that each of the Real Property Assets and the use thereof are in substantial compliance with the applicable zoning, subdivision, and all other applicable federal, state or local laws and ordinances affecting each of the Real Property Assets, and that all building and operating licenses and permits as well as all other licenses, permits, certifications, registrations or similar filings necessary for the use and occupancy of each of the Real Property Assets as manufactured housing communities including, if applicable, current certificates of occupancy, have been obtained and are in full force and effect and in good standing.

(p) Leases. Lender shall have received certified copies of the standard forms of Lease and Registration Agreement which will be used by Borrower in leasing space in each of the Real Property Assets which shall be reasonably satisfactory to Lender.

(q) Contracts and Agreements. Lender shall have received certified copies of all material contracts and agreements relating to the management, leasing and operation of each of the Real Property Assets, each of which shall be reasonably satisfactory to Lender.

(r) Intentionally Deleted.

(s) Representations and Warranties. Lender shall have received a certification by General Partner, for itself and as general partner of Borrower, certifying that to the best of its knowledge all of the representations and warranties contained in this Agreement, the Security

Instruments and the other Loan Documents are true and correct with respect to each of the Real Property Assets and Borrower, and that there is no Default or Event of Default hereunder.

(t) Intentionally Deleted.

(u) Certification as to Applicable Laws. Lender shall have received a certification by General Partner for itself and as general partner of Borrower certifying that to Borrower's and General Partner's best knowledge, each Real Property Asset is in compliance with all Applicable Laws relating to such Real Property Asset as of the Closing Date.

(v) Additional Matters. Lender shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by Lender, and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Loan shall be reasonably satisfactory in form and substance to Lender.

Section 3.02 Condition Precedent to the Closing. The obligation of Lender to make the Loan is subject to the satisfaction on the Closing Date of the following conditions precedent:

(a) Representations and Warranties. The representations and warranties contained herein and in the other Loan Documents (other than representations and warranties which expressly speak only as of a different date) shall be true and correct in all material respects on such date both before and after giving effect to the making of the Loan.

(b) No Monetary Default or Event of Default. No Monetary Default or Event of Default shall have occurred and be continuing on such date either before or after giving effect to the making of the Loan.

(c) No Injunction. No law or regulation shall have been adopted, no order, judgment or decree of any governmental authority shall have been issued, and no litigation shall be pending or threatened, which in the good faith judgment of Lender would enjoin, prohibit or restrain, or impose or result in the imposition of any material adverse condition upon, the making of the Loan or Borrower's obligation to pay (or Lender's right to receive payment of) the Loan or the other Obligations or the consummation of the Loan.

(d) No Material Adverse Change. No event, act or condition shall have occurred after the Closing Date which, in the reasonable judgment of Lender has had or would have a Material Adverse Effect.

(e) Intentionally Deleted.

(f) No Litigation. Except for matters identified on Schedule 4 (as the same may be amended or supplemented), no actions, suits or proceedings shall be pending or threatened with respect to the Loan Documents, Borrower, General Partner or with respect to the

Real Property Assets, that could, in the aggregate, result in a Material Adverse Effect and matters identified on Schedule 4, in the aggregate, do not result in a Material Adverse Effect.

(g) Intentionally Deleted.

(h) Payment of Taxes. Lender shall have received proof of payment of any required recording fees, mortgage recording taxes, documentary stamp taxes, intangibles taxes or other similar costs in connection with the making of the Loan.

(i) Intentionally Deleted.

(j) Additional Matters. Lender shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by Lender, and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Loan shall be satisfactory in form and substance to Lender.

Section 3.03 Acceptance of Loan. The acceptance by Borrower of the proceeds of the Loan shall constitute a representation and warranty by Borrower to Lender that all of the conditions required to be satisfied under this Section 3 in connection with the making of the Loan and all of the terms and provisions of this Agreement have been satisfied.

Section 3.04 Sufficient Counterparts. All certificates, agreements, legal opinions and other documents and papers referred to in this Section 3, unless otherwise specified, shall be delivered to Lender and shall be satisfactory in form and substance to Lender in its sole discretion (unless the form thereof is prescribed herein) and Borrower shall deliver sufficient counterparts of all such materials for distribution to Lender.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

In order to induce Lender to enter into this Agreement and to make the Loan, Borrower makes the following representations and warranties, which shall survive the execution and delivery of this Agreement and the Note and the making of the Loan:

Section 4.01 Corporate/Partnership/Limited Liability Company Status. Each of Borrower, General Partner and Managing Member (a) is a duly organized and validly existing corporation, partnership or limited liability company, as the case may be, in good standing under the laws of the jurisdiction of its incorporation or formation, (b) has all requisite corporate, partnership or limited liability company power and authority, as the case may be, to own its property and assets (including the Real Property Assets) and to transact the business in which it is engaged or presently proposes to engage (including the Loan) and (c) has duly qualified and is authorized to do business and is in good standing as a foreign corporation or foreign partnership or foreign limited liability company, as the case may be, in every jurisdiction in which it owns or leases real property (including the Real Property Assets) or in which the nature of its business requires it to be so qualified.

Section 4.02 Corporate/Partnership/Limited Liability Company Power and Authority. Each of Borrower, General Partner and Managing Member has the corporate, partnership or limited liability company power and authority, as the case may be, to execute, deliver and carry out the terms and provisions of each of the Loan Documents to which it is a party and has taken all necessary corporate, partnership or limited liability company action, as the case may be, to authorize the execution, delivery and performance by it of such Loan Documents. Each of Borrower, General Partner and Managing Member has duly executed and delivered each such Loan Document, and each such Loan Document constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by applicable insolvency, bankruptcy or other laws affecting creditors' rights generally, or general principles of equity whether enforcement is sought in a proceeding in equity or at law.

Section 4.03 No Violation. To the best of Borrower's or General Partner's knowledge, neither the execution, delivery or performance by Borrower, General Partner or Managing Member of the Loan Documents to which it is a party, nor the compliance by Borrower, General Partner or Managing Member with the terms and provisions thereof nor the consummation of the Loan, (a) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, or (b) will conflict with or result in any material breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Instruments and the Loan Documents) upon any of the property or assets (including the Real Property Assets) of Borrower, General Partner or Managing Member pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower, General Partner or Managing Member is a party or by which it or any of its property or assets (including the Real Property Assets) is bound or to which it may be subject, or (c) will, with respect to Borrower, General Partner, violate any provisions of its partnership or operating agreement, or (d) will, with respect to Managing Member, violate any provision of its certificate of incorporation or by-laws.

Section 4.04 Litigation. Except as set forth on Schedule 4, there are no actions, suits or proceedings pending or, to the best of Borrower's or General Partner's knowledge, threatened with respect to any of the Loan Documents, Borrower, General Partner, Managing Member, or with respect to the Real Property Assets, that could, in the aggregate, result in a Material Adverse Effect. All matters set forth on Schedule 4 do not, in the aggregate, result in a Material Adverse Effect.

Section 4.05 Financial Statements: Financial Condition; etc. The statements and other reports delivered pursuant to Section 3.01(i) were prepared in accordance with GAAP consistently applied and fairly present the financial condition and the results of operations of Borrower and the Real Property Assets covered thereby as of the dates and for the periods covered thereby, except as disclosed in the notes thereto and, with respect to interim financial statements and other reports, subject to usual year-end adjustments. Neither Borrower, General Partner nor Managing Member has any material liability (contingent or otherwise) not reflected in such financial statements and other reports or in the notes thereto. There has been no adverse change in any condition, fact, circumstance or event that would make any such information

materially inaccurate, incomplete or otherwise misleading or would affect Borrower's, General Partner's or Managing Member's ability to perform its obligations under this Agreement.

Section 4.06 Solvency. On the Closing Date and after and giving effect to the Loan, Borrower, General Partner and Managing Member will be Solvent. Borrower has received reasonably equivalent value for the granting of the Security Instruments.

Section 4.07 Material Adverse Change. Since the date of the most recent audited financial statements delivered pursuant to Section 3.01(i), there has occurred no event, act or condition, and to the best of Borrower's knowledge, there is no prospective event or condition which has had, or could have, a Material Adverse Effect.

Section 4.08 Use of Proceeds; Margin Regulations. No part of the proceeds of the Loan will be used by Borrower to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Neither the making of the Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulations G, T, U or X of the Federal Reserve Board.

Section 4.09 Governmental Approvals. To the best of Borrower's knowledge, no order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with (i) the execution, delivery and performance of any Loan Document or (ii) the legality, validity, binding effect or enforceability of any Loan Document.

Section 4.10 Security Interests and Liens. The Security Instruments create, as security for the Obligations, valid and enforceable Liens on all of the Collateral, in favor of Lender and subject to no other liens (except for Permitted Liens), except as enforceability may be limited by applicable insolvency, bankruptcy or other laws affecting creditors rights generally, or general principles of equity, whether such enforceability is considered in a proceeding in equity or at law. Upon the satisfaction of the condition precedent described in Section 3.01(g), such security interests in and Liens on the Collateral shall be perfected and shall be superior to and prior to the rights of all third parties in the Collateral (except for Permitted Liens), and, other than in connection with any future change in Borrower's or General Partner's name or the location of the Collateral, Borrower or General Partner's principal place of business, no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens, other than the filing of continuation statements in accordance with applicable law.

Section 4.11 Tax Returns and Payments. Borrower and General Partner have filed all federal, state, county, municipal and city income and other tax returns required to be filed by them for which the filing date has passed and not been extended and have paid all taxes and assessments payable by such Persons which have become due, other than (a) those not yet delinquent or (b) those that are reserved against in accordance with GAAP which are being diligently contested in good faith by appropriate proceedings. Neither Borrower nor General

Partner knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years which could result in a Material Adverse Effect.

Section 4.12 ERISA. (a) Neither Borrower nor General Partner has any Employee Benefit Plans other than those listed on Schedule 5. No accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA) or Reportable Event has occurred with respect to any Plan. As of the Closing Date, the Unfunded Benefit Liabilities do not in the aggregate exceed \$500,000. Borrower and each member of its respective ERISA Controlled Group have complied in all material respects with the requirements of ERISA and the Code and plan documents for each Employee Benefit Plan and Plans and are not in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan. Neither Borrower, General Partner nor any member of their respective ERISA Controlled Groups is subject to any present or potential liability or withdrawal liability or annual withdrawal liability payments, which, individually or in the aggregate, could materially adversely affect any of such Persons. To the best knowledge of Borrower, no Multiemployer Plan is or is likely to be in reorganization (within the meaning of Section 4241 of ERISA or Section 418 of the Code) or is insolvent (as defined in Section 4245 of ERISA). No material liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Plan or any trust established under Title IV of ERISA has been, or is expected by Borrower or General Partner, or any member of their respective ERISA Controlled Group to be incurred by Borrower, General Partner, or any member of their respective ERISA Controlled Group. Except as otherwise disclosed on Schedule 5 hereto, none of Borrower, General Partner, or any member of their respective ERISA Controlled Group has any contingent liability with respect to any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA. No lien under Section 412(n) of the Code or 302(f) of ERISA or requirement to provide security under Section 401(a)(29) of the Code or Section 307 of ERISA has been or is reasonably expected by Borrower or General Partner to be imposed on the assets of Borrower, General Partner or any member of their respective ERISA Controlled Group. Neither Borrower nor General Partner is a party to any collective bargaining agreement. Neither Borrower, General Partner nor any of their respective ERISA Controlled Group has engaged in any transaction prohibited by Section 406 of ERISA or Section 4975 of the Code.

(b) As of the date hereof and throughout the term of this Agreement (i) neither Borrower nor General Partner is an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and (ii) the assets of Borrower and the assets of General Partner do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA; and

(c) As of the date hereof and throughout the term of this Agreement (i) Borrower and General Partner are not and will not be a "governmental plan" within the meaning of Section 3(3) of ERISA and (ii) transactions by or with Borrower and General Partner are not and will not be subject to state statutes applicable to Borrower and General Partner regulating investments of and fiduciary obligations with respect to governmental plans.

Section 4.13 Representations and Warranties in Loan Documents. All representations and warranties made by Borrower in the Loan Documents are true and correct in all material respects.

Section 4.14 True and Complete Disclosure. To the best of Borrower's knowledge, all factual information (taken as a whole) furnished by or on behalf of Borrower, General Partner or the Managing Member in writing to Lender on or prior to the Closing Date, for purposes of or in connection with this Agreement or the Loan (the "Furnished Information") is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Borrower, General Partner or Managing Member in writing to Lender will be, true, accurate and complete in all material respects and will not omit any material fact necessary to make such information (taken as a whole) not misleading on the date as of which such information is dated or furnished. As of the Closing Date, there are no facts, events or conditions directly and specifically affecting Borrower, General Partner or Managing Member known to Borrower or General Partner and not disclosed to Lender, in the Furnished Information, in the Schedules attached hereto or in the other Loan Documents, which in the aggregate, have or could be expected to have a Material Adverse Effect.

Section 4.15 Ownership of Real Property; Existing Security Instruments. Borrower has good and marketable fee simple title in all of the Real Property Assets and good title to all of their personal property subject to no Lien of any kind except for Permitted Liens. As of the date of this Agreement, there are no options or other rights to acquire any of the Real Property Assets that run in favor of any Person and there are no mortgages, deeds of trust, indentures, debt instruments or other agreements creating a Lien against any of the Real Property Assets except the Permitted Liens.

Section 4.16 No Default. No Default or Event of Default exists under or with respect to any Loan Document. Neither Borrower, General Partner nor Managing Member is in default in any material respect beyond any applicable grace period under or with respect to any other material agreement, instrument or undertaking to which it is a party or by which it or any of its properties or assets is bound in any respect, the existence of which default could result in a Material Adverse Effect.

Section 4.17 Licenses, etc. Borrower has obtained and holds in full force and effect, all material franchises, trademarks, tradenames, copyrights, licenses, permits, certificates, registrations, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals which are necessary for the operation of the Real Property Assets and their respective businesses as presently conducted including, without limitation, the filing of any required prospectus and/or the maintenance of any licenses or permits, the payment of any fees in connection therewith for the operation of the Real Property Assets as manufactured housing communities.

Section 4.18 Compliance With Law. To the best knowledge of Borrower, Borrower and General Partner are in compliance with all Applicable Laws and other laws, rules, regulations, orders, judgments, writs and decrees, noncompliance with which could result in a Material Adverse Effect.

Section 4.19 Brokers. Borrower and Lender hereby represent and warrant that no brokers or finders were used in connection with procuring the financing contemplated hereby (and Borrower hereby agrees to indemnify and save Lender harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Lender as a result of any claim or assertion by any party claiming by, through or under Borrower), that it is entitled to compensation in connection with the financing contemplated hereby and Lender hereby agrees to indemnify and save Borrower harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Borrower as a result of any claim or assertion by any party claiming by, through or under Lender that it is entitled to compensation in connection with the financing contemplated hereby.

Section 4.20 Judgments. There are no judgments, decrees, or orders of any kind against Borrower, General Partner or Managing Member unpaid of record which would materially or adversely affect the ability of Borrower, General Partner or Managing Member to comply with its obligations under the Loan or this Agreement in a timely manner. There are no federal tax claims or liens assessed or filed against Borrower, General Partner or Managing Member, and to the best of Borrower's knowledge, there are no material judgments against Borrower, General Partner or Managing Member unsatisfied of record or docketed in any court of the States in which the Real Property Assets are located or in any other court located in the United States. No petition in bankruptcy or similar insolvency proceeding has ever been filed by or against Borrower, General Partner or Managing Member, and neither Borrower, General Partner nor Managing Member has ever made any assignment for the benefit of creditors or taken advantage of any insolvency act or any act for the benefit of debtors.

Section 4.21 Property Manager. As of the date hereof, the manager of the Real Property Assets is Sun Communities Operating Limited Partnership.

Section 4.22 Intentionally Deleted.

Section 4.23 Intentionally Deleted.

Section 4.24 Trade Names. Borrower does not conduct any business with respect to the Real Property Assets under any trade names other than as set forth on Schedule 6 attached hereto.

Section 4.25 Survival. The foregoing representations and warranties shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the indebtedness evidenced by the Note has been fully paid and satisfied and Lender shall have no further commitment to advance funds hereunder.

SECTION 5. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees that on and after the Closing Date and until the Obligations are paid in full:

Section 5.01 Books and Records. (a) Borrower, General Partner and Managing Member shall keep adequate books and records of account in accordance with GAAP, or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and furnish to Lender:

(i) quarterly operating statements of each Real Property Asset, prepared and certified by Borrower in the form required by Lender, detailing the Rents received, the Operating Expenses incurred and the Net Operating Income before and after debt service (principal and interest) and major capital improvements for that quarter and containing appropriate year to date information, and containing a comparison for such quarter and year-to-date information with the annual budget delivered pursuant to Subsection 5.01(a)(vi), within sixty (60) days after the end of each fiscal quarter;

(ii) quarterly certified rent rolls signed and dated by Borrower, detailing the names of all tenants of each Real Property Asset, the portion of each Real Property Asset occupied by each tenant, the base rent and any other charges payable under each Lease and the term of each Lease, including the expiration date, and any other information as is reasonably required by Lender, within sixty (60) days after the end of each fiscal quarter;

(iii) an annual operating statement of each Real Property Asset detailing the Rents received, total Operating Expenses incurred, Net Operating Income, total cost of all capital improvements, total debt service and total cash flow, and containing a comparison for such period with the annual budget delivered pursuant to Subsection 5.01(a)(vi), to be prepared and certified by Borrower in the form required by Lender, within ninety (90) days after the close of each fiscal year of Borrower;

(iv) quarterly financial statements of Borrower in the form required by Lender, prepared and certified by Borrower within sixty (60) days after the end of each fiscal quarter;

(v) an annual balance sheet and profit and loss statement of Borrower in the form required by Lender, prepared and certified by Borrower or if required by Lender, audited financial statements prepared by an independent certified public accountant acceptable to Lender, within ninety (90) days after the close of each fiscal year of Borrower as the case may be; and

(vi) an annual operating and capital budget presented on a monthly basis consistent with the quarterly and annual operating statements described above for the each Real Property Asset, including cash flow projections for the upcoming year, and all proposed capital replacements and improvements at least fifteen (15) days prior to the start of each calendar year.

(b) Upon request from Lender, Borrower and its Affiliates shall furnish to Lender:

(i) a property management report for each Real Property Asset, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in reasonable detail and certified by Borrower under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits and other lease guaranties held in connection with any Lease of any part of any Real Property Assets, including, with respect to security deposits, the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(iii) Borrower and its Affiliates shall furnish Lender with such other additional financial or management information as may, from time to time, be required by Lender in form and substance satisfactory to Lender.

(iv) Borrower and its Affiliates shall furnish to Lender and its agents convenient facilities for the examination, copying and audit of any such books and records. Within a reasonable time after request by Lender, Borrower and its Affiliates shall provide any other information with respect to the Real Property Assets and the financial condition of Borrower and its Affiliates as Lender may from time to time request.

(c) Notice of Default or Litigation. Promptly after a Responsible Officer of Borrower knows or, in the reasonable execution of its duties and responsibilities as such Responsible Officer, should have known thereof, Borrower shall give Lender notice of (i) the occurrence of a Default or any Event of Default, (ii) the occurrence of (x) any event of default, under any partnership agreement of Borrower, any mortgage, deed of trust, indenture or other debt or security instrument, covering any of the assets of Borrower or General Partner, which, if not cured, could result in a Material Adverse Effect, or (y) any event of default under any other material agreement to which Borrower or General Partner is a party, which, if not cured, could result in a Material Adverse Effect, (iii) any litigation or governmental proceeding pending or threatened (in writing) against Borrower or General Partner which could result in a Material Adverse Effect and (iv) any other event, act or condition which could result in a Material Adverse Effect. Each notice delivered pursuant to this Section 5.01(c) shall be accompanied by a certificate of a Responsible Officer of Managing Member for itself and on behalf of Borrower and its general partner setting forth the details of the occurrence referred to therein and describing the actions Borrower and General Partner propose to take with respect thereto.

Section 5.02 Books, Records and Inspections. Borrower shall, at Borrower's principal place of business or at each Real Property Asset, keep proper books of record and account in which full, true and correct entries shall be made. Borrower shall permit officers and designated representatives of Lender to visit and inspect any of the Real Property Assets, and to

examine and copy the books of record and account of Borrower, General Partner, Managing Member and the Real Property Assets (including, without limitation, leases, statements, bills and invoices), discuss the affairs, finances and accounts of Borrower, General Partner and Managing Member and be advised as to the same by, its and their officers and independent accountants, all upon reasonable notice and at such reasonable times as Lender may desire but no more often than quarterly, provided that an Event of Default has not occurred.

Section 5.03 Maintenance of Insurance. Borrower shall (a) maintain with financially sound and reputable insurance companies insurance on itself and its properties in commercially reasonable amounts and with respect to the Real Property Assets in at least such amounts and against at least such risks as are required under the Security Instruments, (b) maintain Lender as named additional insured in respect of any such liability insurance required to be maintained under the Security Instruments, and (c) furnish to Lender from time to time, upon written request, certificates of insurance or certified copies or abstracts of all insurance policies required under this Agreement and the other Loan Documents and such other information relating to such insurance as Lender may reasonably request.

Section 5.04 Taxes. Borrower, General Partner and Managing Member shall pay or cause to be paid, when due (i.e., before any penalty or fine could be levied or charged), all taxes, charges and assessments and all other lawful claims required to be paid by Borrower, General Partner or Managing Member, except as contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves have been established with respect thereto in accordance with GAAP. Upon request from Lender, Borrower shall provide evidence to Lender of payment of such taxes, charges, assessments and other lawful claims.

Section 5.05 Corporate Franchises; Conduct of Business. (a) Borrower shall do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and good standing in the State of its organization and in each state in which a Real Property Asset is located, and its respective franchises, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals, except where the failure to so preserve any of the foregoing (other than existence and good standing) could not result in a Material Adverse Effect.

(b) Borrower, General Partner and Managing Member shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted.

Section 5.06 Compliance with Law. Borrower, General Partner and Managing Member shall comply with all Applicable Laws, rules, statutes, regulations, decrees and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of their business and the ownership of their property (including the Real Property Assets) in all material respects, except for such laws, rules, statutes, regulations, decrees, orders and restrictions, (a) which Borrower, General Partner or Managing Member are contesting in good faith and in compliance with and pursuant to appropriate proceedings diligently prosecuted (provided that such contest does not and cannot (i) expose any of Lender, Borrower, General Partner or Managing Member to any criminal liability or penalty, (ii) give rise

to a Lien against any of the Collateral or any Real Property Asset, or (iii) otherwise materially adversely affect any of the Collateral or the value thereof), or (b) the failure to observe which, taken individually or in the aggregate, could not result in a Material Adverse Effect. Borrower's, General Partner's and Managing Member's compliance with this Section shall include, without limitation, the filing of any required prospectus and/or the maintenance of any licenses or permits, the payment of any fees in connection therewith for the operation of the Real Property Assets as manufactured housing communities. Borrower, General Partner and Managing Member shall not lease or permit the leasing of more than ten percent (10%) of the units as RV Pads or operate any of the Real Property Assets as a recreational vehicle resort or park.

Section 5.07 Performance of Other Obligations. Borrower shall perform all of their obligations under the terms of each other mortgage, indenture, security agreement, debt instrument, lease, undertaking and contract by which it or any of the properties (including the Real Property Assets) is bound or to which it is a party (excluding the Loan Documents) so as not to cause a Material Adverse Effect.

Section 5.08 Intentionally Deleted.

Section 5.09 Intentionally Deleted.

Section 5.10 Maintenance of Properties. Borrower shall ensure that the Real Property Assets are kept in their current condition and repair, normal wear and tear and casualty damage in the process of being repaired or restored excepted.

Section 5.11 Compliance with ERISA. (a) Borrower shall maintain each Employee Benefit Plan and Plan in compliance with all material applicable requirements of ERISA and the Code and with all material applicable regulations promulgated thereunder. Borrower shall provide to Lender, within ten (10) days of sending or receipt, copies of all filings or correspondence with the Internal Revenue Service, PBGC, Department of Labor, Plan, Multiemployer Plan or union, regarding any Plan, or regarding or disclosing any liability or potential liability or violation of law under any Employee Benefit Plan.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence at the Closing and from time to time throughout the term of this Agreement, as requested by Lender in its sole discretion but no more frequently than annually, that (i) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true with respect to Borrower:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2);

(B) Less than 25 percent of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); or

(C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940.

(c) Borrower further covenants and agrees to notify Lender within ten (10) days of the date that the certification in this Section 5.11 is no longer true.

Section 5.12 Settlement/Judgment Notice. Borrower agrees that it shall, within ten (10) days after a settlement of any obligation in excess of \$1,000,000, provide written notice to Lender of such settlement. Borrower further agrees that it shall, within ten (10) days after entry of a final judgment in excess of \$1,000,000 or final judgments in excess of \$1,000,000 in the aggregate during the immediately preceding twelve (12) month period, provide written notice to Lender of such judgment. Borrower further agrees that it will provide written notice to Lender after entry of any judgment in excess of \$1,000,000.

Section 5.13 Intentionally Deleted.

Section 5.14 Intentionally Deleted.

Section 5.15 Intentionally Deleted.

Section 5.16 Intentionally Deleted.

Section 5.17 Intentionally Deleted.

Section 5.18 Intentionally Deleted.

Section 5.19 Intentionally Deleted.

Section 5.20 Intentionally Deleted.

Section 5.21 Manager. Sun Communities Operating Limited Partnership shall at all times remain the property manager of all of the Real Property Assets, subject to the provisions of the Security Instrument.

Section 5.22 Further Assurances. Borrower will at its sole cost and expense, at any time and from time to time upon request of Lender take or cause to be taken any action and execute, acknowledge, deliver or record any further documents, opinions, deeds of trust, deeds to secure debt, mortgages, security agreements or other instruments which Lender in its reasonable discretion deems necessary or appropriate to carry out the purposes of this Agreement and the other Loan Documents including (i) to consummate the transfer or sale of the Loan or any portion thereof, (ii) to preserve, protect and perfect the security intended to be created and

preserved in the Real Property Assets and (iii) to establish, preserve and protect the security interest of Lender in and to the Accounts Receivable and any personal property owned by Borrower and installed in, furnished to or used or intended to be used in connection with any construction in connection with the Real Property Assets or the operation thereof.

Section 5.23 Intentionally Deleted.

Section 5.24 Security Instrument Covenants. Borrower shall comply with all of the terms and conditions and covenants in the Security Instruments, the Environmental Indemnity and the other Loan Documents.

Section 5.25 Intentionally Deleted.

SECTION 6. NEGATIVE COVENANTS.

Borrower covenants and agrees that on and after the Closing Date until the Obligations are paid in full:

Section 6.01 Liens. Borrower shall not create, incur, assume or suffer to exist, directly or indirectly, any Lien on any of the Collateral, or any of the Real Property Assets, other than the following (collectively, the "Permitted Liens"):

(a) Liens existing on the Closing Date and set forth on Schedule 7 hereto or listed in the Title Policies or Title Searches issued on the Closing Date;

(b) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) Statutory Liens of landlords and Liens of mechanics, materialmen and other Liens imposed by law (other than any Lien imposed by ERISA) created in the ordinary course of business for amounts not yet due or (i) which are being contested in good faith by appropriate proceedings diligently conducted, and with respect to which adequate bonds have been posted if required to do so by Applicable Law or the terms of the Security Instrument;

(d) Easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of Borrower and which do not detract materially from the value of any of the Real Property Assets to which they attach or impair materially the use thereof by Borrower or materially adversely affect the security interests of Lender in the Collateral; and

(e) Liens granted to Lender pursuant to the Security Instruments securing the Obligations.

Section 6.02 Restriction on Fundamental Changes. (a) Without the prior written consent of Lender, which consent may be withheld in the sole and absolute discretion of Lender. Borrower shall not enter into any merger or consolidation, or sell all or substantially all of their respective assets to any other Person, provided that Borrower may merge with another Person if, prior to and after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing, and Borrower is the surviving entity of such merger.

(b) Intentionally Deleted.

Section 6.03 Transactions with Affiliates. Borrower shall not enter into any material transaction or series of related transactions, whether or not in the ordinary course of business, with an Affiliate of Borrower other than on terms and conditions substantially as favorable as would be obtainable at the time in a comparable arms-length transaction with a Person other than an Affiliate of Borrower.

Section 6.04 Plans. Borrower shall not, nor shall it permit any member of its respective ERISA Controlled Group to, (i) take any action which would (A) increase the aggregate present value of the Unfunded Benefit Liabilities under all Plans to an amount in excess of \$1,000,000 or (B) result in liability or Contingent Obligation for any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA or (ii) engage in any transaction prohibited by Section 408 of ERISA or Section 4975 of the Code.

Section 6.05 Intentionally Deleted.

Section 6.06 Single Purpose Entity. Borrower covenants and agrees that Borrower, General Partner and Managing Member has not and shall not:

(a) (i) with respect to Borrower, engage in any business or activity other than the ownership, operation, maintenance and management of the Real Property Assets and the ownership of an interest in Miami Lakes, and activities incidental thereto, (ii) with respect to General Partner, engage in any business or activity other than the ownership of interests in Borrower and Miami Lakes, and activities incidental thereto, and (iii) with respect to Managing Member, engage in any business or activity other than the ownership of an interest in General Partner, and activities incidental thereto;

(b) with respect to Borrower, acquire or own any material assets other than the Real Property Assets and such incidental personal property as may be necessary for the operation of the Real Property Assets;

(c) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case Lender's consent;

(d) fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization or

formation, or without the prior written consent of Lender, amend, modify, terminate or fail to comply with the provisions of its organizational documents;

(e) except as set forth in Subsection 6.06(a), own any subsidiary or make any investment in, any person or entity without the consent of Lender;

(f) commingle its assets with the assets of any of its members, partners, any other Person, Affiliates of its members, partners or of any other Person;

(g) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than its obligations under the Loan Documents, except in the ordinary course of its business of owning and operating the Real Property Assets, provided that such debt is paid when due;

(h) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due;

(i) fail to maintain its records, books of account and bank accounts separate and apart from those of its members, partners, any Affiliates of its members, partners or any other Person;

(j) enter into any contract or agreement with any members, partners, Affiliates of any member, partner or any Affiliate thereof, except upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with third parties other than any of its members, Affiliates of any member or partner or any Affiliate thereof;

(k) seek its dissolution or winding up in whole, or in part;

(l) fail to correct any known misunderstandings regarding the separate identity of Borrower, General Partner or Managing Member, as the case may be;

(m) hold itself out to be responsible for the debts of another person;

(n) make any loans or advances to any third party, including any of its members, partners or any Affiliate thereof;

(o) fail to file its own tax returns;

(p) agree to, enter into or consummate any transaction which would render Borrower unable to furnish the certification or other evidence referred to in Section 5.11 hereof;

(q) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not (i) to mislead others as to the identity with which such other party is transacting business, or (ii) to suggest that it is responsible for the debts of any third party (including any member, partner or any Affiliate thereof);

(r) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(s) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors without the unanimous consent of the board of directors of Managing Member;

(t) with respect to Managing Member, fail at any time to have at least two independent directors that are not and have not been for at least three (3) years a director, executive officer, employee, trade creditor or shareholder (or spouse, parent, sibling or child of the foregoing) of Borrower, General Partner, Managing Member, any member, partner, principal or Affiliate of Borrower, General Partner, Managing Member or any Affiliate thereof; provided, however, such director may also serve as directors of Sun Communities, Inc.

SECTION 7. EVENTS OF DEFAULT

Section 7.01 Events of Default. Each of the following events, acts, occurrences or conditions shall constitute an Event of Default under this Agreement, regardless of whether such event, act, occurrence or condition is voluntary or involuntary or results from the operation of law or pursuant to or as a result of compliance by any Person with any judgment, decree, order, rule or regulation of any court or administrative or governmental body:

(a) Failure to Make Payments. Borrower shall (i) default in the payment when due of any principal of or interest on the Loan or (ii) default in the payment within five (5) days after the due date of any Fees, Transaction Costs or any other amounts owing hereunder; provided, however, that any interest payable with respect to any delinquent payment shall be calculated at the Default Rate from the date such payment was actually due as if there were no grace period.

(b) Breach of Representation or Warranty. Any representation or warranty made by Borrower herein or in any other Loan Document or in any certificate or statement delivered pursuant hereto or thereto shall prove to be false or misleading in any material respect on the date as of which made or deemed made; provided, however, that if such breach is capable of being cured, then Borrower shall have a period of thirty (30) days after delivery of notice from Lender to cure any such breach.

(c) Breach of Covenants.

(i) (A) Borrower shall fail to perform or observe any agreement, covenant or obligation arising under Sections 5.11, 5.12, 6.01 (other than Liens which are placed on a Real Property Asset without the consent of Borrower), 6.02 or 6.04 or under any of the Side Letters.

(B) Borrower shall fail to perform or observe any agreement, covenant or obligation arising under Section 5.01, provided that (1) with respect to Subsections 5.01(a)(i), (ii) and (iv), such failure shall continue uncured for five (5) days after delivery of notice thereof, and (2) with respect to Subsections 5.01(a)(iii) and (v), such failure shall continue uncured for fifteen (15) days after delivery of notice thereof.

(ii) Borrower shall fail to perform or observe any agreement, covenant or obligation arising under this Agreement (except those described in subsections (a), (b) and (c)(i) above), and such failure shall continue uncured for thirty (30) days after delivery of notice thereof, or such longer period of time as is reasonably necessary to cure such Default, provided that Borrower has commenced and is diligently prosecuting the cure of such Default and cures it within ninety (90) days.

(iii) Borrower, General Partner or Managing Member shall fail to perform or observe any agreement, covenant or obligation arising under any provision of the Loan Documents other than this Agreement, which failure shall continue after the end of any applicable grace period provided therein.

(d) Default Under Other Agreements.

(i) Borrower shall default beyond any applicable grace period in the payment of any recourse Indebtedness in excess of \$2,000,000 or any other event shall occur or condition exist, if the effect of such default, event or condition is to accelerate the maturity of any such recourse Indebtedness or any such recourse Indebtedness shall become or be declared to be due and payable prior to its stated maturity and the forgoing conditions are not cured within thirty (30) days after the condition occurs.

(ii) Borrower is in default under any non-recourse Indebtedness of either party that is equal to or in excess of \$2,000,000 in the aggregate, since the date of this Agreement, which default results in accelerated Indebtedness.

(iii) an Event of Default (as defined therein) occurs under the Miami Lakes Loan Agreement, or a default occurs under the Guaranty.

(e) Bankruptcy, etc. (i) Borrower, General Partner or Managing Member shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commenced against Borrower, General Partner or Managing Member and the petition is not controverted within sixty (60) days, or is not dismissed within ninety (90) days, after commencement of the case or (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Borrower, General Partner or Managing Member, or Borrower, General Partner or Managing Member commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Borrower, General Partner or Managing Member, or there is commenced against Borrower, General Partner or Managing Member any such proceeding which remains undismissed for a period of ninety (90) days; or (iv) any order of relief or other order approving

any such case or proceeding is entered; or (v) Borrower, General Partner or Managing Member is adjudicated insolvent or bankrupt; or (vi) Borrower, General Partner or Managing Member suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of sixty (60) days; or (vii) Borrower, General Partner or Managing Member makes a general assignment for the benefit of creditors; or (viii) Borrower, General Partner or Managing Member shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (ix) Borrower, General Partner or Managing Member shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debt; or (x) Borrower, General Partner or Managing Member shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate or partnership action is taken by Borrower, General Partner or Managing Member for the purpose of effecting any of the foregoing.

(f) ERISA. (i) Any Termination Event shall occur, or (ii) any Plan shall incur an accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, or fail to make a required installment payment on or before the due date under Section 412 of the Code or Section 302 of ERISA, or (iii) Borrower or a member of their respective ERISA Controlled Group shall have engaged in a transaction which is prohibited under Section 4975 of the Code or Section 406 of ERISA which could result in the imposition of liability in excess of \$3,000,000 on any of Borrower or any member of their respective ERISA Controlled Group and an exemption shall not be applicable or have been obtained under Section 408 of ERISA or Section 4975 of the Code, or (iv) Borrower or any member of their respective ERISA Controlled Group shall fail to pay when due an amount which it shall have become liable to pay to the PBGC, any Plan or a trust established under Title IV of ERISA, or (v) Borrower shall have received a notice from the PBGC of its intention to terminate a Plan or to appoint a trustee to administer such Plan, which notice shall not have been withdrawn within fourteen (14) days after the date thereof, or (vi) a condition described in Section 4042(a)(1)-(4) of ERISA shall exist with respect to an ERISA plan, or (vii) Borrower or a member of their respective ERISA Controlled Group suffers a partial or complete withdrawal resulting in an assessment of withdrawal liability in excess of \$3,000,000 from a Multiemployer Plan or is in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan, or (viii) a proceeding shall be instituted against any of Borrower or any member of their respective ERISA Controlled Group to enforce Section 515 of ERISA, or (ix) any other event or condition shall occur or exist with respect to any Employee Benefit Plan or Plan which could subject Borrower or any member of their respective ERISA Controlled Group to any tax, penalty or other liability in excess of \$3,000,000 or the imposition of any lien or security interest on Borrower or any member of their respective ERISA Controlled Group, or (ix) with respect to any Multiemployer Plan, the institution of a proceeding to enforce Section 515 of ERISA, to terminate such Plan, the receipt of a notice of reorganization or insolvency under Sections 4241 or 4245 of ERISA, in any event which could result in liability in excess of \$3,000,000 to Borrower or any member of any of their ERISA Controlled Group, or (xi) the assets of Borrower become or are deemed to be assets of an Employee Benefit Plan.

(g) Judgments. One or more final judgments or decrees (i) in an aggregate amount of \$5,000,000 or more are entered against Borrower, General Partner or Managing Member in any consecutive twelve (12) month period or (ii) which, with respect to Borrower,

General Partner or Managing Member could result in a Material Adverse Effect, shall be entered by a court or courts of competent jurisdiction against any of such Persons (other than any judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing) and (x) any such judgments or decrees shall not be stayed (by appeal or otherwise), discharged, paid, bonded or vacated within thirty (30) days or (y) enforcement proceedings shall be commenced by any creditor on any such judgments or decrees.

(h) First Priority Lien. The Loan Documents after delivery thereof shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority lien on the Collateral (subject to the Permitted Liens) purported to be covered, hereby or thereby.

(i) Intentionally Deleted.

Section 7.02 Rights and Remedies. (a) Upon the occurrence of any Event of Default described in Section 7.01(e), the unpaid principal amount of and any and all accrued interest on the Loan and any and all accrued Fees and other Obligations shall automatically become immediately due and payable, with all additional interest thereon calculated at the Default Rate from the occurrence of the Default in the case of Monetary Defaults or from the occurrence of the Event of Default for all other Defaults until the Loan is paid in full and without presentation, 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 notice of acceleration), all of which are hereby expressly waived by Borrower; 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 Loan and any and all accrued Fees and other Obligations to be, and the same shall thereupon be, immediately due and payable with all additional interest thereon calculated at the Default Rate from the occurrence of the Default in the case of Monetary Defaults or from the occurrence of the Event of Default for all other Defaults until the Loan is paid in full and without presentation, 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 notice of acceleration), all of which are hereby expressly waived by Borrower.

(b) Lender may avail itself of any remedies available to it under the Loan Documents or at law or equity.

SECTION 8. CASH COLLATERAL ACCOUNT; DEFERRED MAINTENANCE RESERVE ACCOUNT

Section 8.1 Establishment of Cash Collateral Account. Lender has established with the Bank, in the name of Lender, a trust account for the benefit of Borrower (the "Cash Collateral Account"), for the purposes specified herein. The Cash Collateral Account shall be beneficially owned by Borrower. Only Gross Income from Operations, Loss Proceeds and proceeds from Capital Events other than Casualty or Condemnation and other amounts permitted or required to be deposited therein pursuant to this Section 8 shall be deposited in the Cash Collateral Account, in accordance with the terms of this Agreement. The Cash Collateral

Account is and shall at all times remain in the name of Lender and under the sole dominion and control of Lender, and Lender shall have the sole right to make withdrawals from the Cash Collateral Account and to exercise all rights with respect to the Account Collateral on deposit therein from time to time. All Account Collateral on deposit from time to time in the Cash Collateral Account (or its constituent Sub-Accounts) shall be held in the Cash Collateral Account in accordance with the provisions of this Section 8. The Cash Collateral Account is, and shall at all times be maintained as, an Eligible Account.

Section 8.2 Pledge and Grant of Security Interest. As collateral security for the Obligations, Borrower hereby (i) grants to Lender the right to receive, and (ii) pledges and assigns to Lender a continuing possessory lien upon and grants a security interest in, the Account Collateral (except for Account Collateral distributed to the Distribution Account in accordance with the terms hereof) from the date of the establishment of the Cash Collateral Account until the termination thereof pursuant to the terms hereof.

Section 8.3 Sub-Accounts. The Cash Collateral Account shall consist of sub-accounts as follows:

- (i) the Basic Carrying Costs Sub-Account;
- (ii) the Debt Service Sub-Account;
- (iii) the Replacement Reserve Sub-Account;
- (iv) the Capital Event Sub-Account;
- (v) the Business Interruption Insurance Sub-Account;
- (vi) the Temporary Condemnation Proceeds Sub-Account; and
- (vii) the Insurance Proceeds Sub-Account.

Section 8.4 Deposit of Proceeds On Closing Date. On the date hereof, the Borrower has deposited into the Cash Collateral Account and Lender has caused to be allocated among the Sub-Accounts from the proceeds of the Loan and/or from other sources made available by the Borrower, the amounts specified on Schedule 8, which amounts shall be allocated as set forth on such Schedule.

Section 8.5 Deposit and Allocation of Funds After the Closing Date. (a) To the extent funds are available in the Sub-Accounts for reallocation in accordance with, and after giving effect to, the provisions of this Section 8, the failure of any such reallocation to be made in accordance with this Section 8 shall not give rise to an Event of Default (unless such failure is due to the actions or omissions of the Borrower, its affiliates or agents). Notwithstanding the foregoing or any other provision of this Section 8, the accuracy or inaccuracy of any statement of account in respect of the Sub-Accounts shall not affect the obligations of the Borrower to pay all amounts due in respect of the Obligations on the due dates therefor.

Borrower shall pay all Gross Income from Operations or any other funds it elects to deposit directly to the Cash Collateral Account, which amounts shall be deposited on a daily basis between the first day of each month and the tenth day of each month and otherwise no less frequently than two times each week.

To the extent that sufficient funds are available in the Cash Collateral Account, Lender shall direct the Bank to further allocate the Gross Income from Operations so deposited as follows:

First, to the Debt Service Sub-Account in an amount sufficient to cause the balance therein to equal the Monthly Debt Service Payment Amount due in respect of the Loan on the next scheduled Payment Date;

Second, to the Basic Carrying Costs Sub-Account in amounts sufficient to cause the balance therein to equal the sum of (i) all year-to-date Basic Carrying Cost Monthly Installments relating to the relevant year or other payment period (less amounts actually expended for such year or other relevant payment period in respect of such Basic Carrying Costs), and (ii) the projected Basic Carrying Costs Monthly Installments of the Real Property Assets for the next ensuing month;

Third, to the Replacement Reserve Sub-Account in an amount sufficient to cause the balance therein to equal the sum of (i) all unexpended Replacement Reserve Monthly Installments attributable to the Real Property Assets through the then current month, and (ii) the respective Replacement Reserve Monthly Installments for the next ensuing month; and

Fourth, the balance of such Gross Income from Operations shall be deposited in the Distribution Account, subject to the provisions of Section 8.8.

Lender may, in its sole discretion, direct the Bank to reallocate the Account Collateral from time to time, if Lender shall determine that insufficient funds are available from Gross Income from Operations during any month to pay the Monthly Debt Service Payment Amount attributable to and due in respect of such month, or to fully fund the Basic Carrying Costs Sub-Account and Lender shall notify Borrower of any such reallocation promptly thereafter.

(b) Monthly Debt Service Payment Amounts and Sub-Account Deposits. No later than three (3) Business Days prior to each Payment Date, Lender shall deliver to Borrower a certificate setting forth (i) the amount of the Monthly Debt Service Payment Amount, the Basic Carrying Costs Monthly Installments and the Replacement Reserve Monthly Installments, for the relevant month, and (ii) whether sufficient Gross Income from Operations has been received from the Real Property Assets in such month to fund such required Monthly Debt Service Payment Amount, the Basic Carrying Costs Monthly Installments and the Replacement Reserve Monthly Installments. If such certificate states that the required amount of funds is not available from Gross Income from Operations collected from the Real Property Assets in such month, the Borrower shall deposit an amount equal to such deficiency in the Cash Collateral Account, for

allocation to the Monthly Debt Service Payment Amount, the Basic Carrying Costs Monthly Installments and/or the Replacement Reserve Monthly Installments (as the case may be) not less than one (1) Business Day prior to the relevant Payment Date. Failure to so deposit the amount of such deficiency shall constitute an Event of Default. Borrower acknowledges that the failure of Lender to deliver the certificate within the time frame set forth in this Section 8.5(b) shall not relieve Borrower of the obligation to deposit the amount of any such deficiency.

Section 8.6 Permitted Investments. Upon the request of the Borrower, Lender shall direct the Bank to invest and reinvest any balances in the Cash Collateral Account and the Deferred Maintenance Reserve Account from time to time in Permitted Investments as instructed by the Borrower, provided that (i) if the Borrower fails to so instruct Lender, or upon the occurrence and continuation of an Event of Default, Lender may direct the Bank to invest and reinvest such balances in Permitted Investments as Lender shall determine in its sole discretion, (ii) the maturities of the Permitted Investments on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account shall be selected and coordinated to become due not later than one day before any disbursements from the Deferred Maintenance Reserve Account or the applicable Sub-Accounts must be made, (iii) all such Permitted Investments shall be held in the name of and be under the sole dominion and control of Lender and subject at all times to the terms hereof, and (iv) no Permitted Investment shall be made unless Lender shall have and continue to have a perfected first priority Lien in such Permitted Investment securing the obligations of the Borrower hereunder and under the other Loan Documents and all filings and other actions necessary to ensure the validity, perfection, and first priority of such Lien shall have been taken. It is the intention of the parties hereto that all Account Collateral (or as much thereof as Lender may reasonably arrange to invest) shall at all times be invested in Permitted Investments, and that the Cash Collateral Account and the Deferred Maintenance Reserve Account shall continue to be maintained even if there is "zero balance" in any such account at any time. All funds in the Cash Collateral Account and the Deferred Maintenance Reserve Account which are invested in a Permitted Investment shall be deemed to be held in the Cash Collateral Account and the Deferred Maintenance Reserve Account, as the case may be, for all purposes of this Agreement and the other Loan Documents. Lender shall have no liability for any loss in investments of funds in the Cash Collateral Account or the Deferred Maintenance Reserve Account that are invested in Permitted Investments and no such loss shall affect the Borrower's obligations to fund, or liabilities for funding, the Cash Collateral Account or the Deferred Maintenance Reserve Account, and any respective Sub-Accounts, as the case may be. Borrower agrees to include all earnings, if any, on the Cash Collateral Account and the Deferred Maintenance Reserve Account relating to amounts on deposit from time to time therein which are derived from the Real Property Assets as income of the Borrower for federal and applicable state tax purposes.

Section 8.7 Earnings on Account Collateral; Monthly Statements. The Cash Collateral Account and the Deferred Maintenance Reserve Account shall be maintained as Eligible Accounts the balance of which are or shall be invested in Permitted Investments in accordance herewith. All interest or other earnings (whether by virtue of Permitted Investments or otherwise) accruing on the Account Collateral on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account, to the extent that such interest or earnings cause the balance in such Accounts to exceed the amount required to be maintained therein pursuant to the

terms of this Agreement, shall, in each case, be held and disbursed as part of the Account Collateral. All risk of loss in respect of the Account Collateral on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account shall be borne by the Borrower. Lender shall direct the Bank to provide to Lender and Borrower a monthly statement of account showing deposits into and disbursements (or transfers or reallocations, as the case may be) from each Sub-Account of the Cash Collateral Account and the Deferred Maintenance Reserve Account.

Section 8.8 Disbursement of Account Collateral. Subject to the provisions of this Section 8.8 and Section 8.10, disbursements shall be made (to the extent available) to or for the benefit of the Borrower in the following order of priority and manner (provided that nothing herein contained shall be construed to impose liability upon Lender for any shortfalls in the amounts on deposit in the Cash Collateral Account or to excuse the Borrower from its obligation to make all payments required to be made by the Borrower under this Agreement and the other Loan Documents); provided, however, that following the occurrence and during the continuation of an Event of Default, after application of amounts on deposit in the Cash Collateral Account in accordance with this Section 8.8, Lender shall have no obligation to make any disbursement to or for the benefit of Borrower hereunder, and all amounts which are retained by Lender during the continuance of an Event of Default shall be held as collateral for the satisfaction of the Obligations hereunder and under the other Loan Documents and shall be held subject to and in accordance with the provisions of this Agreement and shall be available for reallocation in accordance with this Section 8:

(a) Lender shall, to the extent available, apply the funds on deposit in the Basic Carrying Costs Sub-Account to the payment of the Basic Carrying Costs relating to the Real Property Assets not later than the date following which such payment would be delinquent.

(b) Lender shall, to the extent available from the Debt Service Sub-Account, pay the amount of the required Monthly Debt Service Payment Amount (and, as applicable in accordance with the provisions contained herein, from the Borrower's other Account Collateral) on the related Payment Date.

(c) Lender shall, to the extent available from amounts on deposit from time to time in the Replacement Reserve Sub-Account, provided no Event of Default has occurred and is continuing, make disbursements to the Borrower for payment of replacements to Personal Property (as defined in the Security Instruments) and capital expenditures for the capital items set forth in the Annual Operating Budget for each of the Real Property Assets, which disbursements shall be made (i) no more often than once a month, (ii) in a maximum amount not to exceed the amount of replacements and capital items set forth in the Annual Operating Budget for each Real Property Asset, and (iii) within 3 Business Days of Lender's receipt of a Replacement Reserve Disbursement Request, which Replacement Reserve Disbursement Request shall list the specific replacements or capital items for which the disbursement is requested. Each Replacement Reserve Disbursement Request shall be accompanied by a certificate of the Borrower stating that (A) the replacements and/or capital items for which disbursement is requested are included in the Annual Operating Budget (as amended or varied, if

applicable, in accordance with the terms of this Agreement) and (B) all replacements and capital items relating to prior disbursements have been paid for in full and have been made in accordance with all Applicable Laws and performed in a good and workmanlike manner. Upon request of Lender, Borrower shall also provide copies of paid invoices for all replacements or capital items for which prior disbursements were requested. Lender shall not be obligated to make disbursements from the Replacement Reserve Sub-Account for the costs of routine maintenance to the Real Property Asset(s) or for costs which are to be paid from funds on deposit in the Deferred Maintenance Reserve Account. Borrower shall permit Lender or Lender's representatives (including an independent person such as an engineer, architect or consultant) to inspect the related Real Property Asset and the progress of replacements or capital items prior to disbursing any funds from the Replacement Reserve Sub-Account.

(d) Lender shall, to the extent available after payment of all amounts set forth in clauses (a), (b) and (c) above, and provided no Event of Default has occurred and is continuing hereunder, disburse all remaining Account Collateral generated by the Real Property Assets to the Distribution Account. All disbursements to or in respect of the Distribution Account shall be made in accordance, and in strict compliance, with and as set forth in irrevocable payment instructions delivered by the Borrower to the Lender on the date hereof. Borrower may withdraw any or all sums in the Distribution Account in accordance with the provisions of Section 2.13(a) hereof.

(e) On each Payment Date Lender shall apply the funds on deposit in the Capital Event Sub-Account (other than Casualty Insurance Proceeds or Condemnation Proceeds which shall be applied by Lender in accordance with the terms of Section 4.2 of the Security Instruments), together with proceeds of any Capital Events received or to be applied on such Payment Date, to the prepayment of the Loans, first, to reduce the outstanding principal balance of the Loan, together with any unpaid Fees, accrued interest thereon and any other sums due under the Note or the other Loan Documents, and second, provided no Default or Event of Default has occurred and is continuing, to the Distribution Account.

Section 8.9 Capital Event Proceeds. (a) In the event of a Casualty with respect to one or more of the Real Property Assets, unless Lender elects or is required pursuant to the Security Instruments to make the Casualty Insurance Proceeds available to the Borrower for Restoration (as defined in the Security Instruments), Lender and Borrower shall cause such Casualty Insurance Proceeds (net of customary and reasonable settlement and collection costs) to be paid by the respective insurers directly to the Capital Event Sub-Account, whereupon Lender shall apply the same as a prepayment to reduce the Loan on the next Payment Date in accordance with the terms of the Security Instruments and Section 2.12 of this Agreement; provided, however, that all Casualty Insurance Proceeds (net of customary and reasonable settlement and collection costs) in respect of any insurance policy providing business interruption coverage ("Business Interruption Insurance Proceeds") shall be maintained in the Cash Collateral Account, to be applied by Lender in the same manner as Gross Income from Operations received with respect to the operation of the Real Property Assets; provided further, however, that in the event the proceeds of any such business interruption insurance policy are paid in a lump sum in

advance, Lender shall hold such business interruption insurance proceeds in the Business Interruption Insurance Sub-Account, shall estimate, in Lender's reasonable discretion, the number of months required for the Borrower to restore the damage caused by the Casualty to the related Real Property Asset, divide the aggregate Business Interruption Insurance Proceeds by such number of months, and disburse from the Business Interruption Insurance Sub-Account into the Cash Collateral Account each month during the performance of the related Restoration; such monthly installment of said Business Interruption Insurance Proceeds to be applied by Lender in the same manner as Gross Income from Operations.

(b) In the event Lender elects or is required to make available Casualty Insurance Proceeds to the Borrower for Restoration of any Real Property Asset, Lender and the Borrower shall cause such proceeds to be placed in, and, provided no Event of Default shall have occurred and be continuing, hold such proceeds (net of customary and reasonable settlement and collection costs) in, the Insurance Proceeds Sub-Account, and shall disburse same in accordance with the provisions of Section 4.2 of the related Security Instrument.

(c) Unless Lender elects or is required pursuant to this Agreement or the Security Instruments to make Condemnation Proceeds available to the Borrower for restoration, Lender and such Borrower shall cause such Condemnation Proceeds (net of customary and reasonable settlement and collection costs) to be paid by the relevant Governmental Authority directly to the Capital Event Sub-Account, whereupon Lender shall apply the same as a prepayment to reduce the Loan in accordance with the terms of the Security Instruments and Section 2.12 of this Agreement; provided, however, that any such Condemnation Proceeds received in connection with a temporary Condemnation shall be maintained in the Cash Collateral Account, to be applied by Lender in the same manner as Gross Income from Operations; provided further, however, that in the event the proceeds of any such temporary Condemnation are paid in a lump sum in advance, Lender shall hold such Condemnation Proceeds in the Temporary Condemnation Proceeds Sub-Account, shall estimate, in Lender's reasonable discretion, the number of months required for such temporary Condemnation to cease, shall divide the aggregate Condemnation Proceeds in connection with such temporary Condemnation by such number of months, and shall disburse from the Temporary Condemnation Proceeds Sub-Account into the Cash Collateral Account each month during the continuance of such temporary Condemnation; such monthly installment of said Condemnation Proceeds to be applied by Lender in the same manner as Gross Income from Operations.

(d) In the event that Condemnation Proceeds are to be applied toward Restoration, Lender and the Borrower shall cause such proceeds to be placed in, and, provided no Event of Default shall have occurred and be continuing, hold such proceeds (net of customary and reasonable settlement and collection costs) in, the Insurance Proceeds Sub-Account, and shall disburse same in accordance with the provisions of Section 4.2 of the Security Instruments.

(e) If any Loss Proceeds are received by Borrower, such Loss Proceeds (net of customary and reasonable settlement and collection costs) shall be received in trust for Lender, shall be segregated from other funds of Borrower, and shall be forthwith paid into the Capital Event Sub-Account or the Insurance Proceeds Sub-Account as required hereby and as directed by Lender to be applied or disbursed in accordance with this Agreement. Any Loss Proceeds made

available to Borrower for Restoration in accordance herewith, to the extent not used by Borrower in connection with, or to the extent they exceed the cost of such Restoration, shall be deposited into the Capital Event Sub-Account, whereupon Lender shall apply the same as a prepayment to reduce the Loan in accordance with the terms of Section 8.9(f) of this Agreement.

(f) Borrower shall cause all proceeds (net of customary and reasonable settlement and collection costs) of any Capital Event other than a Casualty or Condemnation to be deposited directly into the Capital Event Sub-Account for application in accordance with the terms of this Agreement.

Section 8.10 Remedies Upon Default in Respect of Account Collateral. Notwithstanding the foregoing provisions of this Section 8, upon the occurrence and during the continuance of an Event of Default, Lender shall have no obligation to make any disbursement of funds from the Cash Collateral Account and the Deferred Maintenance Reserve Account to or on behalf of Borrower, and Lender shall have the immediate and continuing right to withdraw funds on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account and deposit such funds into the Capital Event Sub-Account as Account Collateral, and to exercise all rights and remedies afforded to Lender under this Agreement and the other Loan Documents, or otherwise at law or in equity in respect of the security for the Loan, in respect of the Cash Collateral Account, the Deferred Maintenance Reserve Account and Account Collateral on deposit therein, including, without limitation, the right to withdraw and apply all Account Collateral on deposit in the Sub-Accounts and the Deferred Maintenance Reserve Account to the Obligations of the Borrower; provided, however, that no such application shall be deemed to have been made by Lender, by operation of law or otherwise, unless and until actually made by Lender.

Section 8.11 Establishment of Deferred Maintenance Reserve Account. Lender shall establish with the Bank, in the name of Lender, the Deferred Maintenance Reserve Account. Only amounts permitted or required to be deposited therein pursuant to this Section 8 shall be deposited in the Deferred Maintenance Reserve Account, in accordance with the terms of this Agreement. The Deferred Maintenance Reserve Account is and at all times shall remain in the name of the Lender and shall be under the sole dominion and control of Lender, and Lender shall have the sole right to make withdrawals from the Deferred Maintenance Reserve Account and to exercise all rights with respect to the amounts on deposit therein from time to time. All amounts on deposit from time to time in the Deferred Maintenance Reserve Account (or any of its constituent sub-accounts) shall be held therein in accordance with the provisions of this Section 8. The Deferred Maintenance Reserve Account shall at all times be maintained as an Eligible Account.

Section 8.12 Deposits into and Maintenance of Deferred Maintenance Reserve Account. On the date hereof, Borrower has deposited into the Deferred Maintenance Reserve Account with respect to each Real Property Asset the related Deferred Maintenance Reserve Amount for such Real Property Asset. Amounts on deposit in the Deferred Maintenance Reserve Account with respect to the work to be completed at each of the Real Property Assets shall be maintained by Lender and disbursed in accordance with Section 8.13. Except as set forth in

Section 8.14, Borrower shall not be obligated to replenish any amounts properly drawn from the Deferred Maintenance Reserve Account.

Section 8.13 Disbursements from Deferred Maintenance Reserve Account. Lender shall, to the extent available from amounts on deposit from time to time in the Deferred Maintenance Reserve Account, provided no Event of Default has occurred and is continuing, make disbursements to the Borrower for payment of the deferred maintenance items set forth on Schedule 2 for each of the Real Property Assets, which disbursements shall be made (i) no more often than once a month, (ii) in a maximum amount not to exceed the amounts set forth on Schedule 2 for each such item, and (iii) within 3 Business Days of Lender's receipt of a Deferred Maintenance Reserve Account Disbursement Request, which Deferred Maintenance Reserve Account Disbursement Request shall list the specific items for which the disbursement is requested and set forth the quantity and price of each item to be purchased, the price of all materials to be used, and the cost of all contracted labor or other services to be performed in connection with such replacements or capital items. Each Deferred Maintenance Reserve Account Disbursement Request shall be accompanied by (A) a certificate of the Borrower stating that (1) the items for which disbursement is requested are included in Schedule 2 (as amended, or varied, if applicable, in accordance with the terms of this Agreement) and (2) all items relating to prior disbursements have been paid for in full and have been made in accordance with all Applicable Laws and performed in a good and workmanlike manner, and (B) copies of paid invoices for all items for which prior disbursements were requested. Lender shall not be obligated to make disbursements from the Deferred Maintenance Reserve Account for the costs of routine maintenance to the Real Property Asset(s) or for costs which are to be paid from funds on deposit in the Replacement Reserve Sub-Account. Borrower shall permit Lender or Lender's representatives (including an independent person such as an engineer, architect or consultant) to inspect the related Real Property Asset and the progress of replacements or capital items prior to disbursing any funds from the Deferred Maintenance Reserve Account. Upon completion of all deferred maintenance items set forth on Schedule 2 with respect to a particular Real Property Asset, to the extent any funds remain on deposit in the Deferred Maintenance Reserve Account which are allocable to such Real Property Asset, Lender shall disburse such excess funds to Borrower promptly upon receipt of request by Borrower accompanied by evidence satisfactory to Lender that all such deferred maintenance items have been completed and paid for in full.

Section 8.14 Deferred Maintenance Reserve Account Shortfalls. The Borrower shall deliver to Lender, with respect to each Real Property Asset, a certified monthly reconciliation of the estimated costs to complete the required deferred maintenance work described on Schedule 2 to the amounts then on deposit in the Deferred Maintenance Reserve Account, which reconciliation (i) shall account for any increased or additional costs projected to be incurred in connection with the completion of such items set forth on Schedule 2 and (ii) state whether sufficient funds are on deposit in the Deferred Maintenance Reserve Account to fund the completion of all of such items. If the funds on deposit in the Deferred Maintenance Reserve Account are insufficient to fund all remaining costs required to complete all items listed on Schedule 2 with respect to the related Real Property Asset, the amounts required to cover any such shortfall shall be deposited in the Deferred Maintenance Reserve Account by the Borrower within 5 Business Days after delivery of the reconciliation, and, if the work relating to the item in

respect of which a shortfall exists has not been commenced, the Borrower shall not commence such work until such deposit is made.

Section 8.15 Annual Adjustment of Deferred Maintenance Reserve Account Shortfalls. With respect to any Real Property Asset, Borrower may prepare and deliver to Lender (not more often than once during each year) a request (each, a "Deferred Maintenance Reserve Account Reallocation Request") for reallocation of Deferred Maintenance Reserve Amounts then on deposit in the Deferred Maintenance Reserve Account with respect to such Real Property Asset for deferred maintenance items (i) which have been completed, paid for in full from the Deferred Maintenance Reserve Account and the cost of which is less than the amount allocated to such item on Schedule 2 or (ii) the cost of which shall exceed the amount allocated to such item on Schedule 2. Such request shall contain a certificate of the Borrower certifying as to (a) the amount budgeted for the completion of the deferred maintenance items in Schedule 2, (b) in the case of clause (i) above, the fact that all costs associated with such deferred maintenance items have been fully paid from the Deferred Maintenance Reserve Account and the actual costs associated with such item, (c) in the case of clause (ii) above, the estimated cost of completion of such deferred maintenance item based on accompanied written proposals of contractors, and (d) that following any reallocation made pursuant to this Section 8.15, the funds on deposit in the Deferred Maintenance Reserve Account will be sufficient for the completion of all deferred maintenance items for such Real Property Asset as reflected in Schedule 2. Borrower may not request that funds on deposit in the Deferred Maintenance Reserve Account which are allocable to a Real Property Asset be reallocated for use with respect to another Real Property Asset. Lender shall approve or disapprove each Deferred Maintenance Reserve Account Reallocation Request in writing within fifteen (15) days of receipt thereof (such approval not to be unreasonably withheld or delayed). If Lender does not approve or disapprove such Deferred Maintenance Reserve Account Reallocation Request within such fifteen day period, Borrower may deliver a second notice to Lender requesting such approval or disapproval at the expiration of such fifteen day period and, if Lender does not approve or disapprove such Deferred Maintenance Reserve Account Reallocation Request within fifteen (15) days of receipt thereof, such Request shall be deemed approved.

Section 8.16 Performance. All work to be performed in connection with the completion of the items set forth on Schedule 2 shall be commenced promptly after the date hereof and shall be diligently prosecuted to completion in a good and workmanlike manner, in accordance with all Applicable Laws and substantially in accordance with all applicable plans and specifications. Lender and Lender's agents shall have the right, from time to time, (i) to inspect any work being done by Borrower in respect of such items and (ii) to request copies of all information relating to such work, including, without limitation, all relevant plans and specifications. From time to time upon the request of Lender and in each case upon completion of any item set forth on Schedule 2, the Borrower shall deliver to Lender a certificate of a duly licensed, independent architect or engineer, as the case may be, stating that all of such work (or all such work completed to date) has been performed in compliance with all Applicable Laws and substantially in accordance with all applicable plans and specifications, or, if such work is of a nature not requiring an architect or engineer (i.e., if such work is non-structural, decorative or is to be performed at an aggregate cost of no more than \$100,000), the Borrower shall deliver a certificate of the Borrower certifying as to the foregoing.

Section 8.17 Determination of Replacement Reserve Monthly Installment.

(a) The amount of each Replacement Reserve Monthly Installment with respect to each Real Property Asset shall equal \$4.17 per pad for such Real Property Asset. The calculation of each Replacement Reserve Monthly Installment shall be made by Lender based on the information contained in the financial reports submitted by Borrower pursuant to this Agreement and shall be conclusive absent manifest error. (b) Notwithstanding anything to the contrary contained herein, for so long as (i) Borrower owns the Real Property Assets encumbered by the Security Instruments, (ii) Managing Member remains the managing member of the general partner of Borrower, (iii) Managing Member remains a wholly owned subsidiary of Sun Communities, Inc., and (iv) Sun Communities Operating Limited Partnership retains a senior unsecured debt rating of BBB- or better by S&P and of Baa3 or better by Moody's, Borrower shall not be required to establish or maintain the Replacement Reserve Sub-Account.

Section 8.18 Annual Adjustment of Replacement Reserve Monthly

Installment. Borrower may prepare and deliver to Lender (not more often than once during each year) within sixty (60) Business Days prior to the commencement of each year, a request (each, a "Replacement Reserve Reallocation Request") for reallocation of Replacement Reserves then on deposit in the Replacement Reserve Sub-Account in respect of replacements of Fixtures and Equipment or capital expenditure projects at the Real Property Assets which (i) were included as a line item in such year but were not commenced (or, as the case may be, which were commenced but not completed) during such year, but which Borrower proposes to include as a line item in the Annual Operating Budget for the ensuing year, or (ii) have been completed and which have been paid for in full from the Replacement Reserve Sub-Account. Such request shall contain a certificate of the Borrower certifying as to (a) the replacements or capital expenditure projects set forth in the then current Annual Operating Budget with respect to which Replacement Reserves were required pursuant to this Agreement, (b) the amount budgeted for the completion of such replacements or capital expenditure project in the then current Annual Operating Budget, (c) in the case of clause (i) above, that such replacements or capital expenditure project were not commenced (or, as the case may be, were commenced but not completed) during such year, or, in the case of clause (ii) above, the actual cost of completion of such replacements or capital expenditure projects, (d) in the case of clause (ii) above, the fact that all costs associated with such replacements or capital expenditure projects have been fully paid from the Replacement Reserve Sub-Account and (e) that following any reallocation made pursuant to this Section 8.18, the funds on deposit in the Replacement Reserve Sub-Account will be sufficient for the completion of all replacements and capital expenditure projects reflected in the Annual Operating Budget for the then current year. Lender shall approve or disapprove each Replacement Reserve Reallocation Request in writing within fifteen (15) days of receipt thereof (such approval not to be unreasonably withheld or delayed). If Lender does not approve or disapprove such Replacement Reserve Reallocation Request within such fifteen day period, Borrower may deliver a second notice to Lender requesting such approval or disapproval at the expiration of such fifteen day period and, if Lender does not approve or disapprove such Replacement Reserve Reallocation Request within fifteen (15) days of receipt thereof, such Request shall be deemed approved.

SECTION 9. MISCELLANEOUS.

Section 9.01 Payment of Lender's Expenses, Indemnity, etc.

(a) Borrower shall:

(i) pay, without duplication and subject to any limitations set forth elsewhere in this Agreement, all reasonable out-of-pocket costs and expenses of Lender in connection with Lender's due diligence review of the Collateral, the negotiation, preparation, execution and delivery of the Loan Documents and the documents and instruments referred to therein, the creation, perfection or protection of Lender's Liens in the Collateral (including, without limitation, fees and expenses for title insurance, property inspections, appraisals, consultants, surveys, lien searches, filing and recording fees, and escrow fees and expenses), all internal valuations and Appraisals of the Real Property Assets made by Lender, in connection with the administration of the Loan and any amendment, waiver or consent relating to any of the Loan Documents including releases of Release Properties (including, without limitation, as to each of the foregoing, the reasonable fees and disbursements of any outside or special counsel to Lender) and of Lender in connection with the preservation of rights under, any amendment, waiver or consent relating to, and enforcement of, the Loan Documents and the documents and instruments referred to therein or in connection with any restructuring or rescheduling of the Obligations (including, without limitation, the reasonable fees and disbursements of counsel for Lender);

(ii) pay, and hold Lender harmless from and against, any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and hold Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to Lender) to pay such taxes; and

(iii) indemnify Indemnified Party (herein defined) from, and hold each of them harmless against, any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnified Party in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnified Party shall be designated a party thereto) that may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, asserted against or incurred by any Indemnified Party as a result of (A) the execution, delivery or performance of any Loan Document and the exercise by Lender of their rights and remedies (including, without limitation, foreclosure) under the Loan Documents (B) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Real Property Assets or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (C) any use, nonuse or condition in, on or about the Real Property Assets or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (D) performance of any labor or services or the furnishing of any materials or other property in respect of the Real Property Assets or any part thereof; (E) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (F) the payment of any commission,

charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan evidenced by the Note and secured by the Security Instrument; or (G) any misrepresentation made by Borrower in the Security Instrument or any other Loan Document (but, in each case, excluding, as to any Indemnified Party, any such losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements incurred solely by reason of the gross negligence or willful misconduct of such Indemnified Party as finally determined by a court of competent jurisdiction). Any amounts payable to Lender by reason of the application of this Section 9.01 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid (collectively, "Indemnified Liabilities"). Borrower further agrees that, without Lender's prior written consent, it will not enter into any settlement of a lawsuit, claim or other proceeding arising or relating to any Indemnified Liability unless such settlement includes an explicit and unconditional release from the party bringing such lawsuit, claim or other proceeding of each Indemnified Party. Notwithstanding anything contained herein to the contrary, Borrower shall not be liable to pay to Lender any amounts with respect to or in connection with a Real Property Asset for claims, based upon an event occurring after the consummation of a transfer by or in lieu of foreclosure of such Real Property Asset to the extent such amounts relate solely to the period after the date of the consummation of such transfer of Collateral. Borrower's obligations under this Section shall survive the termination of this Agreement and the payment of the Obligations.

(b) For purposes of this Section 9.01, the term "Indemnified Party" means its affiliates, subsidiaries, parties to whom Indemnitee sells interests in the Loan, the successors and assigns of each and its and their directors, officers, employees, attorneys and agents.

(c) Borrower shall at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all losses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense, and settlement of losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Sections 4.12(b) or (c) or 5.11(b).

Section 9.02 Notices. Except as otherwise by expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile, telex, or cable communication), and shall be deemed to have been duly given or made when delivered by hand, or five (5) days after being deposited in the United States mail, certified or registered, postage prepaid, or, in the case of telex notice, when sent, answerback received, or, in the case of facsimile notice, when sent, answerback received, or, in the case of a nationally recognized overnight courier service, one (1) Business Day after delivery to such courier service, addressed, in the case of Borrower and Lender, at the addresses specified below, or to such other addresses as may be designated by any party in a written notice to the other parties hereto, provided that for all notices given in accordance with Section 2.11 of this Agreement shall not be effective until received by Lender.

If to Lender, as follows:

Lehman Brothers Holdings Inc.
 d/b/a Lehman Capital, a division of
 Lehman Brothers Holdings Inc.
 Three World Financial Center
 New York, New York 10285
 Facsimile Number: (212) 528-6658
 Attention: Commercial Mortgage Loan Surveillance

LaSalle National Bank
 135 South LaSalle Street, Suite 1740
 Chicago, Illinois 60674-4107
 Facsimile Number: (312) 904-2084
 Attention: Asset-Backed Securities Trust Services Group

GMAC Commercial Mortgage Corporation
 650 Dresher Road
 Horsham, Pennsylvania 19044
 Facsimile Number: (212) 328-3622
 Attention: Servicing Manager

With a copy to: GMAC Commercial Mortgage Corporation
 650 Dresher Road
 Horsham, Pennsylvania 19044
 Facsimile Number: (212) 328-3622
 Attention: General Counsel

If to Borrower: Sun Communities Funding Limited Partnership
 c/o Sun Communities Operating Limited Partnership
 31700 Middlebelt Road, Suite 145
 Farmington Hills, Michigan 48334
 Attention: Jeffrey P. Jorissen
 Facsimile Number: (810) 932-3072

With a copy to: Jaffe, Raitt, Heuer & Weiss
 One Woodward Avenue, Suite 2400
 Detroit, Michigan 48226
 Attention: Arthur A. Weiss, Esq.
 Facsimile Number: (810) 961-8358

Section 9.03 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower, Lender, all future holders of the Note and their respective successors and assigns.

Section 9.04 Amendments and Waivers. (a) Neither this Agreement, the Note, any other Loan Document to which Borrower or General Partner is a party nor any terms hereof or thereof may be amended, supplemented, modified or waived other than in a writing executed by Borrower, General Partner and Lender.

(b) In the case of any waiver, Borrower and Lender shall be restored to their former position and rights hereunder and under the Note and the other Loan Documents, and any Default or Event of Default waived shall be deemed to be void and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Section 9.05 No Waiver; Remedies Cumulative. No failure or delay on the part of Lender in exercising any right, power or privilege hereunder or under any other Loan Document and no course of dealing between Borrower and Lender shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Lender would otherwise have. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Lender to any other or further action in any circumstances without notice or demand.

Section 9.06 Governing Law; Submission to Jurisdiction. (a) This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, that with respect to the creation, perfection, priority and enforcement of the lien of the Security Instruments, and the determination of deficiency judgments, the laws of the State where the Real Property Asset is located shall apply.

(b) Any legal action or proceeding with respect to this Agreement or any other Loan Document and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, Borrower hereby accepts for itself and in respect of their property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any thereof. Borrower, irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Borrower at its addresses set forth for the Borrower in Section 9.02 of this Agreement. Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Loan Document brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of Lender to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

Section 9.07 Confidentiality Disclosure of Information. Each party hereto shall treat the transactions contemplated hereby and all financial and other information furnished to it about Borrower and the Real Property Assets, as confidential; provided, however, that such confidential information may be disclosed (a) as required by law or pursuant to generally accepted accounting procedures, (b) to officers, directors, employees, agents, partners, attorneys, accountants, engineers and other consultants of the parties hereto who need to know such information, provided such Persons are instructed to treat such information confidentially, (c) by Lender to any servicer, or assignee ("Transferee"), which disclosure to Transferees and prospective Transferees may include any and all information which has been delivered to Lender by Borrower pursuant to this Agreement or the other Loan Documents or which has been delivered to Lender in connection with Lender's credit evaluation of Borrower prior to entering into this Agreement, or (d) upon the written consent of the party whose otherwise confidential information would be disclosed.

Section 9.08. Non-Recourse Liability.

(a) Except as otherwise provided, Lender shall not enforce the Loan, Security Instruments or any other Loan Document by any action or proceeding wherein a money judgment shall be sought against Borrower or General Partner, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Agreement, the Security Instruments or any other Loan Document, and the interest in the Real Property Assets, the Rents, the Accounts Receivable and any other Collateral given to Lender created by this Agreement, the Security Instruments or any other Loan Document; provided, however, that any judgment in any action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Real Property Assets, in the Rents, in the Accounts Receivable and in any other Collateral given to Lender. Lender, by accepting this Agreement, the Security Instruments or any other Loan Document, agrees that it shall not, except as otherwise provided in this Section 9.08 of this Agreement and Article 15 of the Security Instruments, sue for, seek or demand any deficiency judgment against Borrower in any action or proceeding, under or by reason of or in connection with this Agreement, the Security Instruments or any other Loan Document.

(b) The provisions of this Section 9.08 shall not (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Security Instruments or any other Loan Document; (ii) impair the right of Lender to obtain a deficiency judgment in any action or proceeding in order to preserve its rights and remedies, including, without limitation, an action against Borrower under the Note, foreclosure, non-judicial foreclosure, or the exercise of a power of sale, under the Additional Security Instruments (as defined in the Security Instruments); however, Lender agrees that it shall not enforce such deficiency judgment against any assets of Borrower other than the Additional Properties (as defined in the Security Instruments) or in the exercise of its rights and remedies under the Additional Security Instruments; (iii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the Security Instruments; (iv) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with this Agreement, the Security Instruments or any other Loan

Document; (v) impair the right of Lender to obtain the appointment of a receiver; (vi) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (vii) impair the right of Lender to enforce the provisions of Sections 9.01(a)(i), 9.01(c) and this 9.08 of this Agreement or Section 13.2 of the Security Instruments.

(c) Notwithstanding the provisions of Section 9.08(a) to the contrary, Borrower shall be personally liable to Lender for the Losses (as defined in the Security Instruments) it incurs due to: (i) fraud or intentional misrepresentation by Borrower or any other person or entity in connection with the execution and the delivery of this Agreement, the Security Instruments or any other Loan Document; (ii) Borrower's misapplication or misappropriation of Rents received by such parties after the occurrence of a Default or Event of Default; (iii) Borrower's misappropriation of tenant security deposits or Rents collected in advance; (iv) the misapplication or the misappropriation of insurance proceeds or condemnation awards; (v) Borrower's failure to pay Taxes, Insurance Premiums (as defined in the Security Instruments), Other Charges (as defined in the Security Instruments) (except to the extent that sums sufficient to pay such amounts have been deposited in the Basic Carrying Costs Sub-Account pursuant to the terms hereof), charges for labor or materials or other charges that can create liens on the Real Property Assets; (vi) Borrower's failure to maintain, repair or restore the Real Property Assets in accordance with this Agreement, the Security Instruments or any other Loan Document; (vii) Borrower's failure to return or to reimburse Lender for all Personal Property (as defined in the Security Instruments) taken from the Real Property Assets by or on behalf of Borrower and not replaced with Personal Property of the same utility and of the same or greater value; (viii) any act of actual waste or arson by Borrower, or any principal, affiliate or general partner thereof; (ix) any fees or commissions paid by Borrower to any principal, Affiliate or general partner of Borrower in violation of the terms of this Agreement, the Security Instruments or any other Loan Document; or (x) Borrower's failure to comply with the provisions of Sections 4.12 and 5.11 of this Agreement and Sections 12.1 and 12.2 of the Security Instruments.

(d) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in Section 9.08(a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect in the event of Borrower's Default under Sections 6.02 or 6.06 of this Agreement and Article 8 of the Security Instruments or if the Real Property Assets or any part thereof shall become an asset in a voluntary bankruptcy or insolvency proceeding.

(e) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Debt (as defined in the Security Instruments) secured by the Security Instruments or to require that all Collateral shall continue to secure all of the Debt owing to Lender in accordance with this Agreement, the Security Instruments or any other Loan Document.

Section 9.09. Transfer of Loan; Cooperation. (a) Lender shall have the right in its sole discretion at any time enter into a Secondary Market Transaction. Lender may forward to each purchaser, transferee, assignee, servicer, participant, investor or their respective successors (collectively, the "Investor") or the Rating Agencies and each prospective Investor, all documents and information which Lender now has or may hereafter acquire relating to the Loan and to the

Borrower and the Real Property Assets, which shall have been furnished by or on behalf of the Borrower, as Lender determines necessary or desirable. Borrower agrees to cooperate with Lender in connection with any Secondary Market Transaction, including, without limitation, the delivery of an estoppel certificate required in accordance with Section 9.09(b) hereof and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower consents to Lender furnishing to such Investors or such prospective Investors or such Rating Agency any and all information concerning the Real Property Assets, the Leases and the financial condition of Borrower as may be requested by Lender, any Investor, any prospective Investor or any Rating Agency in connection with any Secondary Market Transaction.

(b) Upon any Secondary Market Transaction or proposed Secondary Market Transaction contemplated by this Agreement, at Lender's request, Borrower, General Partner and Managing Member shall provide an estoppel certificate to the Investor or any prospective Investor in such form, substance and detail as Lender, such Investor or prospective Investor may reasonably require.

Section 9.10 Borrower's Assignment. Borrower shall not assign its rights or obligations hereunder without the prior written consent of Lender.

Section 9.11 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 9.12 Effectiveness. This Agreement shall become effective on the date on which all of the parties hereto shall have signed a counterpart hereof and shall have delivered the same to Lender.

Section 9.13 Headings Descriptive. The heading of the several Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 9.14 Marshaling; Recapture. Lender shall be under no 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. To the extent Lender receives any payment by or on behalf of Borrower which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to Borrower or its estate, trustee, receiver, custodian or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the liabilities of Borrower to Lender as of the date such initial payment, reduction or satisfaction occurred.

Section 9.15 Severability. In case any provision in or obligation under this Agreement or the Note 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.

Section 9.16 Survival. Except as expressly provided to the contrary herein, all indemnities set forth herein including, without limitation, in Sections 2.19 and 9.01 shall survive the execution and delivery of this Agreement, the Note and the Loan Documents and the making and repayment of the Loan hereunder.

Section 9.17 Intentionally Deleted.

Section 9.18 Calculations; Computations. Except as otherwise expressly provided herein, the financial statements to be furnished to Lender pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved and consistent with GAAP as used in the preparation of the financial statements referred to in Section 4.05.

SECTION 9.19 WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER EACH HEREBY IRREVOCABLY WAIVE ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

Section 9.20 No Joint Venture. Notwithstanding anything to the contrary herein contained, Lender by entering into this Agreement or by taking any action pursuant hereto, will not be deemed a partner or joint venturer with Borrower and Borrower agrees to hold Lender harmless from any damages and expenses resulting from such a construction of the relationship of the parties hereto or any assertion thereof.

Section 9.21 Estoppel Certificates. (a) Borrower and Lender each hereby agree at any time and from time to time upon not less than ten (10) days prior written notice by Borrower or Lender to execute, acknowledge and deliver to the party specified in such notice, a statement, in writing, certifying whether this Agreement is unmodified and in full force and effect (or if there have been modifications, whether the same, as modified, is in full force and effect and stating the modifications hereto), and stating whether or not, to the best knowledge of such certifying party, any Default or Event of Default has occurred and is then continuing, and, if so, specifying each such Default or Event of Default; provided, however, that it shall be a condition precedent to Lender's obligation to deliver the statement pursuant to this Section, that Lender shall receive, together with Borrower's request for such statement, a certificate of the general partner and a Responsible Officer of Borrower stating to its best knowledge that no Default or Event of Default exists as of the date of such certificate (or specifying such Default or Event of Default).

(b) Within five (5) Business Days of Lender's request, Borrower shall execute and deliver a certificate of the general partner of Borrower and a Responsible Officer of Borrower confirming the then aggregate outstanding principal balance of the Loan and the dates

to which all interest has been paid. Such statement shall be binding and conclusive on Borrower absent manifest error.

Section 9.22 No Other Agreements. The Loan Documents and the Side Letters constitute the entire understanding of the parties with respect to the transactions contemplated hereby, and all prior understandings with respect thereto, whether written or oral, shall be of no force and effect.

Section 9.23 Controlling Document. In the event of a conflict between the provisions of this Agreement and the other Loan Documents, the provisions of this Agreement shall control and govern the conflicting provisions of the other Loan Documents.

Section 9.24 No Benefit to Third Parties. This Agreement is for the sole and exclusive benefit of Borrower and Lender and all conditions of the obligation of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and its assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any and all thereof and no other person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time if it in its sole discretion deems it advisable to do so. Without limiting the generality of the foregoing, Lender shall not have any duty or obligation to anyone to ascertain that funds advanced hereunder are used as required by the terms hereof or to pay the cost of constructing the improvements on any of the Real Property Assets or to acquire materials and supplies to be used in connection therewith or to pay costs of owning, operating and maintaining same.

Section 9.25 Intentionally Deleted.

[NO FURTHER TEXT ON THIS PAGE

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

SUN COMMUNITIES FUNDING LIMITED
PARTNERSHIP, a Michigan limited
partnership

By: Sun Communities Funding GP
L.L.C., a Michigan limited
liability company, its
general partner

By: SCF Manager, Inc., a
Michigan corporation, its
managing member

By: _____
Name:
Title:

LEHMAN BROTHERS HOLDINGS INC.
D/B/A LEHMAN CAPITAL, A DIVISION
OF LEHMAN BROTHERS HOLDINGS INC.,
a Delaware corporation

By: _____
Name:
Title:

AMENDED AND RESTATED LOAN AGREEMENT

between

MIAMI LAKES VENTURE ASSOCIATES

and

SUN COMMUNITIES FUNDING LIMITED PARTNERSHIP

and

LEHMAN BROTHERS HOLDINGS INC.
D/B/A LEHMAN CAPITAL, A DIVISION
OF LEHMAN BROTHERS HOLDINGS INC.

Dated as of September 3, 1997

\$19,000,000.00

TABLE OF CONTENTS

SECTION 1.	DEFINITIONS.....	1
	Section 1.01 Definitions.....	1
SECTION 2.	AMOUNT AND TERMS OF LOAN.....	18
	Section 2.01 Intentionally Deleted.....	18
	Section 2.02 Intentionally Deleted.....	19
	Section 2.03 Intentionally Deleted.....	19
	Section 2.04 The Note.....	19
	Section 2.05 Interest and Principal Payments.....	19
	Section 2.06 Intentionally Deleted.....	20
	Section 2.07 Intentionally Deleted.....	20
	Section 2.08 Intentionally Deleted.....	20
	Section 2.09 Intentionally Deleted.....	20
	Section 2.10 Intentionally Deleted.....	20
	Section 2.11 Voluntary Prepayments; Defeasance.....	20
	Section 2.12 Mandatory Prepayments.....	25
	Section 2.13 Application of Payments.....	25
	Section 2.14 Method and Place of Payment.....	26
	Section 2.15 Intentionally Deleted.....	26
	Section 2.16 Intentionally Deleted.....	26
	Section 2.17 Intentionally Deleted.....	26
	Section 2.18 Intentionally Deleted.....	26
	Section 2.19 Taxes.....	26
	Section 2.20 Intentionally Deleted.....	27
	Section 2.21 Intentionally Deleted.....	27
	Section 2.22 Intentionally Deleted.....	27
	Section 2.23 Intentionally Deleted.....	27
	Section 2.24 Intentionally Deleted.....	27
	Section 2.25 Intentionally Deleted.....	27
	Section 2.26 Intentionally Deleted.....	28
	Section 2.27 Intentionally Deleted.....	28
	Section 2.28 Intentionally Deleted.....	28
SECTION 3.	CONDITIONS PRECEDENT.....	28
	Section 3.01 Conditions Precedent to the Loan.....	28
	Section 3.02 Conditions Precedent to the Closing.....	32
	Section 3.03 Acceptance of Loan.....	33
	Section 3.04 Sufficient Counterparts.....	33
SECTION 4.	REPRESENTATIONS AND WARRANTIES.....	33
	Section 4.01 Corporate/Partnership/Limited Liability Company Status.....	33

Section 4.02 Corporate/Partnership/Limited Liability Company Power and Authority.....	34
Section 4.03 No Violation.....	34
Section 4.04 Litigation.....	34
Section 4.05 Financial Statements: Financial Condition; etc.....	34
Section 4.06 Solvency.....	35
Section 4.07 Material Adverse Change.....	35
Section 4.08 Use of Proceeds; Margin Regulations.....	35
Section 4.09 Governmental Approvals.....	35
Section 4.10 Security Interest and Lien.....	35
Section 4.11 Tax Returns and Payments.....	36
Section 4.12 ERISA.....	36
Section 4.13 Representations and Warranties in Loan Documents.....	37
Section 4.14 True and Complete Disclosure.....	37
Section 4.15 Ownership of Real Property; Existing Security Instruments.....	37
Section 4.16 No Default.....	37
Section 4.17 Licenses, etc.....	37
Section 4.18 Compliance With Law.....	38
Section 4.19 Brokers.....	38
Section 4.20 Judgments.....	38
Section 4.21 Property Manager.....	38
Section 4.22 Intentionally Deleted.....	38
Section 4.23 Intentionally Deleted.....	38
Section 4.24 Trade Names.....	39
Section 4.25 Survival.....	39

SECTION 5. AFFIRMATIVE COVENANTS..... 39

Section 5.01 Books and Records.....	39
Section 5.02 Books, Records and Inspections.....	41
Section 5.03 Maintenance of Insurance.....	41
Section 5.04 Taxes.....	42
Section 5.05 Corporate Franchises; Conduct of Business.....	42
Section 5.06 Compliance with Law.....	42
Section 5.07 Performance of Other Obligations.....	42
Section 5.08 Intentionally Deleted.....	43
Section 5.09 Intentionally Deleted.....	43
Section 5.10 Maintenance of Properties.....	43
Section 5.11 Compliance with ERISA.....	43
Section 5.12 Settlement/Judgment Notice.....	43
Section 5.13 Intentionally Deleted.....	44
Section 5.14 Intentionally Deleted.....	44
Section 5.15 Intentionally Deleted.....	44
Section 5.16 Intentionally Deleted.....	44
Section 5.17 Intentionally Deleted.....	44
Section 5.18 Intentionally Deleted.....	44
Section 5.19 Intentionally Deleted.....	44

Section 5.20	Intentionally Deleted.....	44
Section 5.21	Manager.....	44
Section 5.22	Further Assurances.....	44
Section 5.23	Intentionally Deleted.....	44
Section 5.24	Security Instrument Covenants.....	44
Section 5.25	Intentionally Deleted.....	44
SECTION 6.	NEGATIVE COVENANTS.....	45
Section 6.01	Liens.....	45
Section 6.02	Restriction on Fundamental Changes.....	45
Section 6.03	Transactions with Affiliates.....	45
Section 6.04	Plans.....	46
Section 6.05	Intentionally Deleted.....	46
Section 6.06	Single Purpose Entity.....	46
SECTION 7.	EVENTS OF DEFAULT.....	48
Section 7.01	Events of Default.....	48
Section 7.02	Rights and Remedies.....	51
SECTION 8.	CASH COLLATERAL ACCOUNT; DEFERRED MAINTENANCE RESERVE ACCOUNT.....	51
Section 8.1	Establishment of Cash Collateral Account.....	51
Section 8.2	Pledge and Grant of Security Interest.....	52
Section 8.3	Sub-Accounts.....	52
Section 8.4	Deposit of Proceeds On Closing Date.....	52
Section 8.5	Deposit and Allocation of Funds After the Closing Date.....	52
Section 8.6	Permitted Investments.....	54
Section 8.7	Earnings on Account Collateral; Monthly Statements.....	54
Section 8.8	Disbursement of Account Collateral.....	55
Section 8.9	Capital Event Proceeds.....	56
Section 8.10	Remedies Upon Default in Respect of Account Collateral.....	58
Section 8.11	Establishment of Deferred Maintenance Reserve Account.....	58
Section 8.12	Deposits into and Maintenance of Deferred Maintenance Reserve Account.....	58
Section 8.13	Disbursements from Deferred Maintenance Reserve Account.....	59
Section 8.14	Deferred Maintenance Reserve Account Shortfalls.....	59
Section 8.15	Annual Adjustment of Deferred Maintenance Reserve Account Shortfalls.....	60
Section 8.16	Performance.....	60
Section 8.17	Determination of Replacement Reserve Monthly Installment.....	60
Section 8.18	Annual Adjustment of Replacement Reserve Monthly Installment....	61

SECTION 9. MISCELLANEOUS.....	61
Section 9.01 Payment of Lender's Expenses, Indemnity, etc.....	61
Section 9.02 Notices.....	65
Section 9.03 Successors and Assigns.....	66
Section 9.04 Amendments and Waivers.....	66
Section 9.05 No Waiver; Remedies Cumulative.....	66
Section 9.06 Governing Law; Submission to Jurisdiction.....	66
Section 9.07 Confidentiality Disclosure of Information.....	67
Section 9.08. Non-Recourse Liability.....	67
Section 9.09. Transfer of Loan; Cooperation.....	69
Section 9.10 Borrower's Assignment.....	69
Section 9.11 Counterparts.....	69
Section 9.12 Effectiveness.....	69
Section 9.13 Headings Descriptive.....	70
Section 9.14 Marshaling; Recapture.....	70
Section 9.15 Severability.....	70
Section 9.16 Survival.....	70
Section 9.17 Intentionally Deleted.....	70
Section 9.18 Calculations; Computations.....	70
Section 9.19 WAIVER OF TRIAL BY JURY.....	70
Section 9.20 No Joint Venture.....	70
Section 9.21 Estoppel Certificates.....	71
Section 9.22 No Other Agreements.....	71
Section 9.23 Controlling Document.....	71
Section 9.24 No Benefit to Third Parties.....	71
Section 9.25 Intentionally Deleted.....	72

SCHEDULES

Schedule 1	Deferred Maintenance
Schedule 2	Litigation
Schedule 3	Employee Benefit Plans
Schedule 4	Liens
Schedule 5	Initial Deposit to Cash Collateral Account
Schedule 6	Monthly Payment Schedule

THIS AMENDED AND RESTATED LOAN AGREEMENT, dated as of September ____, 1997, is made among MIAMI LAKES VENTURE ASSOCIATES, a Florida general partnership ("Borrower"), SUN COMMUNITIES FUNDING LIMITED PARTNERSHIP, a Michigan limited partnership ("Funding Partnership") and LEHMAN BROTHERS HOLDINGS INC., D/B/A LEHMAN CAPITAL, A DIVISION OF LEHMAN BROTHERS HOLDINGS INC., a Delaware corporation ("Lender").

PRELIMINARY STATEMENT

Borrower by its consolidated renewal note of even date herewith given to Lender is indebted to Lender in the principal sum of NINETEEN MILLION AND 00/100 DOLLARS (\$19,000,000.00) in lawful money of the United States of America (the note together with all extensions, renewals, modifications, substitutions and amendments thereof shall collectively be referred to as the "Note"), with interest from the date thereof at the rates set forth in the Note, principal and interest to be payable in accordance with the terms and conditions provided herein, which Note is guaranteed pursuant to that certain guaranty of payment dated as of the date hereof made by Funding Partnership to Lender (the "Guaranty").

In connection with the execution of the Note, Borrower and Lender desire to modify and restate in its entirety, that certain loan agreement dated as of May 26, 1995 among Borrower, Sun Communities Operating Limited Partnership, Sun Florida QRS, Inc., Sun Communities, Inc. and Lender (the "Initial Loan Agreement").

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and in and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Funding Partnership and Lender agree that the terms, covenants and provisions of the Initial Loan Agreement are hereby modified, amended and restated so that henceforth the terms, covenants and provisions of this Loan Agreement shall supersede the terms, covenants and provisions of the Initial Loan Agreement and shall read as follows:

SECTION 1. DEFINITIONS.

Section 1.01 Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Agreement shall include in the singular number the plural and in the plural number the singular.

"Account Collateral" shall mean (A) all of the Gross Income from Operations for the Real Property Asset, (B) all Loss Proceeds and proceeds from Capital Events other than Casualty or Condemnation, (C) all of Borrower's respective right, title and interest in and to the Cash Collateral Account and the Deferred Maintenance Reserve Account, including any Permitted Investments therein, and (D) all of Borrower's respective right, title and interest in and to all deposits of Gross Income from Operations and other deposits made from time to time in the Cash Collateral Account and the Deferred Maintenance Reserve Account in accordance with Section 8 hereof, together with all cash and non-cash proceeds thereof (including, without limitation, Permitted Investments), inclusive of all earnings and interest thereon.

"Accounts Receivable" shall mean all income and revenues of Borrower arising from the operation of the Real Property Asset and all payments for goods or property sold or leased by Borrower or for services rendered by Borrower, whether or not yet earned by performance, and not evidenced by an instrument or chattel paper, including, without limiting the generality of the foregoing, (i) all accounts, contract rights, book debts, and notes arising from the operation of a mobile home park or a manufactured housing community on the Real Property Asset or arising from the sale, lease or exchange of goods or other property and/or the performance of services, (ii) Borrower's rights to payment from any consumer credit/charge card organization or entity (such as, or similar to, the organizations or entities which sponsor and administer the American Express Card, the Visa Card, the BankAmericard, the Carte Blanche Card, or the Mastercard), (iii) Borrower's rights in, to and under all purchase orders for goods, services or other property, (iv) Borrower's rights to any goods, services or other property represented by any of the foregoing, (v) monies due to or to become due to Borrower under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services including the right to payment of any interest or finance charges in respect thereto (whether or not yet earned by performance on the part of Borrower) and (vi) all collateral security and guaranties of any kind given by any person or entity with respect to any of the foregoing. Accounts Receivable shall include those now existing or hereafter created, substitutions therefor, proceeds (whether cash or non-cash, movable or immovable, tangible or intangible) received upon the sale, exchange, transfer, collection or other disposition or substitution thereof and any and all of the foregoing and proceeds therefrom.

"Accrued Interest" shall have the meaning provided in Section 2.05(b).

"Advance" shall mean the advance of the principal balance of the Loan.

"Affiliate" shall mean, with reference to a specified Person, any Person that directly or indirectly through one or more intermediaries Controls or is Controlled by or is under common Control with the specified Person and any Subsidiaries of such specified Person.

"Agreement" shall mean this Loan Agreement as the same may from time to time hereafter be modified, supplemented or amended.

"Allocated Loan Amount" shall mean U.S. \$19,000,000.00.

"Anticipated Payment Date" shall mean September 10, 2007.

"Applicable Laws" shall mean all existing and future federal, state and local laws, statutes, orders, ordinances, rules, and regulations or orders, writs, injunctions or decrees of any court affecting Borrower or the Real Property Asset, or the use thereof including, but not limited to, all laws regarding the operation of the Real Property Asset as a manufactured housing community, all zoning, fire safety and building codes, the Americans with Disabilities Act, and all Environmental Laws (as defined in the Environmental Indemnity) and Title VIII of the Civil Rights Act of 1968, as amended by the Housing and Community Developmental Act of 1974.

"Appraisal" shall mean an appraisal prepared in accordance with the requirements

of FIRREA, prepared by an independent third party appraiser holding an MAI designation, who is state licensed or state certified if required under the laws of the state where the Real Property Asset is located, who meets the requirements of FIRREA and who has at least ten (10) years real estate experience appraising properties of a similar nature and type as the Real Property Asset and who is otherwise satisfactory to Lender.

"Approved Annual Budget" shall mean shall mean for the partial year period commencing on the Anticipated Payment Date, and for each fiscal year thereafter, the annual budget submitted to Lender for Lender's written approval not later than thirty (30) days prior to the commencement of such period or fiscal year. Such annual budget shall be in form and substance reasonably satisfactory to Lender setting forth in reasonable detail budgeted monthly operating income and monthly operating capital and monthly operating and other expenses for the Real Property Asset, including all planned capital expenditures in respect of the Real Property Asset for such period or fiscal year. Until such time that Lender approves a proposed annual budget, the most recently Approved Annual Budget shall apply; provided that, such Approved Annual Budget shall be adjusted to reflect actual increases in real estate taxes, insurance premiums and utilities expenses.

"Assignment of Contracts" shall have the meaning provided in Section 3.01(a)(vii).

"Assignment of Leases and Rents" shall have meaning provided in Section 3.01(a)(iv).

"Available Facility Amount" shall mean U.S. \$19,000,000.00, as the same may be reduced pursuant to the terms of this Agreement.

"Bank" shall initially mean NBD Bank, N.A., provided that in the event that the ratings of such institution's short-term senior unsecured debt obligations fall below A-1+ by S&P (hereinafter defined), then "Bank" shall mean any other financial institution subsequently selected by Lender for the transfer of the Cash Collateral Account or the Deferred Maintenance Reserve Account, provided that any such subsequent financial institution shall be authorized to maintain Eligible Accounts. Lender shall give the Borrower notice of any transfer of the Cash Collateral Account or the Deferred Maintenance Reserve Account to a successor Bank promptly after such transfer.

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights.

"Basic Carrying Costs" shall mean, with respect to the Real Property Asset, the sum of the following costs associated with the Real Property Asset for the relevant year or payment period: (i) Taxes and Other Charges imposed by a governmental authority (each as defined in the Security Instrument) and (ii) Insurance Premiums (as defined in the Security Instrument).

"Basic Carrying Costs Monthly Installment" shall mean, with respect to the Real Property Asset, one twelfth (1/12th) of the annual amount (or if Basic Carrying Costs are paid more often than annually, a fraction equal to one divided by the number of full months in the relevant payment period multiplied by the amount payable for such payment period) of Basic Carrying Costs as set forth on the Approved Annual Budget with respect to the Real Property Asset. Should such Basic Carrying Costs not be ascertainable at the time any monthly deposit is required to be made, the Basic Carrying Costs Monthly Installment shall be determined by Lender on the basis of the aggregate Basic Carrying Costs for the prior year or payment period. As soon as the Basic Carrying Costs are fixed for the then current year or payment period, the remaining Basic Carrying Costs Monthly Installments in such year shall be adjusted to reflect any deficiency or surplus in prior monthly payments pursuant to Section 8.

"Basic Carrying Costs Sub-Account" shall mean a Sub-account for purposes of holding all year-to-date (or other applicable period-to-date) Basic Carrying Costs Monthly Installments (less amounts disbursed to or on behalf of the Borrower during the relevant year or other payment period) plus the amount of the Basic Carrying Costs Monthly Installment for the next ensuing month (as adjusted to reflect actual Basic Carrying Costs).

"Borrower" shall have the meaning provided in the first paragraph of this Agreement and any successor Borrower expressly permitted hereunder.

"Business Day" shall mean (i) for all purposes, any day excluding Saturday, Sunday and any day which shall be in New York City or Detroit, Michigan a legal holiday or a day on which Lender or banking institutions are authorized or required by law or other government actions to close.

"Business Interruption Insurance Proceeds" shall have the meaning provided in Section 8.9(a).

"Business Interruption Insurance Sub-Account" shall mean a Sub-Account in the Cash Collateral Account for the purpose of holding proceeds of business interruption insurance policies paid in lump sums in advance.

"Capital Event" shall mean, with respect to the Real Property Asset, (a) the sale or other disposition (whether voluntary or involuntary) or refinancing of all or any portion of the Real Property Asset, (b) the occurrence of any Casualty or Condemnation of all or any portion of the Real Property Asset, or (c) the receipt of proceeds from any other transaction or by reason of any other occurrence, which proceeds do not constitute Gross Income from Operations of the Real Property Asset; provided, however, amounts representing proceeds from a Capital Event shall be determined net of reasonable and customary out-of-pocket closing or other settlement expenses and/or collection costs.

"Capital Event Sub-Account" shall mean a Sub-Account in the Cash Collateral Account for purposes of holding proceeds of Capital Events.

"Capitalized Lease" as to any Person shall mean (i) any lease of property, real or personal, the obligations under which are capitalized on the consolidated balance sheet of such Person and its Subsidiaries, and (ii) any other such lease to the extent that the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Capitalized Lease Obligations" as to any Person shall mean all obligations of such Person and its Subsidiaries under or in respect of Capitalized Leases.

"Cash Collateral Account" shall have the meaning provided in Section 8.1.

"Casualty" shall mean any damage to or destruction of all or any material portion of the Real Property Asset.

"Casualty Insurance Proceeds" shall mean any insurance proceeds received by a Borrower in respect of a Casualty.

"Certificate of Compliance and Indemnification Agreement" shall have the meaning provided in Section 3.01(a)(vi).

"Change in Law" shall have the meaning provided in Section 2.19(c).

"Closing Date" shall mean the date of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, together with all rules and regulations from time to time promulgated thereunder.

"Collateral" shall mean all property and interests in property now owned or hereafter acquired in or upon which a Lien has been or is purported or intended to have been granted under the Security Instrument or any of the other Loan Documents.

"Condemnation" shall mean any actual or proposed, contemplated or threatened commencement of any taking, condemnation, eminent domain or other similar proceeding relating to all or any material portion of the Real Property Asset.

"Condemnation Proceeds" shall mean any award proceeds or other compensation payable in respect of a Condemnation.

"Contingent Obligation" as to any Person shall mean any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases (including Capitalized Leases) dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or

equity capital of the primary obligor or otherwise to maintain the net worth, solvency or other financial condition of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof: provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business, or other obligations of such Persons which would not be required under GAAP to be disclosed as liabilities or footnoted on such Person's financial statement. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Control" shall mean in (a) in the case of a corporation, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all the voting stock (exclusive of stock which is voting only as required by applicable law or in the event of nonpayment of dividends and pays dividends only on a nonparticipating basis at a fixed or floating rate), and (b) in the case of any other entity, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all of the beneficial equity interests therein (calculated by a method that excludes from equity interests, ownership interests that are nonvoting (except as required by applicable law or in the event of nonpayment of dividends or distributions) and pay dividends or distributions only on a non-participating basis at a fixed or floating rate) or, in any case, (c) the power directly or indirectly, to direct or control, or cause the direction of, the management policies of another Person, whether through the ownership of voting securities, general partnership interests, common directors, trustees, officers by contract or otherwise. The terms "controlled" and "controlling" shall have meanings correlative to the foregoing definition of "Control."

"Debt Service Coverage Ratio" shall mean for the Real Property Asset, the ratio for the applicable period in which (a) the numerator is the Net Operating Income (excluding interest on credit accounts) for such period as set forth in the statements required hereunder, without deduction for (i) actual management fees paid in connection with the operation of the Real Property Asset, or (ii) amounts in the Basic Carrying Costs Sub-Account, the Replacement Reserve Sub-Account and the Deferred Maintenance Reserve Account, less (A) management fees equal to the greater of (1) assumed management fees of five percent (5%) of Gross Income from Operations or (2) the actual management fees, and (B) assumed Replacement Reserve Monthly Installments equal to \$4.17 per pad; and (b) the denominator is the aggregate amount of principal and interest due and payable on the Note for such period.

"Debt Service Sub-Account" shall mean a Sub-Account of the Cash Collateral Account for purposes of segregating amounts required to make all payments of interest that will be due and payable on the next Payment Date in respect of the Loan.

"Default" shall mean any event, act or condition which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" shall mean the lesser of (a) the Maximum Legal Rate or (b) the rate per annum determined by adding 5% to the Regular Interest Rate.

"Deferred Maintenance Reserve Account" shall mean that certain reserve account established with the Bank in the name of Lender in respect of certain expenses relating to the deferred maintenance at the Real Property Asset.

"Deferred Maintenance Reserve Account Disbursement Request" shall mean a certificate of the Borrower requesting disbursement from the Deferred Maintenance Reserve Account.

"Deferred Maintenance Reserve Account Reallocation Request" shall have the meaning provided in Section 8.15.

"Deferred Maintenance Reserve Amount" shall mean, with respect to the Real Property Asset, a funded reserve for completion of deferred maintenance items at the Real Property Asset in amounts reasonably determined by Lender based on an Engineering Report for the Real Property Asset, which amounts and descriptions of such deferred maintenance items are set forth on Schedule 1 as such schedule may be amended, modified or otherwise supplemented from time to time.

"Distribution Account" shall mean that certain trust account to which the Borrower has, by irrevocable instruction given on the date hereof, directed the Lender to deposit all funds to which Borrower is entitled hereunder.

"Dollars" and the symbol "\$" each mean the lawful money of the United States of America.

"Eligible Account" shall mean a trust account held by and at the Bank or an account that is either: (a) maintained with a depository institution or trust company the long-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the long-term unsecured debt obligations of such holding company) have been rated by the Rating Agencies in one of its two highest rating categories or the short-term commercial paper of which is rated by the Rating Agencies in its highest rating category at the time of any deposit therein; or (b) a trust account or accounts maintained with a federal or state chartered depository institution or trust company with trust powers acting in its fiduciary capacity.

"Employee Benefit Plan" shall mean an employee benefit plan within the meaning of Section 3(3) of ERISA.

"Engineering Report" shall mean an engineering report dated within six (6) months of delivery and in form and substance satisfactory to Lender with respect to the Real Property Asset; such engineering report shall be prepared in accordance with Lender's then current guidelines for property inspection reports by licensed engineers acceptable to Lender, and such report should state, among other things, that the Real Property Asset is in good condition

and repair (subject to ordinary wear and tear), free from damage and waste and is in compliance with the Americans with Disabilities Act.

"Environmental Indemnity" shall have the meaning provided in Section 3.01(a)(v).

"Environmental Report" shall mean the written environmental site assessment, prepared by independent qualified environmental professionals acceptable to Lender, dated within six (6) months of delivery, which shall be in form and substance satisfactory to Lender and shall include, without limitation, the following: (i) a Phase I environmental site assessment analyzing the possible presence of environmental contaminants, polychlorinated biphenyls or storage tanks and other Hazardous Substances at the Real Property Asset, the risk of contamination from off-site Hazardous Substances and compliance with Environmental Laws, such assessments shall be conducted in accordance with ASTM Standard E 1527-93, or any successor thereto published by ASTM, (ii) an asbestos survey of the Real Property Asset, which shall include random sampling of materials and air quality testing, (iii) if the Real Property Asset is used for residential housing, an assessment of the presence of lead-based paint, lead in water and radon in the improvements, and (iv) such further site assessments Lender may require due to the results obtained in (i), (ii) or (iii) hereof or in its reasonable discretion.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statute, together with all rules and regulations promulgated thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any provisions of ERISA substituted therefor.

"ERISA Controlled Group" means any corporation or entity or trade or business or person that is a member of any group described in Section 414(b), (c), (m) or (o) of the Code of which Borrower is a member.

"Event of Default" shall have the meaning provided in Section 7.

"Federal Reserve Board" shall mean the Board of Governors of the Federal Reserve System as constituted from time to time, or any successor thereto in function.

"Fees" shall mean all amounts payable pursuant to Section 9.01.

"Financing Statements" shall have the meaning provided in Section 3.01(a)(h).

"FIRREA" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended from time to time.

"Funding Partnership" shall mean Sun Communities Funding Limited Partnership, a Michigan limited partnership, and a partner of Borrower.

"Funding Partnership Loan" shall mean the loan made by Lender to Funding Partnership pursuant to the Funding Partnership Loan Agreement.

"Funding Partnership Loan Agreement" shall mean that certain Amended and Restated Loan Agreement dated the date hereof between Funding Partnership and Lender which governs a certain loan in the principal amount of \$26,000,000.00 made by Lender to Funding Partnership.

"Funding Partnership Loan Documents" shall mean the Funding Partnership Loan Agreement and the Loan Documents as such term is defined therein.

"Funding Partnership Properties" shall mean the Real Property Assets as defined in the Funding Partnership Loan Agreement.

"Furnished Information" shall have the meaning provided in Section 4.14.

"GAAP" shall mean United States generally accepted accounting principles on the date hereof and as in effect from time to time during the term of this Agreement, and consistent with those utilized in the preparation of the financial statements referred to in Section 4.05.

"Gross Income from Operations" shall mean all income, computed in accordance with GAAP, derived from the ownership and operation of the Real Property Asset from whatever source, including, but not limited to, Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, and other required pass-throughs but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any government or governmental agency, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, proceeds of casualty insurance and condemnation awards (other than business interruption or other loss of income insurance), and any disbursements to the Borrower from the Basic Carrying Costs Sub-Account, the Replacement Reserve Sub-Account, the Deferred Maintenance Reserve Account or any other Sub-Account established by the Loan Documents. Gross income shall not be diminished as a result of the Security Instrument or the creation of any intervening estate or interest in the Real Property Asset or any part thereof.

"Guaranty" shall mean that certain guaranty of payment dated the date hereof given by Funding Partnership to Lender to guaranty the Loan.

"Indebtedness" of any Person shall mean, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument, (iii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all unreimbursed amounts drawn thereunder, (iv) all indebtedness of any other Person secured by any Lien on any property owned by such Person, whether or not such indebtedness has been assumed, (v) all Contingent Obligations of such Person, (vi) all Unfunded Benefit Liabilities of such Person, (vii) all payment obligations of such Person under any interest rate protection agreement (including, without limitation, any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements, (viii) all indebtedness and liabilities secured by any Lien or mortgage on any property of such Person,

whether or not the same would be classified as a liability on a balance sheet, (ix) the liability of such Person in respect of banker's acceptances and the estimated liability under any participating mortgage, convertible mortgage or similar arrangement, (x) the aggregate amount of rentals or other consideration payable by such Person in accordance with GAAP over the remaining unexpired term of all Capitalized Leases, (xi) all judgments or decrees by a court or courts or competent jurisdiction entered against such Person, (xii) all indebtedness, payment obligations, contingent obligations, etc. of any partnership in which such Person holds a general partnership interest, and (xiii) all obligations, liabilities, reserves and any other items which are listed as a liability on a balance sheet of such Person determined on a consolidated basis in accordance with GAAP, but excluding all general contingency reserves, reserves for deferred income taxes and investment credit, and all prepaid Rents, tenant security deposits or other customer deposits.

"Indemnified Party" shall have the meaning provided in Section 9.01(c).

"Insurance Proceeds Sub-Account" shall mean a Sub-Account for the purpose of holding Loss Proceeds that are to be disbursed to the Borrower for restoration of the Real Property Asset in connection with a Casualty or Condemnation.

"Lender" shall have the meaning provided in the first paragraph of this Agreement and any successors or assigns thereof.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction, domestic or foreign.

"Loan" shall mean the Advance made to Borrower under this Agreement and the Note pursuant to the terms hereof, the aggregate principal amount of which shall not exceed the Maximum Facility Amount.

"Loan Documents" shall mean this Agreement, the Note, the Guaranty, the Security Instrument, the Environmental Indemnity, the Assignment of Leases and Rents, the Certificate of Compliance and Indemnification Agreement, the Assignment of Agreements, Permits and Contracts, each Financing Statement filed in connection herewith, and any other documents or instruments evidencing, securing or guaranteeing the Loan or perfecting Lender's Lien in the Collateral.

"Loss Proceeds" shall mean, collectively, all Casualty Insurance Proceeds and Condemnation Proceeds.

"LLC General Partner" shall mean Sun Communities Funding GP L.L.C., a Michigan limited liability company, and a partner of Borrower.

"Managing Member" shall mean SCF Manager, Inc., a Michigan corporation and the managing member of LLC General Partner.

"Margin Stock" shall have the meaning provided such term in Regulation U and Regulation G of the Federal Reserve Board.

"Material Adverse Effect" shall mean any condition which causes or continues the occurrence of an Event of Default or has a material adverse effect upon (i) the business, operations, properties, assets, prospects or condition (financial or otherwise) of Borrower or Funding Partnership, individually or taken as a whole, (ii) the ability of Borrower or Funding Partnership, to perform, or of Lender to enforce, the Obligations or (iii) the value of the Collateral taken as a whole.

"Matured Performing Rate" shall mean an interest rate per annum equal to the greater of (i) the Regular Interest Rate plus two percent (2%) or (ii) two percent (2%) plus the yield on the U.S. Treasury (primary issue) with a maturity date closest to September 10, 2027, with such yield being based on the bid price for such issue as published in the Wall Street Journal on the date that is 14 days prior to the Anticipated Payment Date (or, if such bid price is not published on that date, the next preceding date on which such bid price is so published) and converted to a monthly compounded nominal yield.

"Maturity Date" shall mean September 10, 2027 or such earlier date on which the principal balance of the Loan and all other sums due in connection with the Loan shall be due as a result of the acceleration of the Loan.

"Maximum Facility Amount" shall mean \$19,000,000.00, as such amount shall be reduced pursuant to the terms and conditions of this Agreement.

"Maximum Legal Rate" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the Security Instrument or other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"Monetary Default" shall mean any Default which can be cured by the payment of principal, interest, or any other costs and expenses of Borrower or Funding Partnership arising under the Loan Documents, including, without limitation, Transaction Costs and those cost and expenses arising under Section 2.19.

"Monthly Debt Service Payment Amount" shall have the meaning provided in Section 2.05(a).

"Multiemployer Plan" shall mean a Plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Net Operating Income" shall mean, with respect to the Real Property Asset, the amount obtained by subtracting Operating Expenses from Gross Income from Operations.

"Note" shall have the meaning provided in Section 2.04.

"Obligations" shall mean all payment, performance and other obligations, liabilities and indebtedness of every nature of Borrower or Funding Partnership from time to time owing to Lender under or in connection with this Agreement or any other Loan Document.

"Operating Expenses" shall mean, with respect to the Real Property Asset, the total of all expenditures, computed in accordance with GAAP, of whatever kind relating to the operation, maintenance and management of the Real Property Asset that are incurred on a regular monthly or other periodic basis, including without limitation, utilities, ordinary repairs and maintenance, insurance, license fees, property taxes and assessments, advertising expenses, management fees, payroll and related taxes, computer processing charges, operational equipment or other lease payments as approved by Lender, and other similar costs, but excluding depreciation, Debt Service, capital expenditures, and contributions to the Replacement Reserve Sub-Account, the Basic Carrying Costs Sub-Account and any other reserves required under the Loan Documents.

"Payment Date" shall have the meaning provided in Section 2.05(a).

"PBGC" shall mean the Pension Benefit Guaranty Corporation established under ERISA, or any successor thereto.

"Permitted Investments" shall mean any one or more of the following:

(i) direct obligations of, or obligations fully guaranteed as to full and timely payment of principal and interest by, (a) the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America, or (b) the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Federal Farm Credit System provided such obligations at the time of purchase or contractual commitment for purchase are qualified by the Rating Agencies as a Permitted Investment hereunder as evidenced in writing;

(ii) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, in each case fully insured by the Federal Deposit Insurance Corporation, provided that such investments need not be insured if the commercial paper and long-term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company) have the highest rating available for such securities by the Rating Agencies, or such lower rating as will not result in the

lowering or withdrawal of the rating then assigned to the Securities by the Rating Agencies as evidenced in writing;

(iii) repurchase obligations with respect to any security described in clause (i) above entered into with a depository institution or trust company (acting as principal) described in clause (ii) above;

(iv) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term unsecured debt ratings available for such securities by the Rating Agencies, or such lower rating as will not result in the lowering or withdrawal of the rating then assigned to the Securities by the Rating Agencies as evidenced in writing;

(v) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any State thereof or the District of Columbia and are rated by the Rating Agencies in the highest long-term unsecured rating categories at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Permitted Investments to the extent that investment therein will cause the then-outstanding principal amount of securities issued by such corporation and held as part of the Cash Collateral Account to exceed 20% of the aggregate principal amount of all Permitted Investments held in the Cash Collateral Account;

(vi) commercial or finance company paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated by the Rating Agencies in its highest short-term unsecured debt rating available at the time of such investment or contractual commitment providing for such investment, and is issued by a corporation the outstanding senior long-term debt obligations of which are then rated by the Rating Agency in the highest long-term unsecured debt ratings available, or such lower rating as will not result in the lowering or withdrawal of the rating then assigned to the Securities by the Rating Agencies as evidenced in writing;

(vii) guaranteed reinvestment agreements acceptable to the Rating Agencies issued by any bank, insurance company or other corporation rated in the highest long-term unsecured rating levels available to such issuers by the Rating Agency at the time of such investment, provided that any such agreement must by its terms provide that it is terminable by the purchaser without penalty in the event any such rating is at any time lower than such level;

(viii) units of taxable money market funds rated by the Rating Agency in its highest rating category or which funds have been designated in writing by the Rating Agency as Permitted Investments with respect to this definition;

(ix) if previously confirmed in writing to the Lender, any other demand, money market or time deposit, or any other obligation, security or investment, that may be acceptable to the Rating Agencies as a Permitted Investment of funds backing securities having ratings equivalent to its initial rating of the highest-rated Securities; and

(x) such other obligations as are acceptable as Permitted Investments to the Rating Agency;

provided, however, that such instrument continues to qualify as a "cash flow investment" pursuant to Code Section 860G(a)(6) and that no instrument or security shall be a Permitted Investment if (x) such instrument or security evidences a right to receive only interest payments, (y) the right to receive principal and interest payments derived from the underlying investment provide a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment or (z) such instrument or security can be redeemed prior to its stated maturity date at an amount less than the purchase price paid therefor.

"Permitted Liens" shall have the meaning provided in Section 6.01.

"Person" shall mean and include any individual, partnership, joint venture, firm, corporation, association, company, trust or other enterprise or any government or political subdivision or agency, department or instrumentality thereof.

"Plan" means any employee benefit plan covered by Title IV of ERISA or which is subject to Section 412 of the Code or Section 302 of ERISA, for which Borrower or any member of its ERISA Controlled Group has or may have any obligation or liability, whether direct or indirect.

"Prepayment Commencement Date" shall have the meaning provided in Section 2.11.

"Prepayment Consideration" shall mean an amount equal to the present value of a series of payments each equal to the Prepayment Differential and payable on each monthly Payment Date through and including the Payment Date occurring on the Anticipated Payment Date discounted at the Reinvestment Yield for the number of months remaining from the Prepayment Date to each such monthly Payment Date through and including the Payment Date occurring on the Anticipated Payment Date.

"Prepayment Date" shall have the meaning provided in Section 2.11.

"Prepayment Differential" shall mean an amount equal to (a) the Regular Interest Rate minus the Reinvestment Yield, (b) divided by twelve (12) and (c) multiplied by the principal sum due on such Prepayment Date.

"Prepayment Notice" shall have the meaning provided in Section 2.11.

"Rating Agencies" shall mean Standard & Poor's Ratings Group, a Division of the McGraw-Hill Companies ("S&P"), Moody's Investors Service, Inc., Duff & Phelps Credit Rating Co. and Fitch Investors Service, Inc. or any other nationally recognized statistical rating agency which has been approved by Lender.

"Real Property Asset" shall mean that certain real property known as Royal Country, located in Miami, Florida, as more fully described in the Security Instrument.

"Register" shall have the meaning provided in Section 9.09.

"Regular Interest Rate" shall mean an interest rate equal to seven and one one-hundredth percent (7.01%) per annum.

"Regulation D" shall mean Regulation D of the Federal Reserve Board as from time to time in effect and any successor to all or any portion thereof.

"Reinvestment Yield" shall mean an amount equal to the sum of 0.25% and the yield on the U.S. Treasury issue (primary issue) with a maturity date closest to the Anticipated Payment Date with such yield being based on the bid price for such issue as published in The Wall Street Journal on the date that is 14 days prior to the Prepayment Date set forth in the Prepayment Notice (or, if such bid price is not published on that date, the next preceding date on which such bid price is so published) and converted to a monthly compounded nominal yield.

"REMIC" shall mean a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code.

"REMIC Trust" shall mean a REMIC which holds the Note.

"Rents" shall mean all cash, securities, if any, or other cash equivalents, if any, deposited to secure the performance by the lessees of their obligations under the leases and other agreements effecting the use, occupancy or enjoyment of the Real Property Asset, together with all income, rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses and all golfing revenues) and all pass-throughs and tenant's required contributions for taxes, maintenance and utility costs, tenant improvements, leasing commissions, capital expenditures and other items, including, without limitation, all Accounts Receivable, from the Real Property Asset and all proceeds from the sale, termination or other disposition of said leases.

"Replacement Reserve" shall mean, with respect to the Real Property Asset, an annual reserve in an amount equal to \$50.00 per pad.

"Replacement Reserve Monthly Installment" shall mean, with respect to the Real Property Asset, an amount equal to one-twelfth of the annual Replacement Reserve required to be maintained hereunder as the same may be adjusted pursuant to Section 8.18 hereof.

"Replacement Reserve Reallocation Request" shall have the meaning provided in Section 8.18.

"Replacement Reserve Sub-Account" shall mean a Sub-Account of the Cash Collateral Account for purposes of holding all year-to-date Replacement Reserve Monthly Installments (less amounts disbursed to or on behalf of Borrower during such year pursuant hereto) plus the amount of the Replacement Reserve Monthly Installment for the next ensuing month.

"Reportable Event" shall have the meaning set forth in Section 4043(b) of ERISA (other than (a) a Reportable Event as to which the provision of 30 days' notice to the PBGC is waived under applicable regulations or (b) a Reportable Event specified in Section 4043(b)(9), (11) or (12) of ERISA, which is reasonably expected not to result in any liability to, or a lien upon, Borrower or any member of their Controlled Group or any of their respective assets).

"Responsible Officer" shall mean a chairman of the board, president or chief financial officer.

"RV Pads" shall mean Units being leased for use by recreational vehicles or automobile trailers, except to provide storage for such vehicles owned by tenants of any of the Units.

"Secondary Market Transaction" shall mean (i) any transaction in which Lender sells, assigns, syndicates, participates or otherwise transfers and/or disposes of all or any portion of the Loan, including all servicing rights with respect thereto, (ii) a Securitization, or (iii) any transaction in which Lender otherwise sells or transfers the Loan or an interest therein.

"Securities" shall mean any mortgage pass-through certificates or other securities evidencing a beneficial interest in the assets of a trust created in connection with a Secondary Market Transaction.

"Securitization" shall mean any transaction in which Lender deposits the Loan, the Note, the Security Instrument and the other Loan Documents with a trust, which trust may issue Securities in a rated or unrated public offering or private placement.

"Security Instrument" shall have the meaning provided in Section 3.01(a)(iii).

"Side Letters" shall mean those certain letters dated as of the date hereof (i) from Lender to Borrower, Funding Partnership and Sun Communities Operating Limited Partnership, and (ii) from Borrower, Funding Partnership and Sun Communities Operating Limited Partnership to Lender, each regarding the securitization of the Loan.

"Single Purpose Entity" shall mean a Person, other than an individual, which at all times since its formation: (i) has been a duly formed and existing limited partnership, limited liability company or corporation, as the case may be; (ii) has been duly qualified in each jurisdiction in which such qualification was at such time necessary for the conduct of its business; (iii) has complied with the provisions of its organizational documents and the laws of its jurisdiction of formation in all respects; (iv) has observed all customary formalities regarding

its partnership, limited liability company or corporate existence, as the case may be; (v) has accurately maintained its financial statements, accounting records and other partnership, limited liability company or corporate documents separate from those of any other Person; (vi) has not commingled its assets or funds with those of any other Person; (vii) has accurately maintained its own bank accounts, payroll and books and accounts separate from those of any other Person; (viii) has paid its own liabilities from its own separate assets; (ix) has identified itself in all dealings with the public, under its own name and as a separate and distinct entity; (x) has not identified itself as being a division or a part of any other Person; (xi) has been adequately capitalized in light of its contemplated business operations; (xii) has not assumed, guaranteed or become obligated for the liabilities of any other Person (except in connection with the endorsement of negotiable instruments in the ordinary course of business) or held out its credit as being available to satisfy the obligations of any other Person; (xiii) has not acquired obligations or securities of any other Person; (xiv) has not made loans or advances to any other Person; (xv) has not entered into and was not a party to any transaction with any Affiliate of such Person, except in the ordinary course of business and on terms which are no less favorable to such Person than would be obtained in a comparable arms-length transaction with an unrelated third party; (xvi) has conducted its own business in its own name; (xvii) has paid the salaries of its own employees and maintained a sufficient number of employees in light of its contemplated business operations; (xviii) has allocated fairly and reasonably any overhead for shared office space; (xix) has used separate stationery, invoices and checks; (xx) has not pledged its assets for the benefit of any other entity or made any loans or advances to any person or entity; (xxi) has not engaged in a non-exempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code; (xxii) has not acquired obligations or securities of its partners or Affiliates; and (xxiii) has corrected any known misunderstanding regarding its separate identity.

"Solvent" as to any Person shall mean that (i) the sum of the assets of such Person, at a fair valuation based upon appraisals or comparable valuation, will exceed its liabilities, including contingent liabilities, (ii) such Person will have sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and (iii) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means (x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. With respect to any such Contingent Liabilities, such liabilities shall be computed in accordance with GAAP at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

"Sub-Accounts" shall mean, collectively, all or some of, the Debt Service Sub-Account, Basic Carrying Costs Sub-Account, Replacement Reserve Sub-Account, Capital Event Sub-Account, Insurance Proceeds Sub-Account, Business Interruption Insurance Sub-Account, and the Temporary Condemnation Proceeds Sub-Account, as the context requires.

"Subsidiary" of any Person shall mean and include (i) any corporation Controlled by such Person, directly or indirectly through one or more intermediaries, and (ii) any partnership, association, joint venture or other entity Controlled by such Person, directly or indirectly through one or more intermediaries.

"Taxes" shall have the meaning provided in Section 2.19, except as such term is used in Section 9.08(c)(v) where it shall have the meaning provided in the Security Instrument.

"Temporary Condemnation Proceeds Sub-Account" shall mean a Sub-Account for the purpose of holding proceeds of any temporary Condemnation paid in lump sums in advance.

"Termination Event" shall mean (i) a Reportable Event, or (ii) the initiation of any action by Borrower, any member of Borrower's ERISA Controlled Group or any other person to terminate a Plan or the treatment of an amendment to an ERISA Plan as a termination under ERISA, in either case, which would result in liability to Borrower or any of their ERISA Controlled Group in excess of \$3,000,000, (iii) the institution of proceedings by the PBGC under Section 4042 of ERISA to terminate an ERISA Plan or to appoint a trustee to administer any ERISA Plan, (iv) any partial or total withdrawal from a Multiemployer Plan which in either case, which would result in liability to Borrower or any of their ERISA Controlled Groups in excess of \$3,000,000 or (v) the taking of any action would require security to the Plan under Section 401(a)(29) of the Code.

"Title Policy" shall have the meaning provided in Section 3.01(h).

"Transaction Costs" shall mean all costs and expenses arising from transactions in connection with the Loan occurring after the Closing Date that are paid or payable by Borrower or Funding Partnership relating to the Loan, including, without limitation, the costs and expenses of Lender, without duplication, in conducting its due diligence with respect to the Loan, financing fees, commitment fees, advisory fees, appraisal fees, legal fees, accounting fees, title insurance premiums, recording charges and taxes, whether directly or as reimbursement to Lender required under this Agreement or the other Loan Documents.

"Transferee" shall have the meaning provided in Section 9.07.

"UCC Searches" shall have the meaning provided in Section 3.01(f).

"Unfunded Benefit Liabilities" means with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefit liabilities under such Plan as defined in Section 4001(a)(16) of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan (on the basis of assumptions prescribed by the PBGC for the purpose of Section 4044 of ERISA).

SECTION 2. AMOUNT AND TERMS OF LOAN.

Setion 2.01 Intentionally Deleted.

Section 2.02 Intentionally Deleted.

Section 2.03 Intentionally Deleted.

Section 2.04 The Note. Borrower's obligation to pay the principal of, and interest on, the Loan shall be evidenced by the consolidated renewal note (as amended, modified, supplemented, extended or consolidated, the "Note") duly executed and delivered by Borrower on the date hereof in a principal amount equal to \$19,000,000.00. Lender has no obligation to make any further advances under the Loan after the date hereof. The outstanding principal balance of the Note, together with all interest (including, without limitation, Accrued Interest following the Anticipated Payment Date) and other sums due thereunder shall be due and payable on the Maturity Date without further action on the part of Lender.

Section 2.05 Interest and Principal Payments. (a) Borrower shall pay all sums due under the Note in installments as follows:

(i) a payment of interest only on the tenth (10th) day of September, 1997, for interest accruing for the period commencing on and including the date of the Note and continuing through and including the ninth day of September; and

(ii) monthly payments in the amounts set forth on Schedule 6 attached hereto and made a part hereof (each, the "Monthly Debt Service Payment Amount") on October 10, 1997 and on the tenth day of each calendar month thereafter up to and including the Maturity Date (each, a "Payment Date"); each Monthly Debt Service Payment Amount shall be applied first, to the payment of interest computed at the Regular Interest Rate, and the balance toward the reduction of the outstanding principal balance of the Note.

(b) From and after the Anticipated Payment Date, interest shall accrue on the unpaid principal balance of the Note at the Maturity Rate. Each Monthly Debt Service Payment Amount paid after the Anticipated Payment Date shall be applied first, to the payment of interest computed at the Regular Interest Rate and the balance, if any, toward the reduction of the outstanding principal balance of the Note; interest accrued at the Maturity Rate shall be deferred and added to the Loan and shall earn interest at the Maturity Rate to the extent permitted by applicable law (such accrued interest is hereinafter defined as "Accrued Interest"). In addition to such payments of principal and interest, Borrower shall make payments in reduction of the outstanding principal balance of the Note in monthly installments beginning on the Anticipated Payment Date and on the tenth day of each calendar month thereafter up to and including the Maturity Date in accordance with the terms and provisions of Section 2.13.

(c) Intentionally Deleted.

(d) In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal amount of the Loan and, to the extent permitted by law, overdue interest in respect of the Loan (including, without limitation, Accrued Interest), shall bear interest at the Default Rate with respect to Monetary Defaults, calculated

from the date such payment was due without regard to any grace or cure periods contained herein, and with respect to all other Defaults, calculated from the date of the occurrence of the related Event of Default.

(e) Intentionally Deleted.

(f) Interest on the outstanding principal balance of the Loan shall be calculated on the basis of the actual number of days elapsed in a three hundred sixty (360) day year.

(g) This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the interest rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

Section 2.06 Intentionally Deleted.

Section 2.07 Intentionally Deleted.

Section 2.08 Intentionally Deleted.

Section 2.09 Intentionally Deleted.

Section 2.10 Intentionally Deleted.

Section 2.11 Voluntary Prepayments; Defeasance. (a) Borrower shall not have the right to prepay the Loan, in whole or in part, prior to March 10, 2007 (the "Prepayment Commencement Date"). Commencing on the Prepayment Commencement Date, provided no Event of Default exists, the outstanding principal balance of the Loan may be prepaid in whole or in part upon (a) not less than fifteen (15) Business Days' prior written notice (the "Prepayment Notice") by Borrower specifying the scheduled date (the "Prepayment Date") on which such prepayment is to be made; (b) payment of the principal amount prepaid together with all accrued and unpaid interest thereon to and including the Prepayment Date; and (c) payment of all other sums then due under this Agreement, the Note, the Security Instrument and the other Loan Documents. Lender shall not be obligated to accept any prepayment unless it is accompanied by all sums due in connection therewith. If a Prepayment Notice is given by Lender pursuant to this

Section 2.11, the outstanding principal balance of the Loan (or the portion thereof specified in the Prepayment Notice) and the other sums required under this Section 2.11 shall be due and payable on the Prepayment Date.

(b) If a Default Prepayment (defined below) occurs, Borrower shall pay to Lender the entire Loan, including, without limitation, the Prepayment Consideration. The term "Default Prepayment" shall mean a prepayment of the principal amount of the Loan made after the occurrence of any Event of Default or an acceleration of the Maturity Date under any circumstances, including, without limitation, a prepayment occurring in connection with reinstatement of the Security Instrument provided by statute under foreclosure proceedings or exercise of a power of sale, any statutory right of redemption exercised by Borrower or any other party having a statutory right to redeem or prevent foreclosure, any sale in foreclosure or under exercise of a power of sale or otherwise.

(c) Subject to compliance with and satisfaction of the terms and conditions of this Section 2.11 and provided no Event of Default has occurred and is continuing, Borrower may elect on any Payment Date after the earlier of (x) the third (3rd) anniversary of the date hereof or (y) two (2) years from the "startup day" within the meaning of Section 860G(a)(9) of the Code of a REMIC Trust (the "Defeasance Lock-Out Termination Date"), to release the Real Property Asset from the Lien of the Security Instrument by delivering to Lender (a "Defeasance"), as security for the payment of all interest due and to become due throughout the term of the Note and the note evidencing the Funding Partnership Loan, and the principal balance of the Note and the note evidencing the Funding Partnership Loan equal to, the outstanding principal balance of the Note, and the note evidencing the Funding Partnership Loan, Defeasance Collateral (defined below) with Collateral Value (defined below) sufficient, without consideration of any reinvestment of interest therefrom, to pay (1) all amounts then due relating to the Note, including accrued interest thereon, (2) an amount equal to the lesser of (A) \$19,000,000.00 or the outstanding principal balance of the Note and the note evidencing the Funding Partnership Loan after giving effect to all prior Defeasances (the "Defeasance Amount"), and (3) the portion of the interest that will become due on the Defeasance Amount under the Note on any date prior to and including the Anticipated Payment Date (all such interest as described in this clause (3) together with the Defeasance Amount and such amounts described in clause (1) being hereinafter referred to as the "Defeasance Property").

(d) As a condition to any Defeasance, prior to any Defeasance, Borrower shall have delivered to Lender:

- (i) All necessary documents to amend and restate the Note to reflect that the principal balance of the Note and a portion of the note evidencing the Funding Partnership Loan has been defeased (collectively, the "Defeased Note"). The Defeased Note (1) shall be in a principal amount equal to the Defeasance Amount, (2) shall be payable to the order of Lender, (3) shall be dated as of the date hereof, (4) shall mature on the Anticipated Payment Date (the "Defeased Maturity Date"), (5) shall be secured by the Defeasance Collateral delivered in connection with the Defeasance and shall otherwise contain substantially the same terms as the Note. The

Defeased Note shall evidence the existing indebtedness hereunder and a portion of the indebtedness under the note evidencing the Funding Partnership Loan and not any new or additional indebtedness of Borrower or the Funding Partnership. A Defeased Note cannot be the subject of any further Defeasance.

- (ii) An opinion of Borrower's counsel in form reasonably satisfactory to Lender stating (1) that the Defeasance Collateral and the proceeds thereof have been duly and validly assigned and delivered to Lender and, subject to the filing of appropriate financing statements and/or taking and maintaining possession of the Defeasance Collateral, that Lender has a valid, perfected, first priority lien and security interest in the Defeasance Collateral delivered by Borrower and the proceeds thereof and all obligations, rights and duties under and to the Defeased Note, (2) that if the holder of the Note shall at the time of the release of the Real Property Asset be a REMIC, (x) the Defeasance Collateral has been validly assigned to the REMIC Trust, (y) the Defeasance has been effected in accordance with the requirements of Treasury Regulation 1.860(g)-2(a)(8) (as such regulation may be amended or substituted from time to time) and will not be treated as an exchange pursuant to Section 1001 of the Code and (z) the tax qualification and status of the REMIC Trust as a REMIC will not be adversely affected or impaired as a result of the Defeasance, and (3) such other matters as Lender or its counsel may reasonably require.
- (iii) Written confirmation from the Rating Agencies that such Defeasance and release of the Real Property Asset will not result in a withdrawal, downgrade or qualification of the then current ratings by the applicable Rating Agencies of the Securities and otherwise in form and substance reasonably satisfactory to Lender and its counsel. If required by the Rating Agencies, Borrower shall, at Borrower's expense (the cost of which shall be subject to Lender's prior approval, which approval shall not be unreasonably withheld), also deliver or cause to be delivered a non-consolidation opinion with respect to the Defeasance Obligor (defined below) in form and substance satisfactory to Lender and the Rating Agencies.
- (iv) A certificate of Borrower's independent certified public accountant certifying that the Defeasance Collateral generates monthly amounts equal to or greater than each monthly installment of principal and interest required to be paid under the Defeased Note through and including the Defeased Maturity Date and payments due thereon.
- (v) Evidence satisfactory to Lender that there are no subordinate Liens, mortgages, deeds of trust or other security instruments, as the case may be, encumbering the Real Property Assets (as defined in the Funding Partnership Loan Agreement) remaining encumbered by the Lien of the

Security Instruments (as defined in the Funding Partnership Loan Agreement), including without limitation a "bring down" or "date down" of the title insurance policies insuring the Lien of the Security Instruments (as defined in the Funding Partnership Loan Agreement), on such remaining Real Property Assets (as defined in the Funding Partnership Loan Agreement).

- (vi) Payment of all Lender's costs and expenses, including due diligence review costs and reasonable counsel fees and disbursements incurred in connection with the release of the Real Property Asset and the review and approval of the documents and information required to be delivered in connection therewith ("Release Expenses").
 - (vii) Evidence satisfactory to Lender that the aggregate Debt Service Coverage Ratio with respect to the Real Property Assets remaining encumbered by the Lien of the Security Instruments (as defined in the Funding Partnership Loan Agreement) is equal to or greater than the greater of (1) 2.20 to 1.00, and (2) the aggregate Debt Service Coverage Ratio with respect to all of the Real Property Assets (as defined in the Funding Partnership Loan Agreement) and the Real Property Asset for the twelve (12) full calendar months immediately prior to the release of the Real Property Asset.
 - (viii) Evidence reasonably satisfactory to Lender that Borrower and Funding Partnership are Solvent and shall not be rendered insolvent by the release of the Real Property Asset.
 - (ix) Borrower shall deliver such other certificates, documents or instruments as Lender may reasonably request.
- (e) In connection with any Defeasance hereunder, Lender shall, at its option, in each instance at Borrower's expense, establish or designate a successor entity, which shall be a Single Purpose Entity (the "Defeasance Obligor") and Borrower and Funding Partnership shall transfer and assign all obligations, rights and duties under and to the Defeased Note together with the pledged Defeasance Collateral to such Defeasance Obligor. Such Defeasance Obligor shall assume the obligations under the Defeased Note and any security agreement executed in connection with the Defeasance or the Defeasance Collateral delivered in connection therewith (the "Defeasance Security Agreement"), and Borrower and Funding Partnership shall be relieved of its obligations under such documents.
- (f) Each of the obligations of the United States of America that is part of the Defeasance Collateral which are not in bearer form shall be registered in the name of Lender or be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance wholly satisfactory to Lender (including, without limitation, such instruments as may be required by the depository institution holding such securities or by the issuer thereof, as the case may be, to

effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the Defeasance Collateral the first priority security interest therein in favor of the Lender in conformity with all applicable state and federal laws governing the granting of such security interests. Borrower shall authorize and direct that the payments received from such obligations shall be made directly to Lender or Lender's designee and applied to satisfy the obligations of Borrower under the Defeased Note. Borrower shall execute and deliver a Defeasance Security Agreement in form and substance reasonably satisfactory to Lender creating a first priority lien on the Defeasance Collateral delivered in connection with the Defeasance and the Obligations purchased with the Defeasance Collateral.

(g) The Defeasance Collateral shall generate payments on or prior to, but as close as possible to, the Business Day prior to each successive Payment Date after the Defeasance Date upon which payments are required under this Agreement, the Funding Partnership Loan Agreement and the Defeased Note, including the amount of accrued interest together with the outstanding principal balance of the Defeased Note which would be due on the Defeased Maturity Date (the "Scheduled Defeasance Payments").

(h) Notwithstanding any release of the Security Instrument granted pursuant to this Section 2.11 or any Defeasance hereunder, Borrower shall and hereby agrees to continue to be bound by and obligated under Sections 3.1, 11.2 and Article 13 of the Security Instrument; provided however that all references therein to "Property" or "Personal Property" shall be deemed to refer only to the Defeasance Collateral delivered to Lender.

(i) All Defeasance Collateral shall be used and applied first to defease the Note and thereafter to defease pro-rata portions of the note evidencing the Funding Partnership Loan, together with such amount that is necessary for the payment of all interest due and to become due with respect to the Note and the note evidencing the Funding Partnership Loan.

(j) Any revenue, documentary stamp or intangible taxes or any other tax or charge due in connection with the creation of the Defeased Note, the modification of the Note, or otherwise required to accomplish the Defeasance shall be paid by Borrower simultaneously with the occurrence of any Defeasance.

(k) The term "Defeasance Collateral" as used herein shall mean non-callable and non-redeemable securities evidencing an obligation to timely pay principal and interest in a full and timely manner that are direct obligations of the United States of America for the payment of which its full faith and credit is pledged.

(l) The term "Collateral Value" as used herein shall mean as of any date with respect to Defeasance Collateral delivered to Lender, the aggregate amount of payments of principal of such Defeasance Collateral and the predetermined and certain income therefrom that will be paid or payable to Lender on or before the Business Day prior to each day on which payments are due on the obligations in respect of which such

Defeasance Collateral was delivered, without consideration of any reinvestment of such income, all as certified in writing by a recognized and reputable independent certified public accounting firm or investment banking firm selected by Borrower.

Section 2.12 Mandatory Prepayments. On each date after the Closing Date on which Borrower actually receives a distribution of any Insurance Proceeds or Condemnation Proceeds in respect of the Real Property Asset, and if Lender does not make such proceeds available to Borrower for the restoration of the Real Property Asset under the terms of the Security Instrument, Borrower shall prepay, without any Prepayment Consideration, the outstanding principal balance of the Loan in an amount equal to the lesser of (i) one hundred percent (100%) of such proceeds and the (ii) the Allocated Loan Amount. All prepayments made pursuant to this subsection shall be applied in accordance with the provisions of Section 2.13, and the Available Facility Amount shall be reduced by such amount. The Allocated Loan Amount will be reduced in an amount equal to such prepayment.

Section 2.13 Application of Payments. Subject to the terms hereof, provided that no Event of Default has occurred and is continuing, each and every payment made by Borrower to Lender in accordance with the terms of the Note and/or the terms of any other Loan Document, all other proceeds received by Lender with respect to the Loan and all funds on deposit in the Cash Collateral Account, shall be applied in the following order of priority:

(a) If due prior to the Anticipated Payment Date:

first, to the payment of Basic Carrying Costs in accordance with the terms and conditions of Section 8 of this Agreement;

second, to the payment of the Monthly Debt Service Payment Amount for the related Payment Date, applied first to the payment of all interest accrued and payable under the Note computed at the Regular Interest Rate and the balance, to the payment of the outstanding principal balance of the Note;

third, to the payment of any other amounts then due and payable to the Lender under the Note or under the Loan Documents;

last, to the extent there are funds on deposit in the Cash Collateral Account, to the Distribution Account, from which Borrower may withdraw any or all sums on deposit therein.

(b) If due on or after the Anticipated Payment Date:

first, to the payment of Basic Carrying Costs in accordance with the terms and conditions of Section 8 of this Agreement;

second, to the payment of the Monthly Debt Service Payment Amount for the related Payment Date, applied first to the payment of all interest accrued and

payable under the Note computed at the Regular Interest Rate and the balance, to the payment of the outstanding principal balance of the Note;

third, to the payment of any other amounts then due and payable to the Lender under the Note or under the Loan Documents;

fourth, and to the extent there are funds on deposit in the Cash Collateral Account, to the payment of monthly Operating Expenses incurred in accordance with the related Approved Annual Budget pursuant to a written request for payment submitted by Borrower to Lender specifying the individual Operating Expenses in a form acceptable to Lender;

fifth, to the payment of the outstanding principal balance of the Note;

sixth, to the payment of Accrued Interest; and

last, to the extent there are funds on deposit in the Cash Collateral Account, to the payment of such excess funds to Borrower.

Section 2.14 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 1:00 P.M., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's Office, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Except as expressly provided to the contrary in Section 2.06 hereof, whenever any payment to be made hereunder or under the Note or other Loan Documents shall be stated to be due on a day which is not an Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

(c) All payments made by Borrower hereunder, under the Note and the other Loan Documents, shall be made irrespective of, and without any deduction for, any setoff or counterclaims.

Section 2.15 Intentionally Deleted.

Section 2.16 Intentionally Deleted.

Section 2.17 Intentionally Deleted.

Section 2.18 Intentionally Deleted.

Section 2.19 Taxes. (a) All payments made by Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any

present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority arising solely as a result of this Loan excluding, in the case of Lender, any taxes imposed on Lender's revenues, net income and franchise taxes imposed on Lender by the United States of America or any taxing authority thereof, the jurisdiction under the laws of which Lender is organized or any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which Lender is doing business or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being hereinafter called "Taxes").

(b) Notwithstanding anything to the contrary herein, if at any time or from time to time Taxes are required to be deducted or withheld from the payments required to be made to Lender hereunder solely by reason of a Change in Law after the date hereof (other than as a result of any transfer or assignment of any of the obligations of Borrower), all payment required to be made by Borrower hereunder (including any additional amounts that may be payable pursuant to this clause (b)) shall be increased to the extent required so that the net amount received by Lender after the deduction or withholding of Taxes imposed solely by reason of a Change in Law after the date hereof will be not less than the full amount that would otherwise have been receivable had no such deduction or withholding been imposed by reason of such Change in Law. In the event that this clause (b) shall be operative, Borrower shall promptly provide to Lender evidence of payment of such Taxes to the appropriate taxing authority and shall promptly forward to Lender any official tax receipts or other documentation with respect to the payment of the Taxes as may be issued by the taxing authority. If Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Lender the required receipts or other required documentary evidence, Borrower shall indemnify Lender for any incremental taxes, interest or penalties that may become payable by Lender as a result of any such failure. The agreements in this Section 2.19 shall survive the termination of this Agreement and the payment of the Note and all other Obligations for a period of one (1) year.

(c) For purposes of this Section 2.19 the term "Change in Law" shall mean the following events: (i) the enactment of any legislation by the United States, including the enactment, amendment or modification of a treaty; (ii) the lapse, by its terms, of any law of the United States or any treaty to which the United States is a party; or (iii) the promulgation of any temporary or final regulation under the Code.

Section 2.20 Intentionally Deleted.

Section 2.21 Intentionally Deleted.

Section 2.22 Intentionally Deleted.

Section 2.23 Intentionally Deleted.

Section 2.24 Intentionally Deleted.

Section 2.25 Intentionally Deleted.

Section 2.26 Intentionally Deleted.

Section 2.27 Intentionally Deleted.

Section 2.28 Intentionally Deleted.

SECTION 3. CONDITIONS PRECEDENT.

Section 3.01 Conditions Precedent to the Loan. The obligation of Lender to make the Loan on the Closing Date is subject to the satisfaction by Borrower on the Closing Date of the following conditions precedent:

(a) Loan Documents.

(i) Loan Agreement. Borrower shall have executed and delivered this Agreement to Lender.

(ii) The Note. Borrower shall have executed and delivered to Lender the Note in the amount, maturity and as otherwise provided herein.

(iii) Security Instrument. Borrower shall have executed and delivered to Lender a mortgage (as amended, restated, modified or supplemented from time to time, collectively, the "Security Instrument"), with respect to the Real Property Asset.

(iv) Assignment of Leases and Rents. Borrower shall have executed and delivered an Assignment of Leases and Rents (as amended, restated, modified or supplemented from time to time, the "Assignment of Leases and Rents"), with respect to the Real Property Asset.

(v) Environmental Indemnity. Borrower shall have executed and delivered to Lender an Environmental Indemnity (as amended, restated, modified or supplemented from time to time the "Environmental Indemnity"), with respect to the Real Property Asset.

(vi) Certificate of Compliance and Indemnification Agreement. Borrower shall have executed and delivered to Lender a Certificate of Compliance and Indemnification Agreement (as amended, restated, modified or supplemented from time to time, the "Certificate of Compliance and Indemnification Agreement"), with respect to the Real Property Asset.

(vii) Assignment of Contracts. Borrower shall have executed and delivered to Lender an Assignment of Agreements, Permits and Contracts (as amended, restated, modified or supplemented from time to time, the "Assignment of Contracts"), with respect to the Real Property Asset.

(b) Opinions of Counsel.

Lender shall have received legal opinions, dated the Closing Date, from counsel to Borrower, in form and substance satisfactory to Lender and its counsel, that, among other things: (i) this Agreement, the Guaranty and the Loan Documents have been duly authorized, executed and delivered by Borrower or Funding Partnership, as applicable, and are valid and enforceable in accordance with their terms, subject to bankruptcy and equitable principles; (ii) that Borrower and Funding Partnership are qualified to do business and are in good standing under the laws of the jurisdiction in which they are organized, in which they are transacting business and where the Real Property Asset is located; (iii) the encumbrance of the Real Property Asset with the lien of the Loan Documents shall not cause a breach of, or a default under, any agreement, document or instrument to which Borrower or Funding Partnership is a party or to which any of their properties are bound or affected; (iv) upon recording and filing of the Security Instrument, Lender will have a valid and perfected Lien in the Collateral; and (v) the Loan does not violate any usury laws.

(c) Organizational Documents. (i) Lender shall have received (A) with respect to LLC General Partner, its operating agreement, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by its managing member together with the articles of organization, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of the date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretary of State of Florida, each to be dated a date not more than thirty (30) days prior to the Closing Date, (B) with respect to Managing Member, the certificate of incorporation, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretary of State of Florida, each to be dated a date not more than thirty (30) days prior to the Closing Date, and (C) with respect to Borrower and Funding Partnership, its agreement of partnership, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by its general partners, together with, in the case of Funding Partnership, a copy of its certificate of limited partnership, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from such Secretary of State and a good standing certificate from the Secretary of State of Florida, each to be dated not more than thirty (30) days prior to the Closing Date.

(ii) The partnership agreements of Borrower and Funding Partnership and the operating agreement of LLC General Partner must (A) provide that the company or partnership will only dissolve upon the withdrawal, dissolution or bankruptcy of the last remaining member or general partner, as applicable, but the company or partnership will not be dissolved if the remaining members or general partners, as applicable, within ninety (90) days, by unanimous consent elect to continue the (and appoint a new managing member or general partner in the case of the withdrawal, dissolution or bankruptcy of the last remaining managing member or general partner, as applicable), (B) provide that the dissolution and winding up or insolvency filing of

such company or partnership requires the unanimous consent of all members and general partners, and (C) include provisions substantially similar to those contained in Section 6.06(a). The articles of incorporation of Managing Member must include provisions substantially similar to those contained in Section 6.06(a).

(d) Certified Resolutions, etc. Lender shall have received a certificate of the secretary or assistant secretary of Managing Member for itself and on behalf of Borrower and its general partners, as the case may be, and dated the Closing Date, certifying (i) the names and true signatures of the incumbent officers authorized to sign the applicable Loan Documents, (ii) the by-laws as in effect on the Closing Date, (iii) the resolutions of the board of directors approving and authorizing the execution, delivery and performance of all Loan Documents executed by Managing Member for itself and on behalf of Borrower and its general partners, as the case may be, and (iv) that there have been no changes in the certificate of incorporation of such Person since the date of the most recent certification thereof by the appropriate Secretary of State.

(e) Insurance. Lender shall have received certificates of insurance demonstrating insurance coverage in respect of the Real Property Asset of types, in amounts, and with insurers satisfactory to Lender and otherwise in compliance with the terms, provisions and conditions of the Security Instrument.

(f) Lien Search Reports. Lender shall have received satisfactory (i.e., showing no Liens other than Permitted Liens) UCC searches, together with, to the extent available, tax and judgment searches conducted in the appropriate jurisdictions by a search firm acceptable to Lender with respect to the Real Property Asset, Borrower, LLC General Partner and Funding Partnership (collectively, the "UCC Searches").

(g) Financing Statements. Lender shall have received UCC-1 financing statements (the "Financing Statements") signed by Borrower, as debtor, naming Lender, as secured party, and to be filed in the appropriate offices of each jurisdiction where the Real Property Asset and Borrower are located.

(h) Title Insurance Policy; Survey. Lender shall have received (i) with respect to the Real Property Asset, a title insurance policy issued by a title insurance company satisfactory to Lender insuring the lien of the Security Instrument on the Real Property Asset, in form and substance satisfactory to Lender insuring that the Security Instrument is a first lien on the good and marketable fee simple title of Borrower to the Real Property Asset, in an amount equal to the amount of the Allocated Loan Amount (the "Title Policy"), and (ii) a recent survey with respect to the Real Property Asset certified to Lender, its successors and assigns, dated within 60 days prior to the Closing Date prepared by a land surveyor licensed in the state where the Real Property Asset is located pursuant to the then current ALTA/ACSM standards for title surveys and otherwise reasonably satisfactory to Lender.

(i) Financial Statements. Lender shall have received for the Real Property Asset, annual operating statements and occupancy statements for Borrower's most recent fiscal year together with current year to date operating statements, current occupancy statements and the approved operating and capital budget for the current fiscal year. Such financial statements shall be acceptable to Lender in its sole discretion, and each such statement shall be certified by

the general partners of Borrower that, as of the Closing Date, there has been no material adverse change in the financial condition of the Real Property Asset, Borrower, LLC General Partner or Funding Partnership since the date thereof.

(j) Environmental Matters. Lender shall have received the Environmental Reports.

(k) Fees and Operating Expenses. Lender shall have received, for its account, all agreed upon fees due and payable hereunder on or before the Closing Date.

(l) Consents, Licenses, Approvals, etc. Lender shall have received certified copies of all consents, licenses and approvals, if any, required in connection with the execution, delivery and performance by Borrower, LLC General Partner and Funding Partnership, and the validity and enforceability, of the Loan Documents, or in connection with the Loan, and such consents, licenses and approvals shall be in full force and effect.

(m) Appraisals. Lender shall have completed its internal valuation of the Real Property Asset and the value of the Real Property Asset as determined pursuant to Lender's internal valuations is satisfactory to Lender.

(n) Engineering Reports. Lender shall have received and approved of, in its sole discretion, the Engineering Reports for the Real Property Asset.

(o) Zoning Compliance. Lender shall have received evidence reasonably satisfactory to Lender to the effect that the Real Property Asset and the use thereof is in substantial compliance with the applicable zoning, subdivision, and all other applicable federal, state or local laws and ordinances affecting the Real Property Asset, and that all building and operating licenses and permits as well as all other licenses, permits, certifications, registrations or similar filings necessary for the use and occupancy of the Real Property Asset as a manufactured housing community including, if applicable, current certificates of occupancy, have been obtained and are in full force and effect and in good standing.

(p) Leases. Lender shall have received certified copies of the standard forms of Lease and Registration Agreement which will be used by Borrower in leasing space in each of the Real Property Asset which shall be reasonably satisfactory to Lender.

(q) Contracts and Agreements. Lender shall have received certified copies of all material contracts and agreements relating to the management, leasing and operation of the Real Property Asset, each of which shall be reasonably satisfactory to Lender.

(r) Intentionally Deleted.

(s) Representations and Warranties. Lender shall have received a certification by LLC General Partner and Funding Partnership, for themselves and as general partners of Borrower, certifying that to the best of their knowledge all of the representations and warranties contained in this Agreement, the Security Instrument and the other Loan Documents are true and

correct with respect to the Real Property Asset and Borrower, and that there is no Default or Event of Default hereunder.

(t) Intentionally Deleted.

(u) Certification as to Applicable Laws. Lender shall have received a certification by LLC General Partner and Funding Partnership for themselves and as general partners of Borrower certifying that to Borrower's, LLC General Partner's and Funding Partnership's best knowledge, the Real Property Asset is in compliance with all Applicable Laws relating to the Real Property Asset as of the Closing Date.

(v) Additional Matters. Lender shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by Lender, and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Loan shall be reasonably satisfactory in form and substance to Lender.

Section 3.02 Conditions Precedent to the Closing. The obligation of Lender to make the Loan is subject to the satisfaction on the Closing Date of the following conditions precedent:

(a) Representations and Warranties. The representations and warranties contained herein and in the other Loan Documents (other than representations and warranties which expressly speak only as of a different date) shall be true and correct in all material respects on such date both before and after giving effect to the making of the Loan.

(b) No Monetary Default or Event of Default. No Monetary Default or Event of Default shall have occurred and be continuing on such date either before or after giving effect to the making of the Loan.

(c) No Injunction. No law or regulation shall have been adopted, no order, judgment or decree of any governmental authority shall have been issued, and no litigation shall be pending or threatened, which in the good faith judgment of Lender would enjoin, prohibit or restrain, or impose or result in the imposition of any material adverse condition upon, the making of the Loan or Borrower's obligation to pay (or Lender's right to receive payment of) the Loan or the other Obligations or the consummation of the Loan.

(d) No Material Adverse Change. No event, act or condition shall have occurred after the Closing Date which, in the reasonable judgment of Lender has had or would have a Material Adverse Effect.

(e) Intentionally Deleted.

(f) No Litigation. Except for matters identified on Schedule 2 (as the same may be amended or supplemented), no actions, suits or proceedings shall be pending or

threatened with respect to the Loan Documents, Borrower, LLC General Partner, Funding Partnership or with respect to the Real Property Asset, that could, in the aggregate, result in a Material Adverse Effect and matters identified on Schedule 2, in the aggregate, do not result in a Material Adverse Effect.

(g) Intentionally Deleted.

(h) Payment of Taxes. Lender shall have received proof of payment of any required recording fees, mortgage recording taxes, documentary stamp taxes, intangibles taxes or other similar costs in connection with the making of the Loan.

(i) Intentionally Deleted.

(j) Additional Matters. Lender shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by Lender, and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Loan shall be satisfactory in form and substance to Lender.

Section 3.03 Acceptance of Loan. The acceptance by Borrower of the proceeds of the Loan shall constitute a representation and warranty by Borrower to Lender that all of the conditions required to be satisfied under this Section 3 in connection with the making of the Loan and all of the terms and provisions of this Agreement have been satisfied.

Section 3.04 Sufficient Counterparts. All certificates, agreements, legal opinions and other documents and papers referred to in this Section 3, unless otherwise specified, shall be delivered to Lender and shall be satisfactory in form and substance to Lender in its sole discretion (unless the form thereof is prescribed herein) and Borrower shall deliver sufficient counterparts of all such materials for distribution to Lender.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

In order to induce Lender to enter into this Agreement and to make the Loan, Borrower makes the following representations and warranties, which shall survive the execution and delivery of this Agreement and the Note and the making of the Loan:

Section 4.01 Corporate/Partnership/Limited Liability Company Status. Each of Borrower, LLC General Partner, Funding Partnership and Managing Member (a) is a duly organized and validly existing corporation, partnership or limited liability company, as the case may be, in good standing under the laws of the jurisdiction of its incorporation or formation, (b) has all requisite corporate, partnership or limited liability company power and authority, as the case may be, to own its property and assets (including the Real Property Asset) and to transact the business in which it is engaged or presently proposes to engage (including the Loan) and (c) has duly qualified and is authorized to do business and is in good standing as a foreign corporation or foreign partnership or foreign limited liability company, as the case may be, in every

jurisdiction in which it owns or leases real property (including the Real Property Asset) or in which the nature of its business requires it to be so qualified.

Section 4.02 Corporate/Partnership/Limited Liability Company Power and Authority. Each of Borrower, LLC General Partner, Funding Partnership and Managing Member has the corporate, partnership or limited liability company power and authority, as the case may be, to execute, deliver and carry out the terms and provisions of each of the Loan Documents to which it is a party and has taken all necessary corporate, partnership or limited liability company action, as the case may be, to authorize the execution, delivery and performance by it of such Loan Documents. Each of Borrower, LLC General Partner, Funding Partnership and Managing Member has duly executed and delivered each such Loan Document, and each such Loan Document constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by applicable insolvency, bankruptcy or other laws affecting creditors' rights generally, or general principles of equity whether enforcement is sought in a proceeding in equity or at law.

Section 4.03 No Violation. To the best of Borrower's, LLC General Partner's or Funding Partnership's knowledge, neither the execution, delivery nor performance by Borrower, LLC General Partner, Funding Partnership or Managing Member of the Loan Documents to which it is a party, nor the compliance by Borrower, LLC General Partner, Funding Partnership or Managing Member with the terms and provisions thereof nor the consummation of the Loan, (a) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, or (b) will conflict with or result in any material breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Instrument and the Loan Documents) upon any of the property or assets (including the Real Property Asset) of Borrower, LLC General Partner, Funding Partnership or Managing Member pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower, LLC General Partner, Funding Partnership or Managing Member is a party or by which it or any of its property or assets (including the Real Property Asset) is bound or to which it may be subject, or (c) will, with respect to Borrower, LLC General Partner or Funding Partnership, violate any provisions of its partnership or operating agreement, or (d) will, with respect to Managing Member, violate any provision of its certificate of incorporation or by-laws.

Section 4.04 Litigation. Except as set forth on Schedule 2, there are no actions, suits or proceedings pending or, to the best of Borrower's, LLC General Partner's or Funding Partnership's knowledge, threatened with respect to any of the Loan Documents, Borrower, LLC General Partner, Funding Partnership, Managing Member, or with respect to the Real Property Asset, that could, in the aggregate, result in a Material Adverse Effect. All matters set forth on Schedule 2 do not, in the aggregate, result in a Material Adverse Effect.

Section 4.05 Financial Statements: Financial Condition; etc. The statements and other reports delivered pursuant to Section 3.01(i) were prepared in accordance with GAAP consistently applied and fairly present the financial condition and the results of operations of Borrower and the Real Property Asset as of the dates and for the periods covered thereby, except

as disclosed in the notes thereto and, with respect to interim financial statements and other reports, subject to usual year-end adjustments. Neither Borrower, LLC General Partner, Funding Partnership nor Managing Member has any material liability (contingent or otherwise) not reflected in such financial statements and other reports or in the notes thereto. There has been no adverse change in any condition, fact, circumstance or event that would make any such information materially inaccurate, incomplete or otherwise misleading or would affect Borrower's, LLC General Partner's, Funding Partnership's or Managing Member's ability to perform its obligations under this Agreement.

Section 4.06 Solvency. On the Closing Date and after and giving effect to the Loan, Borrower, LLC General Partner, Funding Partnership and Managing Member will be Solvent. Borrower has received reasonably equivalent value for the granting of the Security Instrument.

Section 4.07 Material Adverse Change. Since the date of the most recent audited financial statements delivered pursuant to Section 3.01(i), there has occurred no event, act or condition, and to the best of Borrower's knowledge, there is no prospective event or condition which has had, or could have, a Material Adverse Effect.

Section 4.08 Use of Proceeds; Margin Regulations. No part of the proceeds of the Loan will be used by Borrower to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Neither the making of the Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulations G, T, U or X of the Federal Reserve Board.

Section 4.09 Governmental Approvals. To the best of Borrower's knowledge, no order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with (i) the execution, delivery and performance of any Loan Document or (ii) the legality, validity, binding effect or enforceability of any Loan Document.

Section 4.10 Security Interest and Lien. The Security Instrument creates, as security for the Obligations, a valid and enforceable Lien on all of the Collateral, in favor of Lender and subject to no other liens (except for Permitted Liens), except as enforceability may be limited by applicable insolvency, bankruptcy or other laws affecting creditors rights generally, or general principles of equity, whether such enforceability is considered in a proceeding in equity or at law. Upon the satisfaction of the condition precedent described in Section 3.01(g), such security interest in and Lien on the Collateral shall be perfected and shall be superior to and prior to the rights of all third parties in the Collateral (except for Permitted Liens), and, other than in connection with any future change in Borrower's, LLC General Partner's or Funding Partnership's name or the location of the Collateral, Borrower or LLC General Partner's principal place of business, no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens, other than the filing of continuation statements in accordance with applicable law.

Section 4.11 Tax Returns and Payments. Borrower, LLC General Partner and Funding Partnership have filed all federal, state, county, municipal and city income and other tax returns required to be filed by them for which the filing date has passed and not been extended and have paid all taxes and assessments payable by such Persons which have become due, other than (a) those not yet delinquent or (b) those that are reserved against in accordance with GAAP which are being diligently contested in good faith by appropriate proceedings. Neither Borrower, LLC General Partner nor Funding Partnership knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years which could result in a Material Adverse Effect.

Section 4.12 ERISA. (a) Neither Borrower, LLC General Partner nor Funding Partnership has any Employee Benefit Plans other than those listed on Schedule 3. No accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA) or Reportable Event has occurred with respect to any Plan. As of the Closing Date, the Unfunded Benefit Liabilities do not in the aggregate exceed \$500,000. Borrower and each member of its respective ERISA Controlled Group have complied in all material respects with the requirements of ERISA and the Code and plan documents for each Employee Benefit Plan and Plans and are not in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan. Neither Borrower, LLC General Partner, Funding Partnership nor any member of their respective ERISA Controlled Groups is subject to any present or potential liability or withdrawal liability or annual withdrawal liability payments, which, individually or in the aggregate, could materially adversely affect any of such Persons. To the best knowledge of Borrower, no Multiemployer Plan is or is likely to be in reorganization (within the meaning of Section 4241 of ERISA or Section 418 of the Code) or is insolvent (as defined in Section 4245 of ERISA). No material liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Plan or any trust established under Title IV of ERISA has been, or is expected by Borrower, LLC General Partner, Funding Partnership or any member of their respective ERISA Controlled Group to be incurred by Borrower, LLC General Partner, Funding Partnership or any member of their respective ERISA Controlled Group. Except as otherwise disclosed on Schedule 3 hereto, none of Borrower, LLC General Partner, Funding Partnership or any member of their respective ERISA Controlled Group has any contingent liability with respect to any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA. No lien under Section 412(n) of the Code or 302(f) of ERISA or requirement to provide security under Section 401(a)(29) of the Code or Section 307 of ERISA has been or is reasonably expected by Borrower, LLC General Partner or Funding Partnership to be imposed on the assets of Borrower, LLC General Partner or any member of their respective ERISA Controlled Group. Neither Borrower, LLC General Partner nor Funding Partnership is a party to any collective bargaining agreement. Neither Borrower, LLC General Partner, Funding Partnership nor any of their respective ERISA Controlled Group has engaged in any transaction prohibited by Section 406 of ERISA or Section 4975 of the Code.

(b) As of the date hereof and throughout the term of this Agreement (i) neither Borrower, LLC General Partner nor Funding Partnership is an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and (ii) the assets of Borrower,

the assets of LLC General Partner and the assets of Funding Partnership do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA; and

(c) As of the date hereof and throughout the term of this Agreement (i) Borrower, LLC General Partner and Funding Partnership are not and will not be a "governmental plan" within the meaning of Section 3(3) of ERISA and (ii) transactions by or with Borrower, LLC General Partner and Funding Partnership are not and will not be subject to state statutes applicable to Borrower, LLC General Partner and Funding Partnership regulating investments of and fiduciary obligations with respect to governmental plans.

Section 4.13 Representations and Warranties in Loan Documents. All representations and warranties made by Borrower in the Loan Documents are true and correct in all material respects.

Section 4.14 True and Complete Disclosure. To the best of Borrower's knowledge, all factual information (taken as a whole) furnished by or on behalf of Borrower, LLC General Partner, Funding Partnership or the Managing Member in writing to Lender on or prior to the Closing Date, for purposes of or in connection with this Agreement or the Loan (the "Furnished Information") is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Borrower, LLC General Partner, Funding Partnership or Managing Member in writing to Lender will be, true, accurate and complete in all material respects and will not omit any material fact necessary to make such information (taken as a whole) not misleading on the date as of which such information is dated or furnished. As of the Closing Date, there are no facts, events or conditions directly and specifically affecting Borrower, LLC General Partner, Funding Partnership or Managing Member known to Borrower, LLC General Partner or Funding Partnership and not disclosed to Lender, in the Furnished Information, in the Schedules attached hereto or in the other Loan Documents, which in the aggregate, have or could be expected to have a Material Adverse Effect.

Section 4.15 Ownership of Real Property; Existing Security Instruments. Borrower has good and marketable fee simple title in the Real Property Asset and good title to all of the personal property subject to no Lien of any kind except for Permitted Liens. As of the date of this Agreement, there are no options or other rights to acquire the Real Property Asset that run in favor of any Person and there are no mortgages, deeds of trust, indentures, debt instruments or other agreements creating a Lien against the Real Property Asset except the Permitted Liens.

Section 4.16 No Default. No Default or Event of Default exists under or with respect to any Loan Document. Neither Borrower, LLC General Partner, Funding Partnership nor Managing Member is in default in any material respect beyond any applicable grace period under or with respect to any other material agreement, instrument or undertaking to which it is a party or by which it or any of its properties or assets is bound in any respect, the existence of which default could result in a Material Adverse Effect.

Section 4.17 Licenses, etc. Borrower has obtained and holds in full force and effect, all material franchises, trademarks, tradenames, copyrights, licenses, permits, certificates, registrations, authorizations, qualifications, accreditations, easements, rights of way and other

rights, consents and approvals which are necessary for the operation of the Real Property Asset and its business as presently conducted including, without limitation, the filing of any required prospectus and/or the maintenance of any licenses or permits, the payment of any fees in connection therewith for the operation of the Real Property Asset as a manufactured housing community.

Section 4.18 Compliance With Law. To the best knowledge of Borrower, Borrower, LLC General Partner and Funding Partnership are in compliance with all Applicable Laws and other laws, rules, regulations, orders, judgments, writs and decrees, noncompliance with which could result in a Material Adverse Effect.

Section 4.19 Brokers. Borrower and Lender hereby represent and warrant that no brokers or finders were used in connection with procuring the financing contemplated hereby (and Borrower hereby agrees to indemnify and save Lender harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Lender as a result of any claim or assertion by any party claiming by, through or under Borrower), that it is entitled to compensation in connection with the financing contemplated hereby and Lender hereby agrees to indemnify and save Borrower harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by Borrower as a result of any claim or assertion by any party claiming by, through or under Lender that it is entitled to compensation in connection with the financing contemplated hereby.

Section 4.20 Judgments. There are no judgments, decrees, or orders of any kind against Borrower, LLC General Partner, Funding Partnership or Managing Member unpaid of record which would materially or adversely affect the ability of Borrower, LLC General Partner, Funding Partnership or Managing Member to comply with its obligations under the Loan or this Agreement in a timely manner. There are no federal tax claims or liens assessed or filed against Borrower, LLC General Partner, Funding Partnership or Managing Member, and to the best of Borrower's knowledge, there are no material judgments against Borrower, LLC General Partner, Funding Partnership or Managing Member unsatisfied of record or docketed in any court of the States in which the Real Property Asset is located or in any other court located in the United States. No petition in bankruptcy or similar insolvency proceeding has ever been filed by or against Borrower, LLC General Partner, Funding Partnership or Managing Member, and neither Borrower, LLC General Partner, Funding Partnership nor Managing Member has ever made any assignment for the benefit of creditors or taken advantage of any insolvency act or any act for the benefit of debtors.

Section 4.21 Property Manager. As of the date hereof, the manager of the Real Property Asset is Sun Communities Operating Limited Partnership.

Section 4.22 Intentionally Deleted.

Section 4.23 Intentionally Deleted.

Section 4.24 Trade Names. Borrower does not conduct any business with respect to the Real Property Asset under any trade names other than Royal Country Mobile Home Park.

Section 4.25 Survival. The foregoing representations and warranties shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the indebtedness evidenced by the Note has been fully paid and satisfied and Lender shall have no further commitment to advance funds hereunder.

SECTION 5. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees that on and after the Closing Date and until the Obligations are paid in full:

Section 5.01 Books and Records. (a) Borrower, LLC General Partner, Funding Partnership and Managing Member shall keep adequate books and records of account in accordance with GAAP, or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and furnish to Lender:

(i) quarterly operating statements of the Real Property Asset, prepared and certified by Borrower in the form required by Lender, detailing the Rents received, the Operating Expenses incurred and the Net Operating Income before and after debt service (principal and interest) and major capital improvements for that quarter and containing appropriate year to date information, and containing a comparison for such quarter and year-to-date information with the annual budget delivered pursuant to Subsection 5.01(a)(vi), within sixty (60) days after the end of each fiscal quarter;

(ii) quarterly certified rent rolls signed and dated by Borrower, detailing the names of all tenants of the Real Property Asset, the portion of the Real Property Asset occupied by each tenant, the base rent and any other charges payable under each Lease and the term of each Lease, including the expiration date, and any other information as is reasonably required by Lender, within sixty (60) days after the end of each fiscal quarter;

(iii) an annual operating statement of the Real Property Asset detailing the Rents received, total Operating Expenses incurred, Net Operating Income, total cost of all capital improvements, total debt service and total cash flow, and containing a comparison for such period with the annual budget delivered pursuant to Subsection 5.01(a)(vi), to be prepared and certified by Borrower in the form required by Lender, within ninety (90) days after the close of each fiscal year of Borrower;

(iv) quarterly financial statements of Borrower in the form required by Lender, prepared and certified by Borrower within sixty (60) days after the end of each fiscal quarter;

(v) an annual balance sheet and profit and loss statement of Borrower in the form required by Lender, prepared and certified by Borrower or if required by

Lender, audited financial statements prepared by an independent certified public accountant acceptable to Lender, within ninety (90) days after the close of each fiscal year of Borrower as the case may be; and

(vi) an annual operating and capital budget presented on a monthly basis consistent with the quarterly and annual operating statements described above for the Real Property Asset, including cash flow projections for the upcoming year, and all proposed capital replacements and improvements at least fifteen (15) days prior to the start of each calendar year.

(b) Upon request from Lender, Borrower and its Affiliates shall furnish to Lender:

(i) a property management report for the Real Property Asset, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in reasonable detail and certified by Borrower under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits and other lease guaranties held in connection with any Lease of any part of the Real Property Asset, including, with respect to security deposits, the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(iii) Borrower and its Affiliates shall furnish Lender with such other additional financial or management information as may, from time to time, be required by Lender in form and substance satisfactory to Lender.

(iv) Borrower and its Affiliates shall furnish to Lender and its agents convenient facilities for the examination, copying and audit of any such books and records. Within a reasonable time after request by Lender, Borrower and its Affiliates shall provide any other information with respect to the Real Property Asset and the financial condition of Borrower and its Affiliates as Lender may from time to time request.

(c) Notice of Default or Litigation. Promptly after a Responsible Officer of Borrower knows or, in the reasonable execution of its duties and responsibilities as such Responsible Officer, should have known thereof, Borrower shall give Lender notice of (i) the occurrence of a Default or any Event of Default, (ii) the occurrence of (x) any event of default, under any partnership agreement of Borrower, any mortgage, deed of trust, indenture or other debt or security instrument, covering any of the assets of Borrower, LLC General Partner or Funding Partnership, which, if not cured, could result in a Material Adverse Effect, or (y) any event of default under any other material agreement to which Borrower, LLC General Partner or Funding Partnership is a party, which, if not cured, could result in a Material Adverse Effect, (iii)

any litigation or governmental proceeding pending or threatened (in writing) against Borrower, LLC General Partner or Funding Partnership which could result in a Material Adverse Effect and (iv) any other event, act or condition which could result in a Material Adverse Effect. Each notice delivered pursuant to this Section 5.01(c) shall be accompanied by a certificate of a Responsible Officer of Managing Member for itself and on behalf of Borrower and its general partners setting forth the details of the occurrence referred to therein and describing the actions Borrower, LLC General Partner and Funding Partnership propose to take with respect thereto.

Section 5.02 Books, Records and Inspections. Borrower shall, at Borrower's principal place of business or at the Real Property Asset, keep proper books of record and account in which full, true and correct entries shall be made. Borrower shall permit officers and designated representatives of Lender to visit and inspect the Real Property Asset, and to examine and copy the books of record and account of Borrower, LLC General Partner, Funding Partnership, Managing Member and the Real Property Asset (including, without limitation, leases, statements, bills and invoices), discuss the affairs, finances and accounts of Borrower, LLC General Partner, Funding Partnership and Managing Member and be advised as to the same by, its and their officers and independent accountants, all upon reasonable notice and at such reasonable times as Lender may desire but no more often than quarterly, provided that an Event of Default has not occurred.

Section 5.03 Maintenance of Insurance. (a) Borrower shall (i) maintain with financially sound and reputable insurance companies insurance on itself and its properties in commercially reasonable amounts and with respect to the Real Property Asset in at least such amounts and against at least such risks as are required under the Security Instrument, (ii) maintain Lender as named additional insured in respect of any such liability insurance required to be maintained under the Security Instrument, and (iii) furnish to Lender from time to time, upon written request, certificates of insurance or certified copies or abstracts of all insurance policies required under this Agreement and the other Loan Documents and such other information relating to such insurance as Lender may reasonably request.

(b) Subject to the provisions of this Subsection 5.03(b), if the existing ratings of the insurance carrier that issued the Policies (as defined in Subsection 3.3(b) of the Security Instrument) for the Real Property Asset does not fall below BBQ by S&P, the Policies may remain in effect. In the event that said ratings do fall below BBQ by S&P, Borrower shall obtain new Policies from a carrier whose rating is no less than BBQ by S&P, provided, however that if Policies are then available from a carrier with a higher rating and the Insurance Premiums therefor do not exceed the then current Insurance Premiums by more than ten percent (10%), Borrower shall obtain the Policies from the highest rated carrier that meets the aforementioned criteria for Insurance Premiums. Notwithstanding the foregoing, if at any time during the term of the Loan, (i) Policies become commercially available from a Qualified Insurer (as defined in Subsection 3.3(b) of the Security Instrument), and (ii) the Insurance Premiums for Policies from such Qualified Insurers do not exceed the Insurance Premiums for the then existing Policies by more than ten percent (10%), then Borrower shall obtain new Policies from such Qualified Insurer upon the expiration of the then existing Policies.

Section 5.04 Taxes. Borrower, LLC General Partner, Funding Partnership and Managing Member shall pay or cause to be paid, when due (i.e., before any penalty or fine could be levied or charged), all taxes, charges and assessments and all other lawful claims required to be paid by Borrower, LLC General Partner, Funding Partnership or Managing Member, except as contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves have been established with respect thereto in accordance with GAAP. Upon request from Lender, Borrower shall provide evidence to Lender of payment of such taxes, charges, assessments and other lawful claims.

Section 5.05 Corporate Franchises; Conduct of Business. (a) Borrower shall do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and good standing in the State of its organization and in the state in which the Real Property Asset is located, and its respective franchises, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals, except where the failure to so preserve any of the foregoing (other than existence and good standing) could not result in a Material Adverse Effect.

(b) Borrower, LLC General Partner, Funding Partnership and Managing Member shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted.

Section 5.06 Compliance with Law. Borrower, LLC General Partner, Funding Partnership and Managing Member shall comply with all Applicable Laws, rules, statutes, regulations, decrees and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of their business and the ownership of their property (including the Real Property Asset) in all material respects, except for such laws, rules, statutes, regulations, decrees, orders and restrictions, (a) which Borrower, LLC General Partner, Funding Partnership or Managing Member are contesting in good faith and in compliance with and pursuant to appropriate proceedings diligently prosecuted (provided that such contest does not and cannot (i) expose any of Lender, Borrower, LLC General Partner, Funding Partnership or Managing Member to any criminal liability or penalty, (ii) give rise to a Lien against any of the Collateral or the Real Property Asset, or (iii) otherwise materially adversely affect any of the Collateral or the value thereof), or (b) the failure to observe which, taken individually or in the aggregate, could not result in a Material Adverse Effect. Borrower's, LLC General Partner's, Funding Partnership's and Managing Member's compliance with this Section shall include, without limitation, the filing of any required prospectus and/or the maintenance of any licenses or permits, the payment of any fees in connection therewith for the operation of the Real Property Asset as a manufactured housing community. Borrower, LLC General Partner, Funding Partnership and Managing Member shall not lease or permit the leasing of more than ten percent (10%) of the units as RV Pads or operate the Real Property Asset as a recreational vehicle resort or park.

Section 5.07 Performance of Other Obligations. Borrower shall perform all of their obligations under the terms of each other mortgage, indenture, security agreement, debt instrument, lease, undertaking and contract by which it or any of the properties (including the

Real Property Asset) is bound or to which it is a party (excluding the Loan Documents) so as not to cause a Material Adverse Effect.

Section 5.08 Intentionally Deleted.

Section 5.09 Intentionally Deleted.

Section 5.10 Maintenance of Properties. Borrower shall ensure that the Real Property Asset is kept in its current condition and repair, normal wear and tear and casualty damage in the process of being repaired or restored excepted.

Section 5.11 Compliance with ERISA. (a) Borrower shall maintain each Employee Benefit Plan and Plan in compliance with all material applicable requirements of ERISA and the Code and with all material applicable regulations promulgated thereunder. Borrower shall provide to Lender, within ten (10) days of sending or receipt, copies of all filings or correspondence with the Internal Revenue Service, PBGC, Department of Labor, Plan, Multiemployer Plan or union, regarding any Plan, or regarding or disclosing any liability or potential liability or violation of law under any Employee Benefit Plan.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence at the Closing and from time to time throughout the term of this Agreement, as requested by Lender in its sole discretion but no more frequently than annually, that (i) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true with respect to Borrower:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2);

(B) Less than 25 percent of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); or

(C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940.

(c) Borrower further covenants and agrees to notify Lender within ten (10) days of the date that the certification in this Section 5.11 is no longer true.

Section 5.12 Settlement/Judgment Notice. Borrower agrees that it shall, within ten (10) days after a settlement of any obligation in excess of \$1,000,000, provide written notice to Lender of such settlement. Borrower further agrees that it shall, within ten (10) days after entry of a final judgment in excess of \$1,000,000 or final judgments in excess of \$1,000,000 in

the aggregate during the immediately preceding twelve (12) month period, provide written notice to Lender of such judgment. Borrower further agrees that it will provide written notice to Lender after entry of any judgment in excess of \$1,000,000.

Section 5.13 Intentionally Deleted.

Section 5.14 Intentionally Deleted.

Section 5.15 Intentionally Deleted.

Section 5.16 Intentionally Deleted.

Section 5.17 Intentionally Deleted.

Section 5.18 Intentionally Deleted.

Section 5.19 Intentionally Deleted.

Section 5.20 Intentionally Deleted.

Section 5.21 Manager. Sun Communities Operating Limited Partnership shall at all times remain the property manager of the Real Property Asset, subject to the provisions of the Security Instrument.

Section 5.22 Further Assurances. Borrower will at its sole cost and expense, at any time and from time to time upon request of Lender take or cause to be taken any action and execute, acknowledge, deliver or record any further documents, opinions, deeds of trust, deeds to secure debt, mortgages, security agreements or other instruments which Lender in its reasonable discretion deems necessary or appropriate to carry out the purposes of this Agreement and the other Loan Documents including (i) to consummate the transfer or sale of the Loan or any portion thereof, (ii) to preserve, protect and perfect the security intended to be created and preserved in the Real Property Asset and (iii) to establish, preserve and protect the security interest of Lender in and to the Accounts Receivable and any personal property owned by Borrower and installed in, furnished to or used or intended to be used in connection with any construction in connection with the Real Property Asset or the operation thereof.

Section 5.23 Intentionally Deleted.

Section 5.24 Security Instrument Covenants. Borrower shall comply with all of the terms and conditions and covenants in the Security Instrument, the Environmental Indemnity and the other Loan Documents.

Section 5.25 Intentionally Deleted.

SECTION 6. NEGATIVE COVENANTS.

Borrower covenants and agrees that on and after the Closing Date until the Obligations are paid in full:

Section 6.01 Liens. Borrower shall not create, incur, assume or suffer to exist, directly or indirectly, any Lien on any of the Collateral, or the Real Property Asset, other than the following (collectively, the "Permitted Liens"):

(a) Liens existing on the Closing Date and set forth on Schedule 4 hereto or listed in the Title Policies or Title Searches issued on the Closing Date;

(b) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) Statutory Liens of landlords and Liens of mechanics, materialmen and other Liens imposed by law (other than any Lien imposed by ERISA) created in the ordinary course of business for amounts not yet due or (i) which are being contested in good faith by appropriate proceedings diligently conducted, and with respect to which adequate bonds have been posted if required to do so by Applicable Law or the terms of the Security Instrument;

(d) Easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of Borrower and which do not detract materially from the value of the Real Property Asset or impair materially the use thereof by Borrower or materially adversely affect the security interests of Lender in the Collateral; and

(e) Liens granted to Lender pursuant to the Security Instrument securing the Obligations.

Section 6.02 Restriction on Fundamental Changes. (a) Without the prior written consent of Lender, which consent may be withheld in the sole and absolute discretion of Lender. Borrower shall not enter into any merger or consolidation, or sell all or substantially all of their respective assets to any other Person, provided that Borrower may merge with another Person if, prior to and after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing, and Borrower is the surviving entity of such merger.

(b) Intentionally Deleted.

Section 6.03 Transactions with Affiliates. Borrower shall not enter into any material transaction or series of related transactions, whether or not in the ordinary course of business, with an Affiliate of Borrower other than on terms and conditions substantially as favorable as would be obtainable at the time in a comparable arms-length transaction with a Person other than an Affiliate of Borrower.

Section 6.04 Plans. Borrower shall not, nor shall it permit any member of its respective ERISA Controlled Group to, (i) take any action which would (A) increase the aggregate present value of the Unfunded Benefit Liabilities under all Plans to an amount in excess of \$1,000,000 or (B) result in liability or Contingent Obligation for any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA or (ii) engage in any transaction prohibited by Section 408 of ERISA or Section 4975 of the Code.

Section 6.05 Intentionally Deleted.

Section 6.06 Single Purpose Entity. Borrower covenants and agrees that Borrower, LLC General Partner, Funding Partnership and Managing Member has not and shall not:

(a) (i) with respect to Borrower, engage in any business or activity other than the ownership, operation, maintenance and management of the Real Property Asset and activities incidental thereto, (ii) with respect to Funding Partnership, engage in any business or activity other than (A) the ownership of an interest in Borrower, and (B) the ownership of the Real Property Assets (as defined in the Funding Partnership Loan Agreement), and activities incidental thereto, (iii) with respect to LLC General Partner, engage in any business or activity other than the ownership of interests in Borrower and Funding Partnership, and activities incidental thereto, and (iv) with respect to Managing Member, engage in any business or activity other than the ownership of an interest in LLC General Partnership, and activities incidental thereto;

(b) with respect to Borrower, acquire or own any material assets other than the Real Property Asset and such incidental personal property as may be necessary for the operation of the Real Property Asset;

(c) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case Lender's consent;

(d) fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization or formation, or without the prior written consent of Lender, amend, modify, terminate or fail to comply with the provisions of its organizational documents;

(e) except as set forth in Subsection 6.06(a), own any subsidiary or make any investment in, any person or entity without the consent of Lender;

(f) commingle its assets with the assets of any of its members, partners, any other Person, Affiliates of its members, partners or of any other Person;

(g) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than its obligations under the Loan Documents and the Funding Partnership Loan Documents, except in the ordinary course of its business of owning and operating the Real Property Asset, provided that such debt is paid when due;

(h) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due;

(i) fail to maintain its records, books of account and bank accounts separate and apart from those of its members, partners, any Affiliates of its members, partners or any other Person;

(j) enter into any contract or agreement with any members, partners, Affiliates of any member, partner or any Affiliate thereof, except upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with third parties other than any of its members, Affiliates of any member or partner or any Affiliate thereof;

(k) seek its dissolution or winding up in whole, or in part;

(l) fail to correct any known misunderstandings regarding the separate identity of Borrower, LLC General Partner, Funding Partnership or Managing Member, as the case may be;

(m) hold itself out to be responsible for the debts of another person;

(n) make any loans or advances to any third party, including any of its members, partners or any Affiliate thereof;

(o) fail to file its own tax returns;

(p) agree to, enter into or consummate any transaction which would render Borrower unable to furnish the certification or other evidence referred to in Section 5.11 hereof;

(q) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not (i) to mislead others as to the identity with which such other party is transacting business, or (ii) to suggest that it is responsible for the debts of any third party (including any member, partner or any Affiliate thereof);

(r) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(s) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors without the unanimous consent of the board of directors of Managing Member;

(t) with respect to Managing Member, fail at any time to have at least two independent directors that are not and have not been for at least three (3) years a director, executive officer, employee, trade creditor or shareholder (or spouse, parent, sibling or child of the foregoing) of Borrower, LLC General Partner, Funding Partnership, Managing Member, any member, partner, principal or Affiliate of Borrower, LLC General Partner, Funding Partnership, Managing Member or any Affiliate thereof; provided, however, such director may also serve as directors of Sun Communities, Inc.

SECTION 7. EVENTS OF DEFAULT

Section 7.01 Events of Default. Each of the following events, acts, occurrences or conditions shall constitute an Event of Default under this Agreement, regardless of whether such event, act, occurrence or condition is voluntary or involuntary or results from the operation of law or pursuant to or as a result of compliance by any Person with any judgment, decree, order, rule or regulation of any court or administrative or governmental body:

(a) Failure to Make Payments. Borrower shall (i) default in the payment when due of any principal of or interest on the Loan or (ii) default in the payment within five (5) days after the due date of any Fees, Transaction Costs or any other amounts owing hereunder; provided, however, that any interest payable with respect to any delinquent payment shall be calculated at the Default Rate from the date such payment was actually due as if there were no grace period.

(b) Breach of Representation or Warranty. Any representation or warranty made by Borrower herein or in any other Loan Document or in any certificate or statement delivered pursuant hereto or thereto shall prove to be false or misleading in any material respect on the date as of which made or deemed made; provided, however, that if such breach is capable of being cured, then Borrower shall have a period of thirty (30) days after delivery of notice from Lender to cure any such breach.

(c) Breach of Covenants.

(i) (A) Borrower shall fail to perform or observe any agreement, covenant or obligation arising under Sections 5.11, 5.12, 6.01 (other than Liens which are placed on the Real Property Asset without the consent of Borrower), 6.02 or 6.04 or under any of the Side Letters.

(B) Borrower shall fail to perform or observe any agreement, covenant or obligation arising under Section 5.01, provided that (1) with respect to Subsections 5.01(a)(i), (ii) and (iv), such failure shall continue uncured for five (5) days after delivery of notice thereof, and (2) with respect to Subsections 5.01(a)(iii) and (v), such failure shall continue uncured for fifteen (15) days after delivery of notice thereof.

(ii) Borrower shall fail to perform or observe any agreement, covenant or obligation arising under this Agreement (except those described in subsections (a), (b) and (c)(i) above), and such failure shall continue uncured for thirty (30) days after delivery of notice

thereof, or such longer period of time as is reasonably necessary to cure such Default, provided that Borrower has commenced and is diligently prosecuting the cure of such Default and cures it within ninety (90) days.

(iii) Borrower, LLC General Partner, Funding Partnership or Managing Member shall fail to perform or observe any agreement, covenant or obligation arising under any provision of the Loan Documents other than this Agreement, which failure shall continue after the end of any applicable grace period provided therein.

(d) Default Under Other Agreements.

(i) Borrower shall default beyond any applicable grace period in the payment of any recourse Indebtedness in excess of \$2,000,000 or any other event shall occur or condition exist, if the effect of such default, event or condition is to accelerate the maturity of any such recourse Indebtedness or any such recourse Indebtedness shall become or be declared to be due and payable prior to its stated maturity and the forgoing conditions are not cured within thirty (30) days after the condition occurs.

(ii) Borrower is in default under any non-recourse Indebtedness of either party that is equal to or in excess of \$2,000,000 in the aggregate, since the date of this Agreement, which default results in accelerated Indebtedness.

(iii) an Event of Default (as defined therein) occurs under the Miami Lakes Loan Agreement, or a default occurs under the Guaranty.

(e) Bankruptcy, etc. (i) Borrower, LLC General Partner, Funding Partnership or Managing Member shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commenced against Borrower, LLC General Partner, Funding Partnership or Managing Member and the petition is not controverted within sixty (60) days, or is not dismissed within ninety (90) days, after commencement of the case or (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Borrower, LLC General Partner, Funding Partnership or Managing Member, or Borrower, LLC General Partner, Funding Partnership or Managing Member commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Borrower, LLC General Partner, Funding Partnership or Managing Member, or there is commenced against Borrower, LLC General Partner, Funding Partnership or Managing Member any such proceeding which remains undismissed for a period of ninety (90) days; or (iv) any order of relief or other order approving any such case or proceeding is entered; or (v) Borrower, LLC General Partner, Funding Partnership or Managing Member is adjudicated insolvent or bankrupt; or (vi) Borrower, LLC General Partner, Funding Partnership or Managing Member suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of sixty (60) days; or (vii) Borrower, LLC General Partner, Funding Partnership or Managing Member makes a general assignment for the benefit of creditors; or (viii) Borrower, LLC General Partner, Funding Partnership or Managing Member shall fail to pay, or shall state that it is unable to pay, or shall be unable to

pay, its debts generally as they become due; or (ix) Borrower, LLC General Partner, Funding Partnership or Managing Member shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debt; or (x) Borrower, LLC General Partner, Funding Partnership or Managing Member shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate or partnership action is taken by Borrower, LLC General Partner, Funding Partnership or Managing Member for the purpose of effecting any of the foregoing.

(f) ERISA. (i) Any Termination Event shall occur, or (ii) any Plan shall incur an accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, or fail to make a required installment payment on or before the due date under Section 412 of the Code or Section 302 of ERISA, or (iii) Borrower or a member of their respective ERISA Controlled Group shall have engaged in a transaction which is prohibited under Section 4975 of the Code or Section 406 of ERISA which could result in the imposition of liability in excess of \$3,000,000 on any of Borrower or any member of their respective ERISA Controlled Group and an exemption shall not be applicable or have been obtained under Section 408 of ERISA or Section 4975 of the Code, or (iv) Borrower or any member of their respective ERISA Controlled Group shall fail to pay when due an amount which it shall have become liable to pay to the PBGC, any Plan or a trust established under Title IV of ERISA, or (v) Borrower shall have received a notice from the PBGC of its intention to terminate a Plan or to appoint a trustee to administer such Plan, which notice shall not have been withdrawn within fourteen (14) days after the date thereof, or (vi) a condition described in Section 4042(a)(1)-(4) of ERISA shall exist with respect to an ERISA plan, or (vii) Borrower or a member of their respective ERISA Controlled Group suffers a partial or complete withdrawal resulting in an assessment of withdrawal liability in excess of \$3,000,000 from a Multiemployer Plan or is in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan, or (viii) a proceeding shall be instituted against any of Borrower or any member of their respective ERISA Controlled Group to enforce Section 515 of ERISA, or (ix) any other event or condition shall occur or exist with respect to any Employee Benefit Plan or Plan which could subject Borrower or any member of their respective ERISA Controlled Group to any tax, penalty or other liability in excess of \$3,000,000 or the imposition of any lien or security interest on Borrower or any member of their respective ERISA Controlled Group, or (ix) with respect to any Multiemployer Plan, the institution of a proceeding to enforce Section 515 of ERISA, to terminate such Plan, the receipt of a notice of reorganization or insolvency under Sections 4241 or 4245 of ERISA, in any event which could result in liability in excess of \$3,000,000 to Borrower or any member of any of their ERISA Controlled Group, or (xi) the assets of Borrower become or are deemed to be assets of an Employee Benefit Plan.

(g) Judgments. One or more final judgments or decrees (i) in an aggregate amount of \$5,000,000 or more are entered against Borrower, LLC General Partner, Funding Partnership or Managing Member in any consecutive twelve (12) month period or (ii) which, with respect to Borrower, LLC General Partner, Funding Partnership or Managing Member could result in a Material Adverse Effect, shall be entered by a court or courts of competent jurisdiction against any of such Persons (other than any judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing) and (x) any such judgments or decrees shall not be stayed (by appeal or otherwise), discharged, paid, bonded

or vacated within thirty (30) days or (y) enforcement proceedings shall be commenced by any creditor on any such judgments or decrees.

(h) First Priority Lien. The Loan Documents after delivery thereof shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority lien on the Collateral (subject to the Permitted Liens) purported to be covered, hereby or thereby.

(i) Intentionally Deleted.

Section 7.02 Rights and Remedies. (a) Upon the occurrence of any Event of Default described in Section 7.01(e), the unpaid principal amount of and any and all accrued interest on the Loan and any and all accrued Fees and other Obligations shall automatically become immediately due and payable, with all additional interest thereon calculated at the Default Rate from the occurrence of the Default in the case of Monetary Defaults or from the occurrence of the Event of Default for all other Defaults until the Loan is paid in full and without presentation, 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 notice of acceleration), all of which are hereby expressly waived by Borrower; 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 Loan and any and all accrued Fees and other Obligations to be, and the same shall thereupon be, immediately due and payable with all additional interest thereon calculated at the Default Rate from the occurrence of the Default in the case of Monetary Defaults or from the occurrence of the Event of Default for all other Defaults until the Loan is paid in full and without presentation, 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 notice of acceleration), all of which are hereby expressly waived by Borrower.

(b) Lender may avail itself of any remedies available to it under the Loan Documents or at law or equity.

SECTION 8. CASH COLLATERAL ACCOUNT; DEFERRED MAINTENANCE RESERVE

ACCOUNT

Section 8.1 Establishment of Cash Collateral Account. Lender has established with the Bank, in the name of Lender, a trust account for the benefit of Borrower (the "Cash Collateral Account"), for the purposes specified herein. The Cash Collateral Account shall be beneficially owned by Borrower. Only Gross Income from Operations, Loss Proceeds and proceeds from Capital Events other than Casualty or Condemnation and other amounts permitted or required to be deposited therein pursuant to this Section 8 shall be deposited in the Cash Collateral Account, in accordance with the terms of this Agreement. The Cash Collateral Account is and shall at all times remain in the name of Lender and under the sole dominion and control of Lender, and Lender shall have the sole right to make withdrawals from the Cash Collateral Account and to exercise all rights with respect to the Account Collateral on deposit therein from time to time. All Account Collateral on deposit from time to time in the Cash

Collateral Account (or its constituent Sub-Accounts) shall be held in the Cash Collateral Account in accordance with the provisions of this Section 8. The Cash Collateral Account is, and shall at all times be maintained as, an Eligible Account.

Section 8.2 Pledge and Grant of Security Interest. As collateral security for the Obligations, Borrower hereby (i) grants to Lender the right to receive, and (ii) pledges and assigns to Lender a continuing possessory lien upon and grants a security interest in, the Account Collateral (except for Account Collateral distributed to the Distribution Account in accordance with the terms hereof) from the date of the establishment of the Cash Collateral Account until the termination thereof pursuant to the terms hereof.

Section 8.3 Sub-Accounts. The Cash Collateral Account shall consist of sub-accounts as follows:

- (i) the Basic Carrying Costs Sub-Account;
- (ii) the Debt Service Sub-Account;
- (iii) the Replacement Reserve Sub-Account;
- (iv) the Capital Event Sub-Account;
- (v) the Business Interruption Insurance Sub-Account;
- (vi) the Temporary Condemnation Proceeds Sub-Account;
and
- (vii) the Insurance Proceeds Sub-Account.

Section 8.4 Deposit of Proceeds On Closing Date. On the date hereof, the Borrower has deposited into the Cash Collateral Account and Lender has caused to be allocated among the Sub-Accounts from the proceeds of the Loan and/or from other sources made available by the Borrower, the amounts specified on Schedule 5, which amounts shall be allocated as set forth on such Schedule.

Section 8.5 Deposit and Allocation of Funds After the Closing Date. (a) To the extent funds are available in the Sub-Accounts for reallocation in accordance with, and after giving effect to, the provisions of this Section 8, the failure of any such reallocation to be made in accordance with this Section 8 shall not give rise to an Event of Default (unless such failure is due to the actions or omissions of the Borrower, its affiliates or agents). Notwithstanding the foregoing or any other provision of this Section 8, the accuracy or inaccuracy of any statement of account in respect of the Sub-Accounts shall not affect the obligations of the Borrower to pay all amounts due in respect of the Obligations on the due dates therefor.

Borrower shall pay all Gross Income from Operations or any other funds it elects to deposit directly to the Cash Collateral Account, which amounts shall be deposited on a daily

basis between the first day of each month and the tenth day of each month and otherwise no less frequently than two times each week.

To the extent that sufficient funds are available in the Cash Collateral Account, Lender shall direct the Bank to further allocate the Gross Income from Operations so deposited as follows:

First, to the Debt Service Sub-Account in an amount sufficient to cause the balance therein to equal the Monthly Debt Service Payment Amount due in respect of the Loan on the next scheduled Payment Date;

Second, to the Basic Carrying Costs Sub-Account in amounts sufficient to cause the balance therein to equal the sum of (i) all year-to-date Basic Carrying Cost Monthly Installments relating to the relevant year or other payment period (less amounts actually expended for such year or other relevant payment period in respect of such Basic Carrying Costs), and (ii) the projected Basic Carrying Costs Monthly Installments of the Real Property Asset for the next ensuing month;

Third, to the Replacement Reserve Sub-Account in an amount sufficient to cause the balance therein to equal the sum of (i) all unexpended Replacement Reserve Monthly Installments attributable to the Real Property Asset through the then current month, and (ii) the respective Replacement Reserve Monthly Installments for the next ensuing month; and

Fourth, the balance of such Gross Income from Operations shall be deposited in the Distribution Account, subject to the provisions of Section 8.8.

Lender may, in its sole discretion, direct the Bank to reallocate the Account Collateral from time to time, if Lender shall determine that insufficient funds are available from Gross Income from Operations during any month to pay the Monthly Debt Service Payment Amount attributable to and due in respect of such month, or to fully fund the Basic Carrying Costs Sub-Account and Lender shall notify Borrower of any such reallocation promptly thereafter.

(b) Monthly Debt Service Payment Amounts and Sub-Account Deposits. No later than three (3) Business Days prior to each Payment Date, Lender shall deliver to Borrower a certificate setting forth (i) the amount of the Monthly Debt Service Payment Amount, the Basic Carrying Costs Monthly Installments and the Replacement Reserve Monthly Installments, for the relevant month, and (ii) whether sufficient Gross Income from Operations has been received from the Real Property Asset in such month to fund such required Monthly Debt Service Payment Amount, the Basic Carrying Costs Monthly Installments and the Replacement Reserve Monthly Installments. If such certificate states that the required amount of funds is not available from Gross Income from Operations collected from the Real Property Asset in such month, the Borrower shall deposit an amount equal to such deficiency in the Cash Collateral Account, for allocation to the Monthly Debt Service Payment Amount, the Basic Carrying Costs Monthly Installments and/or the Replacement Reserve Monthly Installments (as the case may be) not less than one (1) Business Day prior to the relevant Payment Date. Failure to so deposit the amount

of such deficiency shall constitute an Event of Default. Borrower acknowledges that the failure of Lender to deliver the certificate within the time frame set forth in this Section 8.5(b) shall not relieve Borrower of the obligation to deposit the amount of any such deficiency.

Section 8.6 Permitted Investments. Upon the request of the Borrower, Lender shall direct the Bank to invest and reinvest any balances in the Cash Collateral Account and the Deferred Maintenance Reserve Account from time to time in Permitted Investments as instructed by the Borrower, provided that (i) if the Borrower fails to so instruct Lender, or upon the occurrence and continuation of an Event of Default, Lender may direct the Bank to invest and reinvest such balances in Permitted Investments as Lender shall determine in its sole discretion, (ii) the maturities of the Permitted Investments on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account shall be selected and coordinated to become due not later than one day before any disbursements from the Deferred Maintenance Reserve Account or the applicable Sub-Accounts must be made, (iii) all such Permitted Investments shall be held in the name of and be under the sole dominion and control of Lender and subject at all times to the terms hereof, and (iv) no Permitted Investment shall be made unless Lender shall have and continue to have a perfected first priority Lien in such Permitted Investment securing the obligations of the Borrower hereunder and under the other Loan Documents and all filings and other actions necessary to ensure the validity, perfection, and first priority of such Lien shall have been taken. It is the intention of the parties hereto that all Account Collateral (or as much thereof as Lender may reasonably arrange to invest) shall at all times be invested in Permitted Investments, and that the Cash Collateral Account and the Deferred Maintenance Reserve Account shall continue to be maintained even if there is "zero balance" in any such account at any time. All funds in the Cash Collateral Account and the Deferred Maintenance Reserve Account which are invested in a Permitted Investment shall be deemed to be held in the Cash Collateral Account and the Deferred Maintenance Reserve Account, as the case may be, for all purposes of this Agreement and the other Loan Documents. Lender shall have no liability for any loss in investments of funds in the Cash Collateral Account or the Deferred Maintenance Reserve Account that are invested in Permitted Investments and no such loss shall affect the Borrower's obligations to fund, or liabilities for funding, the Cash Collateral Account or the Deferred Maintenance Reserve Account, and any respective Sub-Accounts, as the case may be. Borrower agrees to include all earnings, if any, on the Cash Collateral Account and the Deferred Maintenance Reserve Account relating to amounts on deposit from time to time therein which are derived from the Real Property Asset as income of the Borrower for federal and applicable state tax purposes.

Section 8.7 Earnings on Account Collateral; Monthly Statements. The Cash Collateral Account and the Deferred Maintenance Reserve Account shall be maintained as Eligible Accounts the balance of which are or shall be invested in Permitted Investments in accordance herewith. All interest or other earnings (whether by virtue of Permitted Investments or otherwise) accruing on the Account Collateral on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account, to the extent that such interest or earnings cause the balance in such Accounts to exceed the amount required to be maintained therein pursuant to the terms of this Agreement, shall, in each case, be held and disbursed as part of the Account Collateral. All risk of loss in respect of the Account Collateral on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account shall be borne by the Borrower. Lender

shall direct the Bank to provide to Lender and Borrower a monthly statement of account showing deposits into and disbursements (or transfers or reallocations, as the case may be) from each Sub-Account of the Cash Collateral Account and the Deferred Maintenance Reserve Account.

Section 8.8 Disbursement of Account Collateral. Subject to the provisions of this Section 8.8 and Section 8.10, disbursements shall be made (to the extent available) to or for the benefit of the Borrower in the following order of priority and manner (provided that nothing herein contained shall be construed to impose liability upon Lender for any shortfalls in the amounts on deposit in the Cash Collateral Account or to excuse the Borrower from its obligation to make all payments required to be made by the Borrower under this Agreement and the other Loan Documents); provided, however, that following the occurrence and during the continuation of an Event of Default, after application of amounts on deposit in the Cash Collateral Account in accordance with this Section 8.8, Lender shall have no obligation to make any disbursement to or for the benefit of Borrower hereunder, and all amounts which are retained by Lender during the continuance of an Event of Default shall be held as collateral for the satisfaction of the Obligations hereunder and under the other Loan Documents and shall be held subject to and in accordance with the provisions of this Agreement and shall be available for reallocation in accordance with this Section 8:

(a) Lender shall, to the extent available, apply the funds on deposit in the Basic Carrying Costs Sub-Account to the payment of the Basic Carrying Costs relating to the Real Property Asset not later than the date following which such payment would be delinquent.

(b) Lender shall, to the extent available from the Debt Service Sub-Account, pay the amount of the required Monthly Debt Service Payment Amount (and, as applicable in accordance with the provisions contained herein, from the Borrower's other Account Collateral) on the related Payment Date.

(c) Lender shall, to the extent available from amounts on deposit from time to time in the Replacement Reserve Sub-Account, provided no Event of Default has occurred and is continuing, make disbursements to the Borrower for payment of replacements to Personal Property (as defined in the Security Instrument) and capital expenditures for the capital items set forth in the Annual Operating Budget for the Real Property Asset, which disbursements shall be made (i) no more often than once a month, (ii) in a maximum amount not to exceed the amount of replacements and capital items set forth in the Annual Operating Budget for the Real Property Asset, and (iii) within 3 Business Days of Lender's receipt of a Replacement Reserve Disbursement Request, which Replacement Reserve Disbursement Request shall list the specific replacements or capital items for which the disbursement is requested. Each Replacement Reserve Disbursement Request shall be accompanied by a certificate of the Borrower stating that (A) the replacements and/or capital items for which disbursement is requested are included in the Annual Operating Budget (as amended or varied, if applicable, in accordance with the terms of this Agreement) and (B) all replacements and capital items relating to prior disbursements have been paid for in full and have been made in accordance with all Applicable Laws and performed in a good and workmanlike manner.

Upon request of Lender, Borrower shall also provide copies of paid invoices for all replacements or capital items for which prior disbursements were requested. Lender shall not be obligated to make disbursements from the Replacement Reserve Sub-Account for the costs of routine maintenance to the Real Property Asset or for costs which are to be paid from funds on deposit in the Deferred Maintenance Reserve Account. Borrower shall permit Lender or Lender's representatives (including an independent person such as an engineer, architect or consultant) to inspect the Real Property Asset and the progress of replacements or capital items prior to disbursing any funds from the Replacement Reserve Sub-Account.

(d) Lender shall, to the extent available after payment of all amounts set forth in clauses (a), (b) and (c) above, and provided no Event of Default has occurred and is continuing hereunder, disburse all remaining Account Collateral generated by the Real Property Asset to the Distribution Account. All disbursements to or in respect of the Distribution Account shall be made in accordance, and in strict compliance, with and as set forth in irrevocable payment instructions delivered by the Borrower to the Lender on the date hereof. Borrower may withdraw any or all sums in the Distribution Account in accordance with the provisions of Section 2.13(a) hereof.

(e) On each Payment Date Lender shall apply the funds on deposit in the Capital Event Sub-Account (other than Casualty Insurance Proceeds or Condemnation Proceeds which shall be applied by Lender in accordance with the terms of Section 4.2 of the Security Instrument), together with proceeds of any Capital Events received or to be applied on such Payment Date, to the prepayment of the Loans, first, to reduce the outstanding principal balance of the Loan, together with any unpaid Fees, accrued interest thereon and any other sums due under the Note or the other Loan Documents, and second, provided no Default or Event of Default has occurred and is continuing, to the Distribution Account.

Section 8.9 Capital Event Proceeds. (a) In the event of a Casualty with respect to the Real Property Asset, unless Lender elects or is required pursuant to the Security Instrument to make the Casualty Insurance Proceeds available to the Borrower for Restoration (as defined in the Security Instrument), Lender and Borrower shall cause such Casualty Insurance Proceeds (net of customary and reasonable settlement and collection costs) to be paid by the insurer directly to the Capital Event Sub-Account, whereupon Lender shall apply the same as a prepayment to reduce the Loan on the next Payment Date in accordance with the terms of the Security Instrument and Section 2.12 of this Agreement; provided, however, that all Casualty Insurance Proceeds (net of customary and reasonable settlement and collection costs) in respect of any insurance policy providing business interruption coverage ("Business Interruption Insurance Proceeds") shall be maintained in the Cash Collateral Account, to be applied by Lender in the same manner as Gross Income from Operations received with respect to the operation of the Real Property Asset; provided further, however, that in the event the proceeds of any such business interruption insurance policy are paid in a lump sum in advance, Lender shall hold such business interruption insurance proceeds in the Business Interruption Insurance Sub-Account, shall estimate, in Lender's reasonable discretion, the number of months required for the Borrower to restore the damage caused by the Casualty to the Real Property Asset, divide the aggregate

Business Interruption Insurance Proceeds by such number of months, and disburse from the Business Interruption Insurance Sub-Account into the Cash Collateral Account each month during the performance of the Restoration; such monthly installment of said Business Interruption Insurance Proceeds to be applied by Lender in the same manner as Gross Income from Operations.

(b) In the event Lender elects or is required to make available Casualty Insurance Proceeds to the Borrower for Restoration of the Real Property Asset, Lender and the Borrower shall cause such proceeds to be placed in, and, provided no Event of Default shall have occurred and be continuing, hold such proceeds (net of customary and reasonable settlement and collection costs) in, the Insurance Proceeds Sub-Account, and shall disburse same in accordance with the provisions of Section 4.2 of the Security Instrument.

(c) Unless Lender elects or is required pursuant to this Agreement or the Security Instrument to make Condemnation Proceeds available to the Borrower for restoration, Lender and such Borrower shall cause such Condemnation Proceeds (net of customary and reasonable settlement and collection costs) to be paid by the relevant Governmental Authority directly to the Capital Event Sub-Account, whereupon Lender shall apply the same as a prepayment to reduce the Loan in accordance with the terms of the Security Instrument and Section 2.12 of this Agreement; provided, however, that any such Condemnation Proceeds received in connection with a temporary Condemnation shall be maintained in the Cash Collateral Account, to be applied by Lender in the same manner as Gross Income from Operations; provided further, however, that in the event the proceeds of any such temporary Condemnation are paid in a lump sum in advance, Lender shall hold such Condemnation Proceeds in the Temporary Condemnation Proceeds Sub-Account, shall estimate, in Lender's reasonable discretion, the number of months required for such temporary Condemnation to cease, shall divide the aggregate Condemnation Proceeds in connection with such temporary Condemnation by such number of months, and shall disburse from the Temporary Condemnation Proceeds Sub-Account into the Cash Collateral Account each month during the continuance of such temporary Condemnation; such monthly installment of said Condemnation Proceeds to be applied by Lender in the same manner as Gross Income from Operations.

(d) In the event that Condemnation Proceeds are to be applied toward Restoration, Lender and the Borrower shall cause such proceeds to be placed in, and, provided no Event of Default shall have occurred and be continuing, hold such proceeds (net of customary and reasonable settlement and collection costs) in, the Insurance Proceeds Sub-Account, and shall disburse same in accordance with the provisions of Section 4.2 of the Security Instrument.

(e) If any Loss Proceeds are received by Borrower, such Loss Proceeds (net of customary and reasonable settlement and collection costs) shall be received in trust for Lender, shall be segregated from other funds of Borrower, and shall be forthwith paid into the Capital Event Sub-Account or the Insurance Proceeds Sub-Account as required hereby and as directed by Lender to be applied or disbursed in accordance with this Agreement. Any Loss Proceeds made available to Borrower for Restoration in accordance herewith, to the extent not used by Borrower in connection with, or to the extent they exceed the cost of such Restoration, shall be deposited

into the Capital Event Sub-Account, whereupon Lender shall apply the same as a prepayment to reduce the Loan in accordance with the terms of Section 8.9(f) of this Agreement.

(f) Borrower shall cause all proceeds (net of customary and reasonable settlement and collection costs) of any Capital Event other than a Casualty or Condemnation to be deposited directly into the Capital Event Sub-Account for application in accordance with the terms of this Agreement.

Section 8.10 Remedies Upon Default in Respect of Account Collateral. Notwithstanding the foregoing provisions of this Section 8, upon the occurrence and during the continuance of an Event of Default, Lender shall have no obligation to make any disbursement of funds from the Cash Collateral Account and the Deferred Maintenance Reserve Account to or on behalf of Borrower, and Lender shall have the immediate and continuing right to withdraw funds on deposit in the Cash Collateral Account and the Deferred Maintenance Reserve Account and deposit such funds into the Capital Event Sub-Account as Account Collateral, and to exercise all rights and remedies afforded to Lender under this Agreement and the other Loan Documents, or otherwise at law or in equity in respect of the security for the Loan, in respect of the Cash Collateral Account, the Deferred Maintenance Reserve Account and Account Collateral on deposit therein, including, without limitation, the right to withdraw and apply all Account Collateral on deposit in the Sub-Accounts and the Deferred Maintenance Reserve Account to the Obligations of the Borrower; provided, however, that no such application shall be deemed to have been made by Lender, by operation of law or otherwise, unless and until actually made by Lender.

Section 8.11 Establishment of Deferred Maintenance Reserve Account. Lender shall establish with the Bank, in the name of Lender, the Deferred Maintenance Reserve Account. Only amounts permitted or required to be deposited therein pursuant to this Section 8 shall be deposited in the Deferred Maintenance Reserve Account, in accordance with the terms of this Agreement. The Deferred Maintenance Reserve Account is and at all times shall remain in the name of the Lender and shall be under the sole dominion and control of Lender, and Lender shall have the sole right to make withdrawals from the Deferred Maintenance Reserve Account and to exercise all rights with respect to the amounts on deposit therein from time to time. All amounts on deposit from time to time in the Deferred Maintenance Reserve Account (or any of its constituent sub-accounts) shall be held therein in accordance with the provisions of this Section 8. The Deferred Maintenance Reserve Account shall at all times be maintained as an Eligible Account.

Section 8.12 Deposits into and Maintenance of Deferred Maintenance Reserve Account. On the date hereof, Borrower has deposited into the Deferred Maintenance Reserve Account with respect to the Real Property Asset the Deferred Maintenance Reserve Amount. Amounts on deposit in the Deferred Maintenance Reserve Account with respect to the work to be completed at the Real Property Asset shall be maintained by Lender and disbursed in accordance with Section 8.13. Except as set forth in Section 8.14, Borrower shall not be obligated to replenish any amounts properly drawn from the Deferred Maintenance Reserve Account.

Section 8.13 Disbursements from Deferred Maintenance Reserve Account. Lender shall, to the extent available from amounts on deposit from time to time in the Deferred Maintenance Reserve Account, provided no Event of Default has occurred and is continuing, make disbursements to the Borrower for payment of the deferred maintenance items set forth on Schedule 1 for the Real Property Asset, which disbursements shall be made (i) no more often than once a month, (ii) in a maximum amount not to exceed the amounts set forth on Schedule 1 for each such item, and (iii) within 3 Business Days of Lender's receipt of a Deferred Maintenance Reserve Account Disbursement Request, which Deferred Maintenance Reserve Account Disbursement Request shall list the specific items for which the disbursement is requested and set forth the quantity and price of each item to be purchased, the price of all materials to be used, and the cost of all contracted labor or other services to be performed in connection with such replacements or capital items. Each Deferred Maintenance Reserve Account Disbursement Request shall be accompanied by (A) a certificate of the Borrower stating that (1) the items for which disbursement is requested are included in Schedule 1 (as amended, or varied, if applicable, in accordance with the terms of this Agreement) and (2) all items relating to prior disbursements have been paid for in full and have been made in accordance with all Applicable Laws and performed in a good and workmanlike manner, and (B) copies of paid invoices for all items for which prior disbursements were requested. Lender shall not be obligated to make disbursements from the Deferred Maintenance Reserve Account for the costs of routine maintenance to the Real Property Asset or for costs which are to be paid from funds on deposit in the Replacement Reserve Sub-Account. Borrower shall permit Lender or Lender's representatives (including an independent person such as an engineer, architect or consultant) to inspect the Real Property Asset and the progress of replacements or capital items prior to disbursing any funds from the Deferred Maintenance Reserve Account. Upon completion of all deferred maintenance items set forth on Schedule 1 with respect to the Real Property Asset, to the extent any funds remain on deposit in the Deferred Maintenance Reserve Account, Lender shall disburse such excess funds to Borrower promptly upon receipt of request by Borrower accompanied by evidence satisfactory to Lender that all such deferred maintenance items have been completed and paid for in full.

Section 8.14 Deferred Maintenance Reserve Account Shortfalls. The Borrower shall deliver to Lender, with respect to the Real Property Asset, a certified monthly reconciliation of the estimated costs to complete the required deferred maintenance work described on Schedule 1 to the amounts then on deposit in the Deferred Maintenance Reserve Account, which reconciliation (i) shall account for any increased or additional costs projected to be incurred in connection with the completion of such items set forth on Schedule 1 and (ii) state whether sufficient funds are on deposit in the Deferred Maintenance Reserve Account to fund the completion of all of such items. If the funds on deposit in the Deferred Maintenance Reserve Account are insufficient to fund all remaining costs required to complete all items listed on Schedule 1 with respect to the Real Property Asset, the amounts required to cover any such shortfall shall be deposited in the Deferred Maintenance Reserve Account by the Borrower within 5 Business Days after delivery of the reconciliation, and, if the work relating to the item in respect of which a shortfall exists has not been commenced, the Borrower shall not commence such work until such deposit is made.

Section 8.15 Annual Adjustment of Deferred Maintenance Reserve Account Shortfalls. With respect to the Real Property Asset, Borrower may prepare and deliver to Lender (not more often than once during each year) a request (each, a "Deferred Maintenance Reserve Account Reallocation Request") for reallocation of Deferred Maintenance Reserve Amounts then on deposit in the Deferred Maintenance Reserve Account with respect to the Real Property Asset for deferred maintenance items (i) which have been completed, paid for in full from the Deferred Maintenance Reserve Account and the cost of which is less than the amount allocated to such item on Schedule 1 or (ii) the cost of which shall exceed the amount allocated to such item on Schedule 1. Such request shall contain a certificate of the Borrower certifying as to (a) the amount budgeted for the completion of the deferred maintenance items in Schedule 1, (b) in the case of clause (i) above, the fact that all costs associated with such deferred maintenance items have been fully paid from the Deferred Maintenance Reserve Account and the actual costs associated with such item, (c) in the case of clause (ii) above, the estimated cost of completion of such deferred maintenance item based on accompanied written proposals of contractors, and (d) that following any reallocation made pursuant to this Section 8.15, the funds on deposit in the Deferred Maintenance Reserve Account will be sufficient for the completion of all deferred maintenance items for the Real Property Asset as reflected in Schedule 1. Lender shall approve or disapprove each Deferred Maintenance Reserve Account Reallocation Request in writing within fifteen (15) days of receipt thereof (such approval not to be unreasonably withheld or delayed). If Lender does not approve or disapprove such Deferred Maintenance Reserve Account Reallocation Request within such fifteen day period, Borrower may deliver a second notice to Lender requesting such approval or disapproval at the expiration of such fifteen day period and, if Lender does not approve or disapprove such Deferred Maintenance Reserve Account Reallocation Request within fifteen (15) days of receipt thereof, such Request shall be deemed approved.

Section 8.16 Performance. All work to be performed in connection with the completion of the items set forth on Schedule 1 shall be commenced promptly after the date hereof and shall be diligently prosecuted to completion in a good and workmanlike manner, in accordance with all Applicable Laws and substantially in accordance with all applicable plans and specifications. Lender and Lender's agents shall have the right, from time to time, (i) to inspect any work being done by Borrower in respect of such items and (ii) to request copies of all information relating to such work, including, without limitation, all relevant plans and specifications. From time to time upon the request of Lender and in each case upon completion of any item set forth on Schedule 1, the Borrower shall deliver to Lender a certificate of a duly licensed, independent architect or engineer, as the case may be, stating that all of such work (or all such work completed to date) has been performed in compliance with all Applicable Laws and substantially in accordance with all applicable plans and specifications, or, if such work is of a nature not requiring an architect or engineer (i.e., if such work is non-structural, decorative or is to be performed at an aggregate cost of no more than \$100,000), the Borrower shall deliver a certificate of the Borrower certifying as to the foregoing.

Section 8.17 Determination of Replacement Reserve Monthly Installment. (a) The amount of each Replacement Reserve Monthly Installment with respect to the Real Property Asset shall equal \$4.17 per pad. The calculation of each Replacement Reserve Monthly Installment shall be made by Lender based on the information contained in the financial reports

submitted by Borrower pursuant to this Agreement and shall be conclusive absent manifest error. (b) Notwithstanding anything to the contrary contained herein, for so long as (i) Borrower owns the Real Property Asset, (ii) LLC General Partner and Funding Partnership remain the general partners of Borrower, (iii) Managing Member remains the managing member of LLC General Partner, (iv) Managing Member remains a wholly owned subsidiary of Sun Communities, Inc., and (v) Sun Communities Operating Limited Partnership retains a senior unsecured debt rating of BBB- or better by S&P and of Baa3 or better by Moody's, Borrower shall not be required to establish or maintain the Replacement Reserve Sub-Account.

Section 8.18 Annual Adjustment of Replacement Reserve Monthly Installment. Borrower may prepare and deliver to Lender (not more often than once during each year) within sixty (60) Business Days prior to the commencement of each year, a request (each, a "Replacement Reserve Reallocation Request") for reallocation of Replacement Reserves then on deposit in the Replacement Reserve Sub-Account in respect of replacements of Fixtures and Equipment or capital expenditure projects at the Real Property Asset which (i) were included as a line item in such year but were not commenced (or, as the case may be, which were commenced but not completed) during such year, but which Borrower proposes to include as a line item in the Annual Operating Budget for the ensuing year, or (ii) have been completed and which have been paid for in full from the Replacement Reserve Sub-Account. Such request shall contain a certificate of the Borrower certifying as to (a) the replacements or capital expenditure projects set forth in the then current Annual Operating Budget with respect to which Replacement Reserves were required pursuant to this Agreement, (b) the amount budgeted for the completion of such replacements or capital expenditure project in the then current Annual Operating Budget, (c) in the case of clause (i) above, that such replacements or capital expenditure project were not commenced (or, as the case may be, were commenced but not completed) during such year, or, in the case of clause (ii) above, the actual cost of completion of such replacements or capital expenditure projects, (d) in the case of clause (ii) above, the fact that all costs associated with such replacements or capital expenditure projects have been fully paid from the Replacement Reserve Sub-Account and (e) that following any reallocation made pursuant to this Section 8.18, the funds on deposit in the Replacement Reserve Sub-Account will be sufficient for the completion of all replacements and capital expenditure projects reflected in the Annual Operating Budget for the then current year. Lender shall approve or disapprove each Replacement Reserve Reallocation Request in writing within fifteen (15) days of receipt thereof (such approval not to be unreasonably withheld or delayed). If Lender does not approve or disapprove such Replacement Reserve Reallocation Request within such fifteen day period, Borrower may deliver a second notice to Lender requesting such approval or disapproval at the expiration of such fifteen day period and, if Lender does not approve or disapprove such Replacement Reserve Reallocation Request within fifteen (15) days of receipt thereof, such Request shall be deemed approved.

SECTION 9. MISCELLANEOUS.

Section 9.01 Payment of Lender's Expenses, Indemnity, etc.

(a) Borrower shall:

(i) pay, without duplication and subject to any limitations set forth elsewhere in this Agreement, all reasonable out-of-pocket costs and expenses of Lender in connection with Lender's due diligence review of the Collateral, the negotiation, preparation, execution and delivery of the Loan Documents and the documents and instruments referred to therein, the creation, perfection or protection of Lender's Liens in the Collateral (including, without limitation, fees and expenses for title insurance, property inspections, appraisals, consultants, surveys, lien searches, filing and recording fees, and escrow fees and expenses), all internal valuations and Appraisals of the Real Property Asset made by Lender, in connection with the administration of the Loan and any amendment, waiver or consent relating to any of the Loan Documents including releases of the Real Property Asset (including, without limitation, as to each of the foregoing, the reasonable fees and disbursements of any outside or special counsel to Lender) and of Lender in connection with the preservation of rights under, any amendment, waiver or consent relating to, and enforcement of, the Loan Documents and the documents and instruments referred to therein or in connection with any restructuring or rescheduling of the Obligations (including, without limitation, the reasonable fees and disbursements of counsel for Lender);

(ii) pay, and hold Lender harmless from and against, any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and hold Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to Lender) to pay such taxes; and

(iii) indemnify Indemnified Party (herein defined) from, and hold each of them harmless against, any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnified Party in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnified Party shall be designated a party thereto) that may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, asserted against or incurred by any Indemnified Party as a result of (A) the execution, delivery or performance of any Loan Document and the exercise by Lender of their rights and remedies (including, without limitation, foreclosure) under the Loan Documents (B) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Real Property Asset or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (C) any use, nonuse or condition in, on or about the Real Property Asset or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (D) performance of any labor or services or the furnishing of any materials or other property in respect of the Real Property Asset or any part thereof; (E) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (F) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan evidenced by the Note and secured by the Security Instrument; or (G) any misrepresentation made by Borrower in the Security Instrument or any other Loan Document (but, in each case, excluding, as to any Indemnified Party, any such losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements incurred solely by reason

of the gross negligence or willful misconduct of such Indemnified Party as finally determined by a court of competent jurisdiction). Any amounts payable to Lender by reason of the application of this Section 9.01 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid (collectively, "Indemnified Liabilities"). Borrower further agrees that, without Lender's prior written consent, it will not enter into any settlement of a lawsuit, claim or other proceeding arising or relating to any Indemnified Liability unless such settlement includes an explicit and unconditional release from the party bringing such lawsuit, claim or other proceeding of each Indemnified Party. Notwithstanding anything contained herein to the contrary, Borrower shall not be liable to pay to Lender any amounts with respect to or in connection with the Real Property Asset for claims, based upon an event occurring after the consummation of a transfer by or in lieu of foreclosure of the Real Property Asset to the extent such amounts relate solely to the period after the date of the consummation of such transfer of Collateral. Borrower's obligations under this Section shall survive the termination of this Agreement and the payment of the Obligations.

(b) For purposes of this Section 9.01, the term "Indemnified Party" means its affiliates, subsidiaries, parties to whom Indemnitee sells interests in the Loan, the successors and assigns of each and its and their directors, officers, employees, attorneys and agents.

(c) Borrower shall at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all losses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense, and settlement of losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Sections 4.12(b) or (c) or 5.11(b).

Section 9.02 Notices. Except as otherwise by expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile, telex, or cable communication), and shall be deemed to have been duly given or made when delivered by hand, or five (5) days after being deposited in the United States mail, certified or registered, postage prepaid, or, in the case of telex notice, when sent, answerback received, or, in the case of facsimile notice, when sent, answerback received, or, in the case of a nationally recognized overnight courier service, one (1) Business Day after delivery to such courier service, addressed, in the case of Borrower and Lender, at the addresses specified below, or to such other addresses as may be designated by any party in a written notice to the other parties hereto, provided that for all notices given in accordance with Section 2.11 of this Agreement shall not be effective until received by Lender.

If to Lender, as follows:

Lehman Brothers Holdings Inc.
 d/b/a Lehman Capital, a division of
 Lehman Brothers Holdings Inc.
 Three World Financial Center
 New York, New York 10285
 Facsimile Number: (212) 528-6658
 Attention: Commercial Mortgage Loan Surveillance

LaSalle National Bank
 135 South LaSalle Street, Suite 1740
 Chicago, Illinois 60674-4107
 Facsimile Number: (312) 904-2084
 Attention: Asset-Backed Securities Trust Services
 Group

GMAC Commercial Mortgage Corporation
 650 Dresher Road
 Horsham, Pennsylvania 19044
 Facsimile Number: (212) 328-3622
 Attention: Servicing Manager

With a copy to:

GMAC Commercial Mortgage Corporation
 650 Dresher Road
 Horsham, Pennsylvania 19044
 Facsimile Number: (212) 328-3622
 Attention: General Counsel

If to Borrower:

Miami Lakes Venture Associates
 c/o Sun Communities Operating Limited Partnership
 31700 Middlebelt Road, Suite 145
 Farmington Hills, Michigan 48334
 Attention: Jeffrey P. Jorissen
 Facsimile Number: (810) 932-3072

With a copy to:

Jaffe, Raitt, Heuer & Weiss
 One Woodward Avenue, Suite 2400
 Detroit, Michigan 48226
 Attention: Arthur A. Weiss, Esq.
 Facsimile Number: (810) 961-8358

Section 9.03 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower, Lender, all future holders of the Note and their respective successors and assigns.

Section 9.04 Amendments and Waivers. (a) Neither this Agreement, the Note, any other Loan Document to which Borrower, LLC General Partner or Funding Partnership is a party nor any terms hereof or thereof may be amended, supplemented, modified or waived other than in a writing executed by Borrower, LLC General Partner, Funding Partnership and Lender.

(b) In the case of any waiver, Borrower and Lender shall be restored to their former position and rights hereunder and under the Note and the other Loan Documents, and any Default or Event of Default waived shall be deemed to be void and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Section 9.05 No Waiver; Remedies Cumulative. No failure or delay on the part of Lender in exercising any right, power or privilege hereunder or under any other Loan Document and no course of dealing between Borrower and Lender shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Lender would otherwise have. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Lender to any other or further action in any circumstances without notice or demand.

Section 9.06 Governing Law; Submission to Jurisdiction. (a) This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, that with respect to the creation, perfection, priority and enforcement of the lien of the Security Instrument, and the determination of deficiency judgments, the laws of the State where the Real Property Asset is located shall apply.

(b) Any legal action or proceeding with respect to this Agreement or any other Loan Document and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, Borrower hereby accepts for itself and in respect of their property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any thereof. Borrower, irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Borrower at its addresses set forth for the Borrower in Section 9.02 of this Agreement. Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Loan Document brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of Lender to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

Section 9.07 Confidentiality Disclosure of Information. Each party hereto shall treat the transactions contemplated hereby and all financial and other information furnished to it about Borrower and the Real Property Asset, as confidential; provided, however, that such confidential information may be disclosed (a) as required by law or pursuant to generally accepted accounting procedures, (b) to officers, directors, employees, agents, partners, attorneys, accountants, engineers and other consultants of the parties hereto who need to know such information, provided such Persons are instructed to treat such information confidentially, (c) by Lender to any servicer, or assignee ("Transferee"), which disclosure to Transferees and prospective Transferees may include any and all information which has been delivered to Lender by Borrower pursuant to this Agreement or the other Loan Documents or which has been delivered to Lender in connection with Lender's credit evaluation of Borrower prior to entering into this Agreement, or (d) upon the written consent of the party whose otherwise confidential information would be disclosed.

Section 9.08. Non-Recourse Liability.

(a) Except as otherwise provided, Lender shall not enforce the Loan, Security Instrument or any other Loan Document by any action or proceeding wherein a money judgment shall be sought against Borrower, LLC General Partner or Funding Partnership, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Agreement, the Security Instrument or any other Loan Document, and the interest in the Real Property Asset, the Rents, the Accounts Receivable and any other Collateral given to Lender created by this Agreement, the Security Instrument or any other Loan Document; provided, however, that any judgment in any action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Real Property Asset, in the Rents, in the Accounts Receivable and in any other Collateral given to Lender. Lender, by accepting this Agreement, the Security Instrument or any other Loan Document, agrees that it shall not, except as otherwise provided in this Section 9.08 of this Agreement and Article 15 of the Security Instrument, sue for, seek or demand any deficiency judgment against Borrower in any action or proceeding, under or by reason of or in connection with this Agreement, the Security Instrument or any other Loan Document.

(b) The provisions of this Section 9.08 shall not (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Security Instrument or any other Loan Document; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the Security Instrument; (iii) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with this Agreement, the Security Instrument or any other Loan Document; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (vi) impair the right of Lender to enforce the provisions of Sections 9.01(a)(i), 9.01(c) and this 9.08 of this Agreement or Section 13.2 of the Security Instrument.

(c) Notwithstanding the provisions of Section 9.08(a) to the contrary, Borrower shall be personally liable to Lender for the Losses (as defined in the Security

Instrument) it incurs due to: (i) fraud or intentional misrepresentation by Borrower or any other person or entity in connection with the execution and the delivery of this Agreement, the Security Instrument or any other Loan Document; (ii) Borrower's misapplication or misappropriation of Rents received by such parties after the occurrence of a Default or Event of Default; (iii) Borrower's misappropriation of tenant security deposits or Rents collected in advance; (iv) the misapplication or the misappropriation of insurance proceeds or condemnation awards; (v) Borrower's failure to pay Taxes, Insurance Premiums (as defined in the Security Instrument), Other Charges (as defined in the Security Instrument) (except to the extent that sums sufficient to pay such amounts have been deposited in the Basic Carrying Costs Sub-Account pursuant to the terms hereof), charges for labor or materials or other charges that can create liens on the Real Property Asset; (vi) Borrower's failure to maintain, repair or restore the Real Property Asset in accordance with this Agreement, the Security Instrument or any other Loan Document; (vii) Borrower's failure to return or to reimburse Lender for all Personal Property (as defined in the Security Instrument) taken from the Real Property Asset by or on behalf of Borrower and not replaced with Personal Property of the same utility and of the same or greater value; (viii) any act of actual waste or arson by Borrower, or any principal, affiliate or general partner thereof; (ix) any fees or commissions paid by Borrower to any principal, Affiliate or general partner of Borrower in violation of the terms of this Agreement, the Security Instrument or any other Loan Document; or (x) Borrower's failure to comply with the provisions of Sections 4.12 and 5.11 of this Agreement and Sections 12.1 and 12.2 of the Security Instrument.

(d) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in Section 9.08(a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect in the event of Borrower's Default under Sections 6.02 or 6.06 of this Agreement and Article 8 of the Security Instrument or if the Real Property Asset or any part thereof shall become an asset in a voluntary bankruptcy or insolvency proceeding.

(e) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Debt (as defined in the Security Instrument) secured by the Security Instrument or to require that all Collateral shall continue to secure all of the Debt owing to Lender in accordance with this Agreement, the Security Instrument or any other Loan Document.

Section 9.09. Transfer of Loan; Cooperation. (a) Lender shall have the right in its sole discretion at any time enter into a Secondary Market Transaction. Lender may forward to each purchaser, transferee, assignee, servicer, participant, investor or their respective successors (collectively, the "Investor") or the Rating Agencies and each prospective Investor, all documents and information which Lender now has or may hereafter acquire relating to the Loan and to the Borrower and the Real Property Asset, which shall have been furnished by or on behalf of the Borrower, as Lender determines necessary or desirable. Borrower agrees to cooperate with Lender in connection with any Secondary Market Transaction, including, without limitation, the delivery of an estoppel certificate required in accordance with Section 9.09(b) hereof and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower consents to Lender furnishing to such Investors or such prospective Investors or such Rating Agency any and all information concerning the Real Property Asset, the Leases and the

financial condition of Borrower as may be requested by Lender, any Investor, any prospective Investor or any Rating Agency in connection with any Secondary Market Transaction.

(b) Upon any Secondary Market Transaction or proposed Secondary Market Transaction contemplated by this Agreement, at Lender's request, Borrower, LLC General Partner, Funding Partnership and Managing Member shall provide an estoppel certificate to the Investor or any prospective Investor in such form, substance and detail as Lender, such Investor or prospective Investor may reasonably require.

Section 9.10 Borrower's Assignment. Borrower shall not assign its rights or obligations hereunder without the prior written consent of Lender.

Section 9.11 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 9.12 Effectiveness. This Agreement shall become effective on the date on which all of the parties hereto shall have signed a counterpart hereof and shall have delivered the same to Lender.

Section 9.13 Headings Descriptive. The heading of the several Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 9.14 Marshaling; Recapture. Lender shall be under no 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. To the extent Lender receives any payment by or on behalf of Borrower which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to Borrower or its estate, trustee, receiver, custodian or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the liabilities of Borrower to Lender as of the date such initial payment, reduction or satisfaction occurred.

Section 9.15 Severability. In case any provision in or obligation under this Agreement or the Note 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.

Section 9.16 Survival. Except as expressly provided to the contrary herein, all indemnities set forth herein including, without limitation, in Sections 2.19 and 9.01 shall survive the execution and delivery of this Agreement, the Note and the Loan Documents and the making and repayment of the Loan hereunder.

Section 9.17 Intentionally Deleted.

Section 9.18 Calculations; Computations. Except as otherwise expressly provided herein, the financial statements to be furnished to Lender pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved and consistent with GAAP as used in the preparation of the financial statements referred to in Section 4.05.

SECTION 9.19 WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER EACH HEREBY IRREVOCABLY WAIVE ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

Section 9.20 No Joint Venture. Notwithstanding anything to the contrary herein contained, Lender by entering into this Agreement or by taking any action pursuant hereto, will not be deemed a partner or joint venturer with Borrower and Borrower agrees to hold Lender harmless from any damages and expenses resulting from such a construction of the relationship of the parties hereto or any assertion thereof.

Section 9.21 Estoppel Certificates. (a) Borrower and Lender each hereby agree at any time and from time to time upon not less than ten (10) days prior written notice by Borrower or Lender to execute, acknowledge and deliver to the party specified in such notice, a statement, in writing, certifying whether this Agreement is unmodified and in full force and effect (or if there have been modifications, whether the same, as modified, is in full force and effect and stating the modifications hereto), and stating whether or not, to the best knowledge of such certifying party, any Default or Event of Default has occurred and is then continuing, and, if so, specifying each such Default or Event of Default; provided, however, that it shall be a condition precedent to Lender's obligation to deliver the statement pursuant to this Section, that Lender shall receive, together with Borrower's request for such statement, a certificate of the general partners and a Responsible Officer of Borrower stating to its best knowledge that no Default or Event of Default exists as of the date of such certificate (or specifying such Default or Event of Default).

(b) Within five (5) Business Days of Lender's request, Borrower shall execute and deliver a certificate of the general partners of Borrower and a Responsible Officer of Borrower confirming the then aggregate outstanding principal balance of the Loan and the dates to which all interest has been paid. Such statement shall be binding and conclusive on Borrower absent manifest error.

Section 9.22 No Other Agreements. The Loan Documents and the Side Letters constitute the entire understanding of the parties with respect to the transactions contemplated hereby, and all prior understandings with respect thereto, whether written or oral, shall be of no force and effect.

Section 9.23 Controlling Document. In the event of a conflict between the provisions of this Agreement and the other Loan Documents, the provisions of this Agreement shall control and govern the conflicting provisions of the other Loan Documents.

Section 9.24 No Benefit to Third Parties. This Agreement is for the sole and exclusive benefit of Borrower and Lender and all conditions of the obligation of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and its assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any and all thereof and no other person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time if it in its sole discretion deems it advisable to do so. Without limiting the generality of the foregoing, Lender shall not have any duty or obligation to anyone to ascertain that funds advanced hereunder are used as required by the terms hereof or to pay the cost of constructing the improvements on any of the Real Property Asset or to acquire materials and supplies to be used in connection therewith or to pay costs of owning, operating and maintaining same.

Section 9.25 Intentionally Deleted.

[NO FURTHER TEXT ON THIS PAGE

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

MIAMI LAKES VENTURE ASSOCIATES, a Florida general partnership

By: Sun Communities Funding Limited Partnership, a Michigan limited partnership, its general partner

By: Sun Communities Funding GP L.L.C., a Michigan limited liability company, its general partner

By: SCF Manager, Inc., a Michigan corporation, its managing member

By: _____
Name:
Title:

By: Sun Communities Funding GP L.L.C., a Michigan limited liability company, its general partner

By: SCF Manager, Inc., a Michigan corporation, its managing member

By: _____
Name:
Title:

SUN COMMUNITIES FUNDING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities Funding GP L.L.C., a Michigan limited liability company, its general partner

By: SCF Manager, Inc., a Michigan corporation, its managing member

By: _____
Name:
Title:

LEHMAN BROTHERS HOLDINGS INC. D/B/A
LEHMAN CAPITAL, A DIVISION OF LEHMAN
BROTHERS HOLDINGS INC., a Delaware
corporation

By: _____
Name:
Title:

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "Agreement") is made and entered into this 29th day of May, 1997 by and between SUN COMMUNITIES, INC., a Maryland corporation (the "Company"), and _____ (the "Indemnitee").

RECITALS:

A. Indemnitee is an executive officer of the Company, and in such capacity is performing a valuable service for the Company.

B. The Company has adopted Articles of Amendment and Restatement (the "Articles") and Bylaws (the "Bylaws") authorizing and directing the Company to indemnify the directors, officers, agents and employees of the Company to the maximum extent permitted by Maryland law in effect from time to time ("Maryland Law").

C. The Maryland General Corporation Law ("MGCL") specifically provides that it is not exclusive, and thereby contemplates that contracts may be entered into between the Company and its directors, officers, agents and employees with respect to the indemnification of such persons.

D. Recent developments with respect to the terms and availability of directors and officers liability insurance ("D&O Insurance") and the application, amendment and enforcement of statutory and other indemnification provisions generally have raised questions concerning the adequacy and reliability of the protection afforded to directors and officers thereby.

E. To resolve such questions and thereby induce Indemnitee to continue to serve as a member of the Board of Directors of the Company or as an officer, or both, the Company desires to enter into this Agreement with Indemnitee.

NOW, THEREFORE, in consideration of Indemnitee's continued service with the Company after the date hereof, the parties agree as follows:

1. D&O Insurance. The Company shall evaluate whether to procure D&O Insurance, and if it, in its sole and absolute discretion, procures such insurance, it shall maintain D&O Insurance so long as, in the reasonable business judgment of the then directors of the Company, both (i) the premium cost for such insurance is reasonably related to the amount of coverage provided, and (ii) the coverage provided by such insurance is not so limited by exclusions that insufficient benefit may be derived therefrom.

2. Indemnity. Subject only to the exclusions set forth in Section 3 hereof, the Company hereby agrees to hold harmless and indemnify Indemnitee against any and all expenses (including, without limitation, attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the Company) (individually, a "Proceeding" and, collectively, the "Proceedings") to which Indemnitee is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that Indemnitee is, was or at any time becomes a director, officer, partner, trustee, employee or agent of the Company, or is or was serving or at any time serves at the request of the Company as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, employee benefit plans) to the fullest extent

authorized and permitted by the provisions of the MGCL, or by any amendment thereof or other provisions of Maryland Law authorizing or permitting such indemnification which is adopted after the date hereof.

3. Limitations on Indemnity. No indemnity pursuant to Section 2 hereof shall be paid by the Company:

(a) except to the extent the aggregate of losses to be indemnified hereunder exceed the amount of such losses for which Indemnitee is indemnified pursuant to any D&O Insurance purchased and maintained by the Company;

(b) if it is established that the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;

(c) if it is established that Indemnitee actually received an improper personal benefit in money, property or services in connection with the matter giving rise to the Proceeding;

(d) if, in the case of any criminal proceeding, Indemnitee had reasonable cause to believe that the act or omission was unlawful; or

(e) if, in the event of a Proceeding by or in the right of the Company, Indemnitee shall have been adjudged to be liable to the Company;

provided, however, that (i) the termination of any Proceeding by judgment, order or settlement does not create a presumption that Indemnitee did not meet the requisite standard of conduct set forth in this Section 3, and (ii) the termination of any Proceeding by conviction, or a plea of nolo contendere or its equivalent, or any entry of an order of probation prior to judgment, creates a rebuttable presumption that Indemnitee did not meet that requisite standard of conduct.

4. Continuation of Indemnity. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is a director, officer, employee or agent of the Company (or is or was serving at the request of the Company as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a director of the Company or serving in any other capacity referred to herein.

5. Notification and Defense of Claim. Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company in writing of the commencement thereof; provided, however, that the omission so to notify the Company shall not relieve the Company from any liability or obligation under this Agreement unless, and only to the extent that, such failure to notify the Company results in the loss of substantive rights or defenses in the Proceeding. With respect to any such action, suit or proceeding as to which Indemnitee notifies the Company of the commencement thereof:

(a) The Company shall be entitled to participate therein at its own expense.

(b) Except as otherwise provided below, to the extent that it may wish, the Company, jointly with any other indemnifying party similarly notified, shall be entitled to assume the defense thereof, with counsel selected by the Company and reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof, the Company shall not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Notwithstanding the foregoing, Indemnitee shall have the right to employ separate counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee unless, in the reasonable opinion of the Company's Indemnification Committee or, if there is no Indemnification Committee, counsel to such Indemnitee: (i) there may be legal defenses available to Indemnitee that are different from or in addition to those available to the Company, or (ii) a conflict or potential conflict otherwise exists between the Company and Indemnitee that would make such separate representation advisable.

(c) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its prior written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's prior written consent. Neither the Company nor Indemnitee shall unreasonably withhold their consent to any proposed settlement.

6. Advance Payment of Expenses. Reasonable expenses incurred by Indemnitee in connection with a Proceeding shall be paid or reimbursed by the Company in advance of the final disposition of the Proceeding upon receipt by the Company of: (a) a written affirmation by Indemnitee of his/her good faith belief that the standard of conduct necessary for indemnification by the Company has been met; and (b) a written undertaking by or on behalf of Indemnitee to promptly repay the expenses if it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company.

7. Non-Exclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Articles, Bylaws, other agreements or otherwise. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by Indemnitee in connection with a Proceeding.

8. Separability. Each of the provisions of this Agreement is a separate and distinct agreement, independent of the others, so that if any provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof.

9. Governing Law; Binding Effect; Amendment and Termination.

(a) This Agreement shall be interpreted and enforced in accordance with the laws of the State of Michigan applicable to contracts made and to be wholly performed in such state.

(b) This Agreement shall be binding upon Indemnitee and upon the Company,

its successors and assigns, and shall inure to the benefit of Indemnitee, his/her heirs, personal representatives and assigns and to the benefit of the Company, its successors and assigns.

(c) No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement on and as of the day and year first above written.

SUN COMMUNITIES, INC., a Maryland corporation

By: -----
Gary A. Shiffman, President

[INDEMNITEE]

LOAN AGREEMENT

This Loan Agreement (this "Agreement") is entered into as of July 15, 1997 and effective as of June 30, 1997, between SEA BREEZE LIMITED PARTNERSHIP ("Sea Breeze") and HIGH POINT ASSOCIATES, L.P. ("High Point"), each a Delaware limited partnership (each a "Borrower" and collectively, the "Borrowers") and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, ("Lender").

RECITALS

A. Borrowers have requested Lender to make the following Loans (each a "Loan" and collectively, the "Loans"):

(i) Term Loan in the principal amount of \$11,385,684 to Sea Breeze;
and

(ii) Mortgage Loan in the principal amount of \$7,929,316 to High Point.

B. The total amount of the Loans on the Closing Date shall not exceed \$19,315,000.00 (the "Commitment Amount") and the actual amount funded under the Loans on the Closing Date shall be an amount equal to the difference between the Commitment Amount and the outstanding principal and interest under the Heller Loan (hereinafter defined) on the Closing Date (the "Initial Advance").

C. Lender has agreed to make the Loans on certain terms and conditions and Borrowers and Lender wish to set forth their agreements and understanding in this Agreement.

D. The Loans will be cross-collateralized and cross-defaulted.

E. The businesses of Sea Breeze and High Point are substantially related and interdependent, and Sea Breeze and High Point are under common control and have similar but not identical ownership, and each will mutually benefit from the extension of credit from Lender to each such Borrower.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and provisions as hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS. For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"ACTUAL COLLECTIONS" means all cash collected, including reservation deposits, received by Sea Breeze (or by the management company under the terms of the Management Agreement) in calendar year 1997 pertaining to the RV sites in the Sea Breeze Property, increased by (i) all reservation deposits and pre-paid rentals received in any prior year with respect to reservations for calendar year 1997 and reduced by (ii) all reservation deposits and pre-paid rentals received in calendar year 1997 with respect to future years.

"ADVANCE" means funds disbursed pursuant to the Loans including without limitation amounts advanced by the management company pursuant to the Management Agreement.

"AFFILIATE" of any Person means (a) any other Person which, directly or indirectly is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director or officer (i) of such Person, or (ii) of any subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"AGREEMENT" means this Agreement as the same may, from time to time, be amended or supplemented.

"BUSINESS DAY" is any day except Saturday, Sunday or any day which shall be a legal holiday under the laws of the State of Michigan.

"CLOSING DATE" is the date this Agreement is fully executed and delivered.

"COLLATERAL" means: (a) the interest of High Point in the Equipment, Fixtures and other personal property of High Point; (b) the interest of High Point in the real property, fixtures, rents and leases encumbered under the Mortgage; (c) a negative pledge by Sea Breeze with respect to the Sea Breeze Property evidenced by the Negative Pledge; (d) a collateral assignment of the partnership interests in Sea Breeze as evidenced by the Pledge Agreement; (e) all deposits, cash and other property of Borrowers now or hereafter in the possession, custody or control of Lender for any purpose; (f) all other personal or real property of Borrowers in which Lender has been granted a lien or security interest as security for the repayment of any Obligation; (g) the Sea Breeze Guaranty; and (h) the High Point Guaranty.

"COMMITMENT AMOUNT" has the meaning set forth in paragraph B. of the Recitals.

"COMMITMENT FEE" has the meaning set forth in Section 2.2.6 of this Agreement.

"CONTRACT RATE" has the meaning set forth in Section 2.1.6 of this Agreement.

"DEFAULT RATE" means an interest rate equal to 15% per annum.

"DOCUMENTS" means all "documents" and "instruments" as such terms are defined in Section 9-105 of the UCC, in which any Borrower now or hereafter has any right, title or interest.

"EFFECTIVE DATE" means June 30, 1997.

"ENVIRONMENTAL LAW" means any and all present and future federal, state or local law, statute, regulation, rule or order relating to pollution, waste, disposal, industrial hygiene, land use or the protection of human health, safety or welfare, plant life or animal life, natural resources, the environment or property relating to the environment.

"EQUIPMENT" means all "equipment" as such term is defined in Section 9-109 of the UCC, in which High Point now or hereafter has any right, title or interest, and, in any event, shall mean and include, but not be limited to, all machinery, equipment,

furniture, furnishings, fixtures, tools, motors, parts and goods, including all attachments, accessories, replacements, substitutions, additions and improvements thereto, now or hereafter owned by High Point, wherever located, and any other goods, and Proceeds and products of any of the foregoing.

"EVENT OF DEFAULT" has the meaning set forth in Section 7.1 of this Agreement.

"EXCESS CASH FLOW" means for any calendar month the total revenues from the Property less the total expenses of the Property, such expenses not to include debt service on the High Point Note and the Sea Breeze Note or any management fee due under the Management Agreement, but which shall include, without limitation, debt service on the Heller Loan, operating expenses and insurance.

"FIXTURES" means, to the extent not otherwise included as Equipment, all machinery, apparatus, equipment, fittings, fixtures, furniture and furnishings in which High Point or Sea Breeze now or hereafter has any right, title or interest located upon or affixed to or which becomes affixed to any real property owned or leased by High Point or Sea Breeze.

"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 Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination and which are applied on a consistent basis.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTOR" means, collectively, the High Point Guarantor and the Sea Breeze Guarantor.

"HAZARDOUS MATERIAL" means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as "hazardous substances", "hazardous materials", "hazardous wastes", "toxic substances" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity or "EP toxicity"; (b) oil, petroleum, petroleum fractions or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; and (d) asbestos in any form or electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

"HELLER" means Heller Financial, Inc.

"HELLER ADVANCE" has the meaning set forth in Section 2.1.5.

"HELLER LOAN" means that certain loan made by Heller to Sea Breeze in the original principal amount of \$5,125,000.00, which has a principal balance of \$5,063,868 on the Effective Date (with interest paid through June 30, 1997), with AMRESKO, INC. ("AMRESKO") being the current owner and holder of the Heller Loan.

"HELLER LIENS" means the liens of Heller, now held by AMRESKO, on the Sea Breeze Property granted by Sea Breeze as security for the Heller Loan.

"HIGH POINT GUARANTOR" means collectively, the partners of High Point, jointly and severally.

"HIGH POINT GUARANTY" means the joint and several Guaranty of even date herewith executed by the High Point Guarantor.

"HIGH POINT NOTE" means the promissory note issued by High Point to the order of Lender evidencing the Obligations of High Point to repay the Loan made by Lender to High Point under this Agreement, and any amendments, modifications, renewals or extensions thereof.

"INDEBTEDNESS" means to the extent of any Borrower's liability, or potential liability therefor, all items of indebtedness, obligation, or liability, whether matured or unmatured, liquidated or unliquidated, direct or indirect, joint or several, including (without implied limitation):

(A) All indebtedness guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business), or discounted with recourse by any Borrower;

(B) All indebtedness in effect guaranteed by any Borrower, directly or indirectly, through agreements, contingent or otherwise: (1) to purchase such indebtedness; or (2) to purchase, sell, or lease (as lessee or lessor) property, products, materials, or supplies or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such indebtedness or to insure the owner of the indebtedness against loss; or (3) to supply funds to, or in any other manner invest in, the debtor;

(C) All indebtedness secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance upon property owned or acquired by any Borrower subject thereto, whether or not the liabilities secured thereby have been assumed by any Borrower; and

(D) All indebtedness incurred by any Borrower as the lessee of goods or services under leases that, in accordance with GAAP, should not be reflected on the lessee's balance sheet.

(E) All amounts advanced by the management company under the Management Agreement.

"INITIAL ADVANCE" has the meaning set forth in paragraph B. of the Recitals.

"LIEN" means any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement or any lease in the nature thereof) and any agreement to give or refrain from giving any lien, mortgage, pledge, assignment, security interest, charge or other encumbrance of any kind.

"LOAN" means individually, the loan to each of High Point and Sea Breeze evidenced by the High Point Note or the Sea Breeze Note, as applicable, as further described in paragraph A. of the Recitals.

"LOANS" means collectively, the loans evidenced by the Notes, as further described in paragraph A. of the Recitals.

"LOAN DOCUMENTS" means this Agreement, the Notes, the Security Agreement, Mortgage, Negative Pledge, Pledge Agreement, High Point Guaranty, Sea Breeze Guaranty, Management Agreement, Option Agreement and all appropriate financing statements and fixture filings required by Lender to be executed in connection therewith and all other documents or instruments executed and delivered to Lender in connection with the Loans.

"MAKER PORTION" has the meaning set forth in Section 2.1.12(c)(i).

"MANAGEMENT AGREEMENT" has the meaning set forth in Section 2.1.11 of this Agreement.

"MATERIAL ADVERSE EFFECT" means either (a) a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) of any Borrower or Guarantor or (b) the impairment of the ability of Borrower or Guarantor to perform its obligations under any Loan Document to which it is a party or of Lender to enforce or collect any of the Obligations, including the obligations of Borrowers or Guarantor to perform or of Lender to enforce the High Point Guaranty or the Sea Breeze Guaranty.

"MATURITY" is June 30, 2012.

"MAXIMUM RATE" means the maximum non-usurious rate of interest that Lender is allowed to contract for, charge, take, reserve or receive under the applicable laws of any applicable state or of the United States of America (whichever from time to time permits the highest rate for the use, forbearance or detention of money) after taking into account, to the extent required by applicable law, any and all relevant payments or charges under this Agreement, the Note(s) or under any other document or instrument executed and delivered in connection herewith and the indebtedness evidenced by the Note(s).

"MORTGAGE" means the Mortgage, Security Agreement, Assignment of Rents and Leases and Financing Statement of even date herewith encumbering the High Point Property.

"NEGATIVE PLEDGE" means that certain Negative Pledge Agreement of even date herewith executed by Sea Breeze with respect to the Sea Breeze Property.

"OBLIGATIONS" means any and all liabilities, obligations, or indebtedness owing by any Borrower to Lender or its affiliate, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation any and all amounts advanced by the management company under the Management Agreement.

"OPTION AGREEMENT" means that certain Option Agreement(s) of even date herewith by and between Borrowers and Lender whereunder Lender has the option to purchase the Property in accordance with the terms of the Option Agreement.

"PAY RATE" has the meaning set forth in Section 2.1.6 of this Agreement.

"PERSON" OR "PERSONS" means natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, lenders, trust companies, land trusts, vehicle trusts, business trusts or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"PLEDGE AGREEMENT" means the Collateral Assignment of Partnership Interests of even date herewith between the Sea Breeze Guarantor and Lender wherein the Sea Breeze Guarantor have assigned their partnership interests to Lender as security for the Loans.

"PROCEEDS" means all "proceeds," as such term is defined in the UCC and, in any event, shall mean and include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to any Borrower from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to any Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by or to any governmental body, authority, bureau or agency (or any person, corporation, agency, authority or other entity acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"PROJECT CONTRACTS" has the meaning set forth in Section 3.1.25 of this Agreement.

"PROPERTY" means collectively the real property, all improvements and all personal property affixed thereto or used in connection therewith as follows at: (i) that certain property owned by High Point located in Kent County, Delaware (the "High Point Property"); and (ii) that certain property owned by Sea Breeze located in Sussex, Delaware (the "Sea Breeze Property"), as further described in the Mortgage and Negative Pledge, respectively.

"RENT PAYMENTS" has the meaning set forth in Section 2.1.11 of this Agreement.

"REQUIREMENT OF LAW" means, with respect to any Person, the certificate (or articles) of incorporation and bylaws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation 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.

"RV HOLDBACK" has the meaning given to it in Section 2.1.12.

"SEA BREEZE GUARANTOR" means, collectively, the partners of Sea Breeze, jointly and severally.

"SEA BREEZE GUARANTY" means the joint and several Guaranty of even date herewith executed by the Sea Breeze Guarantor.

"SEA BREEZE NOTE" means the promissory note issued by Sea Breeze to the order of Lender evidencing the obligations of Sea Breeze to repay the Loan made by lender to Sea Breeze under this Agreement, and any amendments, modifications, renewals, or extensions thereof.

"SECURITY AGREEMENT" means the Security Agreement of even date herewith between High Point and Lender in form and substance satisfactory to Lender, encumbering High Point's Equipment, Fixtures and other personal property described therein, together with such financing statements as have been or are to be delivered by Borrower to Lender in connection therewith.

"TAXES" means any taxes, charges, fees, levies or other assessments based upon or measured by net or gross income, gross receipts, sales, use, ad valorem, transfer,

franchise, withholding, payroll, employment, excise, premium or property taxes, together with any interest and penalties, additions to tax and additional amounts imposed by any federal, state, local or foreign taxing authority upon any Person.

"TENANT LEASES" shall have the meaning set forth in Section 3.1.24.

"UCC" means the Uniform Commercial Code as in effect in the State of Delaware; provided that if by reason of mandatory provisions of law, the perfection or effect of perfection or nonperfection of the security interest in any Collateral or the availability of any remedy under this Agreement is governed by the Uniform Commercial Code in effect in any other jurisdiction, "UCC" means the Uniform Commercial Code in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such perfection or effect of perfection or nonperfection or availability of such remedy.

1.2 ACCOUNTING TERMS. All accounting terms not specifically defined herein, to the extent not inconsistent with definitions set forth in Section 1.1 of this Agreement, shall be construed in accordance with GAAP as in effect from time to time, including, without limitation, applicable statements, bulletins and interpretations issued by the Financial Accounting Standards Board and bulletins, opinions, interpretations and statements issued by the American Institute of Certified Public Accountants or its committees. When used herein, the term "financial statements" shall include the notes and schedules thereto.

1.3 OTHER DEFINITIONAL PROVISIONS.

References to "Sections", "subsections", "Exhibits" and "Schedules" shall be to Sections, subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. Any of the terms defined in subsection 1.1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. In this Agreement, "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which the respective word appears; words importing any gender include the other genders; references to "writing" include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to agreements and other contractual instruments shall be deemed to include subsequent amendments, assignments, and other modifications thereto, but only to the extent such amendments, assignments and other modifications are not prohibited by the terms of this Agreement or any other Loan Document; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

ARTICLE II

LOANS

2.1 Loans.

2.1.1 AMOUNT OF SEA BREEZE LOAN. Subject to the terms and conditions hereof, Lender agrees to advance to Sea Breeze on the Closing Date an amount not to exceed the difference between Eleven Million Three Hundred Eighty Five Thousand Six Hundred Eighty Four and 00/100 Dollars (\$11,385,684.00) and the outstanding principal and interest under the Heller Loan on the Effective Date. Lender further agrees it will make an additional Advance to Sea Breeze at a later date to be used to pay off the Heller Loan, as set forth in Section 2.15 of this Agreement. At the time the Lender makes the

Heller Advance, a portion of the principal amount evidenced by the Sea Breeze Note (the "Sea Breeze Recourse Amount") shall become recourse to Sea Breeze on the terms and conditions set forth herein. Sea Breeze shall notify the Lender of the amount of the Sea Breeze Recourse Amount on or before the date of the Heller Advance. If Sea Breeze fails to so notify the Lender, the Sea Breeze Recourse Amount shall be One Million Eight Hundred Thousand Dollars (\$1,800,000.00). Before seeking any portion of the Sea Breeze Recourse Amount from Sea Breeze, Lender shall first exhaust its remedies against the Collateral. The Sea Breeze Recourse Amount shall be reduced on a dollar-for-dollar basis by (i) the gross cash proceeds of sale or other disposition of all or substantially all of the Sea Breeze Property, whether by voluntary sale, foreclosure, exercise of the Lender's rights under the Option Agreement, a taking by eminent domain, or otherwise; or (ii) the fair market value of the Sea Breeze Property, if all or substantially all Sea Breeze Property is transferred by deed in lieu of foreclosure. Under either (i) or (ii) above, the first dollars of gross cash proceeds (or the first dollars of fair market value, as the case may be) shall be applied to reduce the Sea Breeze Recourse Amount.

2.1.2 AMOUNT OF HIGH POINT LOAN. Subject to the terms and conditions hereof, Lender agrees to advance to High Point on the Closing Date an amount not to exceed Seven Million Nine Hundred Twenty Nine Thousand Three Hundred and Sixteen and 00/100 Dollars (\$7,929,316). Notwithstanding any other provision of the Loan Documents to the contrary, One Million One Hundred Thousand Dollars (\$1,100,000.00) of the principal amount evidenced by the High Point Note (the "High Point Recourse Amount") shall be recourse to High Point, on the terms and conditions set forth herein. Before seeking any portion of the High Point Recourse Amount from High Point, Lender shall first exhaust its remedies against the High Point Property. The High Point Recourse Amount shall be reduced on a dollar-for-dollar basis by (i) the gross cash proceeds of sale or other disposition of all or substantially all of the High Point Property, whether by voluntary sale, foreclosure, exercise of the Lender's rights under the Option Agreement, a taking by eminent domain, or otherwise; or (ii) the fair market value of the High Point Property, if all or a substantial portion of the High Point Property is transferred by deed in lieu of foreclosure. Under either (i) or (ii) above, the first dollars of gross cash proceeds (or the first dollars of fair market value, as the case may be) shall be applied to reduce the High Point Recourse Amount.

2.1.3 AUTHORIZATION AND ISSUANCE OF NOTES. All Advances made by Lender pursuant to the Loans shall be evidenced by, as applicable, the Sea Breeze Note and the High Point Note, executed and delivered by each of Sea Breeze and High Point, respectively to Lender on the Closing Date, payable to the order of Lender, and otherwise in form and substance satisfactory to Lender. The aggregate amount of the Initial Advance plus the outstanding balance of the Heller Loan on the Closing Date shall not exceed the Commitment Amount.

2.1.4 HOLDBACK FROM DISBURSEMENT. On the Closing Date, the following amounts shall be withheld by Lender and disbursed and/or retained as follows:

- (a) \$250,000 shall be advanced and disbursed and/or retained in accordance with Section 8.4 of this Agreement and shall be included in the Initial Advance for purposes of calculating interest payments.
- (b) \$525,000 shall be retained by Lender as the RV Holdback, and disbursed and/or retained in accordance with Section 2.1.12 of this Agreement. Interest shall accrue only on the amounts disbursed to Borrowers under Section 2.1.12 beginning on the day of such disbursement.

- (c) \$30,000 shall be advanced and retained by the Lender for purposes of funding the costs of certain electrical upgrades and renovations at the Sea Breeze Property, and such costs shall be used to pay such costs as incurred. Such amount shall be included in the Initial Advance for purposes of calculating interest payments. Such upgrades and renovations shall be defined as upgrading the wiring in the travel trailer section (comprised of 157 lots) so each lot will accept 100 amp service (the "Electrical Project"). The Electrical Project shall be completed on or before December 31, 1997. If the total costs of the Electrical Project exceed \$30,000, Borrower shall provide all funds necessary to fund the excess costs and neither Lender or any management company under the Management Agreement shall have any liability for any such costs or expenses. If the total costs of the Electrical Project are less than \$30,000, the difference between \$30,000 and the total costs shall be disbursed to Borrowers within 10 days after Lender determines in its sole and reasonable discretion that the Electrical Project has been satisfactorily completed.

2.1.5 ADVANCE(S) TO PAYOFF HELLER LOAN. Lender shall make an Advance in the amount necessary to pay the Heller Loan in full upon its maturity or at any other time such loan may become due and payable (the "Heller Advance") so long as the sum of the Initial Advance and the Heller Advance are less than or equal to the Commitment Amount. With respect to the foregoing, Lender and Sea Breeze agree as follows:

- (a) On the Closing Date, Sea Breeze shall deliver to Ticor Title Insurance Company a fully executed Mortgage, Security Agreement, Assignment of Rents and Leases and Financing Statement in the form attached hereto as Exhibit 2.15 (the "Sea Breeze Mortgage") which shall be released and recorded by title company upon compliance by the Lender and Sea Breeze with this Section 2.1.5.
- (b) As a condition precedent to Lender making the Heller Advance, Sea Breeze shall deliver to Lender an ALTA mortgage title insurance policy from a title insurance company, satisfactory to Lender, such commitment to be satisfactory to Lender and without standard exceptions, as determined by the Lender in its sole and reasonable discretion, and which shall insure Lender's Sea Breeze Mortgage as a first lien on the Sea Breeze Property; Sea Breeze shall also deliver all discharges, termination statements and releases necessary to discharge the Heller Lien and all other liens on the Sea Breeze Property and any and all other documents deemed necessary by the Lender. Upon Lender's satisfaction with respect to foregoing, it shall fund the Heller Advance and the Ticor Title Insurance Company shall be authorized to record the Sea Breeze Mortgage..
- (c) In the event the Heller Loan is accelerated as a result of the actions or omissions of the Lender or any management company retained by the Lender pursuant to the Management Agreement, the Lender agrees that in addition to the Heller Advance, Lender will provide the funds necessary to pay any prepayment fee or any other fees associated with such

acceleration, and the Heller Advance and the other amounts so provided shall be added to the principal balance of the Loans and repaid under the terms and conditions of this Agreement.

- (d) Lender shall have the right to prepay the Heller Loan at any time prior to its maturity provided that in addition to providing the Heller Advance, Lender also provides the funds necessary to pay all fees (including any prepayment fees) associated therewith, and the Heller Advance and the other amounts so provided shall be added to the principal balance of the Loans and repaid under the terms and conditions of this Agreement.
- (e) Lender and Sea Breeze agree that if required by Heller or AMRESCO (or any subsequent holder of the Heller Loan), Lender shall make application as an approved transferee of the Heller Loan and Sea Breeze shall be responsible for any transfer fees or other costs and expenses associated therewith.
- (f) Notwithstanding the foregoing, in the event Heller calls an event of default or accelerates the Heller Loan as a result of Sea Breeze's entering into the Loans or Loan Agreement, including without limitation as a result of Sea Breeze's failure to obtain the consent of Heller or AMRESCO (or any subsequent holder of the Heller Loan) to its entering into the Loans or the Loan Agreement, Lender agrees that although it will provide the Heller Advance which shall be added to the principal balance of the Loans and repaid under the terms and conditions of the Loan Agreement, Sea Breeze and its respective partners, personally and jointly and severally, will be responsible for the payment of any prepayment fees or other fees associated with such acceleration, as provided in that certain Guaranty of even date herein executed by Sea Breeze's partners, and the payment of such fees shall be made within ten (10) days after Borrowers receive notice of such default, demand or acceleration, and the failure to do so shall be an Event of Default under this Agreement.
- (g) Borrowers agree that they shall within three business days of receipt of same provide Lender with copies of all correspondence from Heller or AMRESCO (or any subsequent holder of the Heller Loan) with respect to default, acceleration, notice, cure periods, etc., regarding the Heller Loan. In the event that Borrowers failure to comply with this Section is the primary cause of an acceleration of the Heller Loan, the Lender may at its option be relieved of its obligations under Section 2.1.5(c) (relating only to the responsibility for fees, prepayment or otherwise) and 2.1.5(f) (relating only to the responsibility for fees).

2.1.6 INTEREST RATE; ACCRUALS. Interest shall accrue on the outstanding principal balance of the Loans from the date advanced at a per annum rate of 12% (the "Contract Rate") and the pay rate shall be the greater of (i) 7% per annum or (ii) the amount of Excess Cash Flow (the "Pay Rate"). Notwithstanding any provision herein to the contrary (including, without limitation the preceding sentence), interest shall actually

be paid on a monthly basis beginning on the 1st day of August, 1997 and continuing on the 1st day of each month thereafter until Maturity in an amount equal to the lesser of: (i) Excess Cash Flow for the previous calendar month and (ii) interest on the outstanding principal balance of the Loans determined at the Contract Rate. All accrued and unpaid interest, calculated as the difference between accrued interest at the Contract Rate less the amount of interest actually paid, shall be added to the principal balance of the Notes and interest shall accrue on same at the Contract Rate.

2.1.7 MINIMUM INTEREST PAYMENTS. If, at any time, the actual interest payments made in accordance with Section 2.1.6 above in the aggregate (from the inception of the Loans), fails to provide the Lender with a 4% per annum yield on principal amounts of the Loans originally funded to the Borrowers or funded under Sections 2.1.5 or 2.1.12 (exclusive of interest, accruals, management fees, late payment charges and such other charges added to principal), such amount not to exceed the Commitment Amount, such occurrence shall be an Event of Default, as set forth in Section 7.1 of this Agreement.

2.1.8 MANDATORY REPAYMENTS. In addition to the monthly interest payments required in Section 2.1.6 above, Borrowers shall be required to pay to Lender each month an amount equal to 100% of the amount by which the Excess Cash Flow exceeds the payments under Section 2.1.6 hereof, which shall be paid to Lender within 10 days from the end of each calendar month and applied as follows:

- (a) First, to the payment of any unpaid current interest (payable, accrued or otherwise) calculated in accordance with Section 2.1.6 above, but not to exceed the Contract Rate;
- (b) Next, to the payment of any accrued and unpaid interest, including interest thereon, calculated at the Contract Rate; and
- (c) Next, to the payment of principal on the Notes.

2.1.9 USE OF PROCEEDS. The proceeds of the Loans shall be used by Borrowers to make distributions to the respective partners of Sea Breeze and High Point and for any other purposes deemed appropriate by the general partners of Sea Breeze and High Point.

2.1.10 LOAN ACCOUNT. Advances, shall be charged to an account in Borrower's name on Lender's books, and Lender shall debit to such account the amount of each Advance when made and credit to such account the amount of each repayment thereunder. Lender shall render to Borrowers, from time to time, a statement setting forth the debit balance in the loan account, which shall be deemed to be correct and accepted by and binding upon Borrowers, unless Lender receives a written statement of exceptions within thirty (30) days after such statement has been rendered to Borrowers. Such statement shall be prima facie evidence of the Advances owing to Lender by Borrowers hereunder. Lender shall provide Borrowers with an annual statement of such account no later than March 15 of each year.

2.1.11 MANAGEMENT AGREEMENT. Borrower and Lender shall enter into a Property Management Agreement (the "Management Agreement") executed simultaneously with this Agreement. Borrower shall direct all tenants to mail rent payments (the "Rent Payments") to the address specified in the Management Agreement. Upon the Lender's receipt of the Rent Payments in accordance with the terms of the Management Agreement, the Lender, in its capacity as management company shall use the

funds in accordance with the Management Agreement. Pursuant to the Management Agreement, any unpaid management fees or such other amounts advanced by the management company thereunder shall be added to the principal balance of the Loans and accrue interest at the Contract Rate.

2.1.12 RV HOLDBACK. The sum of \$525,000 (the "RV Holdback") shall be withheld from disbursement and retained by Lender until disbursement in accordance with this Section. The RV Holdback shall be disbursed based upon Actual Collections within 10 days following the end of Sea Breeze's calendar year 1997 (or within 10 days following such time that the Actual Collections are greater or equal to \$248,000) as follows:

- (a) If the Actual Collections are less than or equal to \$208,000, the RV Holdback shall be retained by Holder and not disbursed;
- (b) If the Actual Collections are greater than or equal to \$248,000, the RV Holdback shall be disbursed in full to Maker and interest shall accrue on the full amount of the RV Holdback beginning on the date of such disbursement;
- (c) If the Actual Collections are greater than \$208,000, but less than \$248,000, the RV Holdback shall be disbursed to Maker or retained by Holder, as the case may be, on a pro-rata basis as follows:
 - (i) Maker shall receive an amount equal to the following (the "Maker Portion") and interest shall accrue on the full amount of the Maker Portion beginning on the date of such disbursement:

$$[(\text{Actual Collections} - \$208,000) / \$40,000] \times \text{RV Holdback};$$
 and
 - (ii) Holder shall retain an amount equal to the following:

 RV Holdback - Maker Portion
- (d) Sea Breeze and Lender agree that the amount of Actual Collections collected as of the Effective Date is \$213,935.89.

2.2 PROVISIONS APPLICABLE TO ALL LOANS.

2.2.1 DEFAULT RATE; LATE CHARGE.

- (a) Upon the occurrence of and during the continuance of an Event of Default hereunder, the Loans shall accrue interest at the Default Rate, which, if unpaid shall accrue and be added to the principal balance of the Loans.
- (b) If any required payment under the High Point Note or the Sea Breeze Note is not paid within ten (10) days from the date it is due, at the option of Lender, a late charge of 5% of the installment so overdue shall be charged, and if unpaid, the accrual of which shall be added to the principal balance of the Loans.

2.2.2 COMPUTATION OF INTEREST AND FEES; MAXIMUM INTEREST RATE.

- (a) All computations of interest on the Loans and interest due thereunder for any period shall be calculated on the basis of the actual number of days elapsed over a year of three hundred sixty (360) days.
- (b) Notwithstanding anything to the contrary contained in this Agreement, Borrowers shall not be obligated to pay, and Lender shall not be entitled to charge, collect or receive, interest in excess of the Maximum Rate and in the event Lender ever receives, as interest, any such excess, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such; and, if the principal hereof is paid in full, any remaining excess shall forthwith be returned to Borrowers. If any construction of this Agreement, or the other Loan Documents indicates a different right given to Lender to ask for, demand or receive any larger sum as interest, such as a mistake in calculation or wording, this clause shall override and control, it being the intention of Borrowers and Lender that this Agreement and the other Loan Documents shall in all respects comply with applicable law, and proper adjustment shall automatically be made accordingly. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Maximum Rate, Borrowers and Lender shall, to the maximum extent permitted by law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest; (ii) exclude voluntary prepayments and the effects thereof; and (iii) amortize, prorate, allocate and spread the total amount of interest through the entire contemplated term of such indebtedness until payment in full of the principal (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate.

2.2.3 SECURITY. To secure repayment and performance of the Loans and the Obligations, Borrowers shall execute and deliver to Lender such security agreements, pledges, assignments and financing statements as Lender shall require, including without limitation the Loan Documents, in form and substance acceptable to Lender, so that Lender shall have a first, perfected lien and security interest in the Collateral subject to no other liens.

2.2.4 CROSS-COLLATERALIZATION. Each Borrower agrees that the Collateral which secures repayment of the Loans under this Agreement is also security for all Loans and for all Indebtedness of Borrowers to Lender whether or not such Indebtedness is related by class or kind, and whether or not contemplated by parties at the time of executing each evidence of Indebtedness. Any collateral which secures repayment of any Indebtedness of Borrower to Lender (other than the Loan) shall also be security for the repayment of the Loans.

2.2.5 CROSS-DEFAULT. Borrowers agree that an Event of Default under the Sea Breeze Loan shall constitute an Event of Default under the High Point Loan and an Event of Default under the High Point Loan shall constitute an Event of Default under the Sea Breeze Loan. An Event of Default under any Loan Document shall be an Event of Default under every other Loan Document, the Sea Breeze Loan and the High Point Loan.

2.2.6 COMMITMENT FEE. In consideration of Lender's agreement to make the Loan, Borrower shall pay to Lender a Commitment Fee of \$190,000.00, which shall be deemed to be fully earned and payable upon funding of the Initial Advance by the Lender.

2.2.7 HOLIDAYS. Any principal or interest payment that would otherwise become due on a day other than a Business Day shall instead become due on the next succeeding Business Day and such adjustment shall be reflected in the computation of interest; provided, however, that in the event that a payment date shall, subsequent to the specification thereof by Lender, for any reason no longer constitute a Business Day, Lender may change such payment date in accordance with this Section.

ARTICLE III

CONDITIONS PRECEDENT TO LOANS

3.1 CONDITIONS PRECEDENT TO INITIAL ADVANCE. The obligation of Lender to make the initial Advance of the Loans is subject to the fulfillment, in form and substance satisfactory to Lender and its counsel, of each of the following conditions on or before the Closing Date:

3.1.1 Lender shall have received each of the Loan Documents, duly executed and delivered by a duly authorized officer of all of the parties thereto, and each of the Loan Documents shall be in full force and effect.

3.1.2 Lender shall have a first priority lien or security interest in the Collateral (but only as to items (a), (b), (d), (e) and (f) within the definition of Collateral in Article I hereof).

3.1.3 Lender shall have received (a) a certificate of partnership status from the Secretary of State of Delaware with respect to each Borrower dated within a reasonable amount of time of the Closing Date indicating that Borrower is in good standing in such state; and (b) a certified copy of the limited partnership agreement for each Borrower including any and all restatements and amendments.

3.1.4 Lender shall have received fully executed resolutions of the partners of each Borrower authorizing each Borrower to enter into the Loans and the Loan Documents and authorizing the general partner of each Borrower to execute the Loan Documents and all other documents and instruments to be executed in connection therewith.

3.1.5 No suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction or order by a state or federal court shall have been entered (a) in connection with any Loan Document or any of the transactions contemplated hereby or thereby or (b) which, in any such case, in the reasonable judgment of Lender, would have a material adverse effect on (i) the transactions contemplated by this Agreement or (ii) the

business, operations, properties, condition (financial or otherwise) or prospects of Borrower or Guarantor.

3.1.6 Lender shall have received evidence of the policies of the insurance required by Section 5.4 of this Agreement.

3.1.7 Each of the representations and warranties made in or pursuant to Article IV of this Agreement or which are contained in any other Loan Document or any certificate, document or financial or other statement furnished by Borrowers at any time under or in connection herewith, shall be true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date (unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

3.1.8 No Event of Default shall have occurred and be continuing on the Closing Date, nor shall either result from the making of any Loan or Advance.

3.1.9 Lender shall have determined that Borrowers and Guarantor have met all Requirements of Law which may adversely impact, as determined solely by Lender, the enforceability, validity or collectability of the Loans.

3.1.10 There has been no change that has a materially adverse effect on the business, operations, properties or condition (financial or otherwise) of Borrower or Guarantor or the prospects of Borrowers or Guarantor, taken as a whole since the date of the last financial statements of Borrowers delivered to Lender.

3.1.11 Lender shall have received appropriate UCC searches with respect to all personal property Collateral and such UCC termination statements as Lender may require.

3.1.12 Lender shall have received the written opinion of counsel for Borrowers, addressed to Lender in the form attached hereto as Exhibit 3.1.12.

3.1.13 Lender shall have completed and received all audits, inspections, valuations and examinations as deemed necessary in Lender's opinion with respect to the Collateral, and the financial and business condition of Borrowers and Guarantor.

3.1.14 All other documents and legal matters in connection with the transactions contemplated by this Agreement shall have been delivered, executed and recorded and shall be in form and substance satisfactory to Lender.

3.1.15 Lender shall have received commitments for ALTA mortgagee's title insurance policies, issued by a title insurance company acceptable to Lender, for each of the Sea Breeze Property and the High Point Property in an aggregate amount equal to \$19,315,000.00, without standard exceptions, insuring that Lender's mortgage will constitute a valid first lien on the High Point Property, free and clear of all other liens and encumbrances, insuring that the Heller Lien is the only lien on the Sea Breeze Property and reflecting the recordation of the Negative Pledge, and including such endorsements deemed necessary by Lender in its sole and reasonable discretion, including without limitation, comprehensive, usury, 3.1 zoning, tax parcel and survey endorsements and such other endorsements as Lender shall require. Each such commitment shall indicate acceptable access and as of the Closing Date, all property taxes then due shall have been paid.

3.1.16 Lender shall have received a current survey of each of the High Point Property and the Sea Breeze Property, prepared in accordance with Lender's survey requirements, certified to Lender and the title insurance company, by a registered land surveyor or engineer approved by Lender, and sufficient to permit the issuance of the commitment for title insurance policies in Section 3.1.15, showing the dimensions and area of the Property, the location of all roads, easements, rights-of-way and public access to or affecting either the High Point Property or the Sea Breeze Property, showing that the location and dimensions of the improvements are entirely within the High Point Property or the Sea Breeze Property, as applicable, that there are no encroachments upon the High Point Property or the Sea Breeze Property, showing individual homesites (which can be shown by using a site plan or aerial photo and not a metes and bounds description), but such surveys shall not be required to show individual utility hook-ups. Lender acknowledges that: (i) the survey dated September 25, 1996, last revised on July 10, 1997 prepared by KCI Technologies, Inc. with respect to the Sea Breeze Property; and (ii) the survey dated July 14, 1997 prepared by Gerald A. Donovan Assoc., Inc. with respect to the High Point Property are sufficient to satisfy the foregoing.

3.1.17 Environmental Phase I Reports addressed to Lender, in form and substance satisfactory to Lender, prepared by a qualified professional licensed and registered environmental engineer approved by Lender for each of the Sea Breeze Property and the High Point Property, the results of which shall be satisfactory to Lender in its sole and reasonable discretion. Borrower shall arrange for and be directly responsible for any remediation or other clean-up action determined necessary by Lender in its sole and reasonable discretion based upon such Environmental Phase I Reports, in accordance with the Section 8.4 of this Agreement. Lender acknowledges that: (i) the Report of Limited Preliminary Environmental Site Assessment prepared by Comprehensive Safety & Environmental Services, Inc. and Jen-Mark Associates, Inc. regarding Sea-Air Village, dated September 18, 1996 prepared for Heller Real Estate Financial Services, Inc. (with addenda) CSES Project No. 96088E with respect to the Sea Breeze Property; and (ii) the Report of Limited Preliminary Environmental Site Assessment prepared by Comprehensive Safety & Environmental Services, Inc. regarding High Point Park, dated May 29, 1997, prepared for Sun Communities Operating Limited Partnership (with addenda) CSES Project No. 97024E; and Report prepared by Environmental Management Group, dated December 29, 1994 regarding High Point Park for Meisel & Cohen Properties, EMG Project No. 94015562B (appended to recent report) with respect to the High Point Property are sufficient to satisfy the foregoing.

3.1.18 Delivery by Borrower of the executed Management Agreement

3.1.19 Delivery by Borrower of the executed Option Agreement

3.1.20 Delivery by Borrower of the deeds to the Property to be held in escrow pursuant to Section 8.1 of this Agreement.

3.1.21 Delivery by Borrower of a consent and estoppel from AMRESCO, in the form attached hereto as Exhibit 3.1.21.

3.1.22 Delivery by Borrower of a certificate of Barry S. Cohen, Joel M. Meisel, Marlene Cohen, Stephen J. Cohen, Pamela Cohen, Marvin Feldman and Charlene Feldman in the form attached hereto as Exhibit 3.1.22.

3.1.23 Delivery by Borrower of copies of all leases, subleases, occupancy and tenancy agreements, and written commitments to lease currently in effect and covering any portion of the Property (the "Tenant Leases"); all collection and credit reports pertaining to the Tenant Leases; and the Property's operating budget for the current year.

3.1.24 Copies of all equipment leases, service, utility, supply, maintenance, concession and employment contracts, agreements, and other continuing contractual obligations affecting the ownership or operation of the Property (collectively, the "Project Contracts").

3.1.25 Copies of all licenses, permits and other approvals necessary to operate the Property.

3.1.26 Copies of all written notices of any zoning, safety, building, fire, environmental, health code or other violation relating to the Property not cured prior to the date hereof.

3.1.27 All other financial data, operating data, contracts, leases, instrument, invoices and other writings related to the Property which Lender may reasonably request, including without limitation, tax bills and correspondence with the tax assessor, rent rolls for the past two years, information concerning capital improvements installed by the Borrower, information concerning historical rent increases imposed by Borrower, a list of recurring services not furnished to the Property through the Project Contracts, information concerning any pending or threatened litigation, certificates of occupancy, and the organizational documents of the Property's homeowners association, if organized, and any agreements between the Borrower and such homeowners association.

3.2 CONDITIONS PRECEDENT TO SUBSEQUENT ADVANCES. The obligation of Lender to make Advances subsequent to the Closing Date is subject to the fulfillment, in form and substance satisfactory to Lender and its counsel, of each of the following conditions on or before the date of each such Advance:

3.2.1 As of the date of making the Advance, no Event of Default shall have occurred and be continuing, nor shall either result from the making of such Advance.

3.2.2 No event or condition shall have occurred and be continuing which shall adversely impact the first priority lien or security interest of Lender in the Collateral.

3.2.3 Borrowers shall have performed and complied with all terms and conditions herein required to be performed or complied with by it prior to or at the time of making the Advance, unless Borrowers' failure to do so is caused by the Lender or any of its affiliates.

3.2.4 Borrowers shall not have incurred any material liabilities, direct or contingent, other than in the ordinary course of business and other than those incurred by the management company under the Management Agreement, since the Closing Date.

3.2.5 This Agreement and each of the other Loan Documents shall be in full force and effect.

3.2.6 No suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction or other by a state or federal court shall have been entered (a) in connection with any Loan Document or any of the transactions contemplated hereby or thereby or (b) which, in any such case, in the reasonable judgment of Lender, would have a material adverse effect on (i) the transactions contemplated by this Agreement, or (ii) the business, operations, properties, condition (financial or otherwise) or prospects of Borrower or Guarantor, unless the Lender or any of its affiliates cause such occurrence.

3.2.7 Each of the representations and warranties made in or pursuant to Article IV of this Agreement or which are contained in any other Loan Document or any certificate, document or financial or other statement furnished by Borrower at any time under or in connection herewith, shall be true and correct in all material respects on and as of the date of the Advance as if made on and as of the date of the Advance (unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

In order to induce Lender to enter into this Agreement and make the Loans, Borrowers represent and warrant to Lender that the following statements are true, correct and complete at the date hereof and at the date of each Advance:

4.1 ORGANIZATION, POWERS, GOOD STANDING.

4.1.1 ORGANIZATION; COMPLIANCE WITH LAW; ACTIVITIES. Each Borrower (a) is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) has the power, authority and legal right to own and operate its property and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign partnership and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, and (d) is in compliance with all Requirements of Law.

4.1.2 POWER; AUTHORIZATION; CONSENTS. Each Borrower has the power and authority to execute, deliver and perform the Loan Documents, including, without limitation, to borrow under this Agreement. Each Borrower has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents and each Borrower has taken all necessary action to borrow under this Agreement. No consent or authorization of, or filing with, any Person (including, without limitation, any Governmental Authority) is required in connection with the execution, delivery and performance by any Borrower or the validity or enforceability against any Borrower of the Loan Documents.

4.1.3 NAME. Each Borrower's name is exactly as set forth on the first page of this Agreement and it has not changed its name, purchased any substantial assets or capital stock of any other entity, or merged with any other entity, nor has it used an assumed name.

4.1.4 SINGLE ASSET ENTITY. Neither Borrower holds or shall hold or acquire, directly or indirectly, any ownership interest (legal or equitable) in any real or personal property other than the Property, or become a shareholder of or member or partner in any entity which acquires or holds any property other than the Property, until such time as all obligations are satisfied.

4.2 AUTHORIZATION OF BORROWING; ETC.

4.2.1 NO CONFLICT. The execution, delivery and performance by each Borrower of this Agreement and the other Loan Documents to which either is a party do not and will not (a) violate any law or court order applicable to any Borrower, (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contractual obligation of Borrower, (c) result in or require the creation or imposition of any Lien of any nature whatsoever upon any of Borrowers' properties or assets, other than in favor of Lender, or (d) require any approval, any court or Governmental Authority or any approval or consent of any Person under any contractual obligation of any Borrower, except that Borrower has informed Lender that the Loans and the transactions contemplated under the Loan Documents may give Heller or AMRESKO the right to call a default under the Heller Loan. Notwithstanding the foregoing, however, Lender shall in no way be deemed to have waived any of its rights or remedies hereunder as a result of the foregoing, including without limitation the rights and remedies set forth in Section 2.1.5(f).

4.2.2 BINDING OBLIGATION. The Loan Documents and all other documents contemplated hereby and thereby, when executed and delivered, will be the legally valid and binding obligations of each Borrower, enforceable against each in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

4.3 LIEN PRIORITY. The Liens granted by each Borrower to Lender in its respective assets are valid, perfected, first priority liens and no financing statements covering the Collateral are on file in any public office.

4.4 TITLE. Borrowers have good and valid legal title to the property and assets reflected in the financial statements previously submitted to Lender, except those subsequently disposed of for value in the ordinary course of business, and there are no Liens, charges or encumbrances on such property or assets except those reflected on such balance sheets.

4.5 LITIGATION; ADVERSE FACTS. Except as set forth in Schedule 4.5, there is no pending action, suit, proceeding, investigation, inquiry or arbitration involving any Borrower, at law or in equity (civil or criminal in nature) or, to the knowledge of Borrowers, threatened which might result in (i) any material adverse change in the business, operations, properties or in the business prospects or condition (financial or otherwise), of any Borrower; (ii) the possible forfeiture of any of Borrowers' property to a Governmental Authority or (iii) any Borrower's inability to perform its Obligations under this Agreement or any Loan Document.

4.6 PAYMENT OF TAXES. All tax returns and reports required to be filed by each Borrower have been timely filed, and all Taxes, assessments, fees and amounts required to be withheld and paid to a Governmental Authority, and other governmental charges upon Borrower and upon its properties, assets, income and franchises which are due and payable have been paid when due and payable. Borrowers do not know of any proposed, asserted or assessed tax deficiency against it that would be material to the condition (financial or

otherwise) of each Borrower. Neither Borrower is a party to, bound by or obligated under any tax sharing or similar agreement.

4.7 MATERIALLY ADVERSE AGREEMENTS; PERFORMANCE.

4.7.1 AGREEMENTS. Neither Borrower is party to or subject to any material agreement, instrument, charter or other internal restriction materially adversely affecting the business, properties or assets of either Borrower or the operations, business prospects or condition (financial or otherwise) of either Borrower, taken as a whole.

4.7.2 PERFORMANCE. Neither Borrower is in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its contractual obligations and no condition exists which, with the giving of notice or the lapse of time or both, would constitute such a material default.

4.7.3 LICENSES, ETC. Each Borrower owns or possesses all patents, trademarks, service marks, trade names, copyrights, licenses and rights necessary for the present and planned future conduct of its business, without any known conflict with the rights of others.

4.8 DISCLOSURE. As of the date hereof and as of the Closing Date, no representation or warranty of any Borrower contained in this Agreement or in any other document, certificate or written statement furnished to Lender by or on behalf of any Borrower with respect to the business, operations, property or assets acquired by any Borrower or the business prospects or condition (financial or otherwise) of any Borrower for use in connection with the transactions contemplated by this Agreement, knowingly contains any untrue statement of a material fact or omits to state a material fact (known to any Borrower in the case of any document not furnished by it) necessary in order to make the statements contained herein or therein not misleading. There is no fact known to any Borrower (other than matters of a general economic or competitive nature) which materially adversely affects the business, operations, property or assets acquired by any Borrower or the business prospects, or condition (financial or otherwise) of any Borrower, which has not been disclosed herein or in such other documents, certificates and statements furnished to Lender for use in connection with the transactions contemplated hereby.

4.9 ERISA COMPLIANCE. Each Borrower is in compliance in all material respects with any applicable provisions of ERISA and the regulations and published interpretations thereunder. Neither a Reportable Event, as defined in Section 4043 of ERISA, nor a Prohibited Transaction, as defined in Section 406 or Section 2003(a) of ERISA, has accrued or is continuing in relation to any pension plan and Borrower has not incurred any liability to the PBGC.

4.10 ENVIRONMENTAL MATTERS.

4.10.1 NO ENVIRONMENTAL CLAIMS. Except as set forth in the Environmental Phase I Reports delivered pursuant to Section 3.1.17 of this Agreement, there are no claims, demands, liabilities, investigations, litigation, administrative proceedings, whether pending or threatened, or judgments or orders relating to any Hazardous Materials, (collectively called "Environmental Claims") asserted or threatened against any Borrower or relating to any real property currently or formerly owned, leased or operated by any Borrower. Neither Borrower nor any other Person has caused, discharged, permitted or arranged for any Hazardous Material to be used, generated, reclaimed, transported, released, treated, stored, recycled, refined or disposed of in a

manner which could form the basis for an Environmental Claim against any Borrower. Borrower has not assumed any liability of any Person for cleanup, remediation, removal, compliance or funding in connection with any Environmental Claim.

4.10.2 STORAGE OF HAZARDOUS MATERIALS. Except as set forth in the Environmental Phase I Reports delivered pursuant to Section 3.1.17 of this Agreement, to Borrowers' knowledge, no Hazardous Materials are or were stored or otherwise located, and no underground storage tanks or surface impoundments are or were located, on real property currently or formerly owned, leased or operated by any Borrower or to the best knowledge of any Borrower after due inquiry, on adjacent parcels of real property, and no part of such real property or, to the best knowledge of any Borrower after due inquiry, no part of such adjacent parcels of real property, including the groundwater located thereon, is presently contaminated by Hazardous Materials.

4.10.3 COMPLIANCE WITH ENVIRONMENTAL LAWS. Except as set forth in the Environmental Phase I Reports delivered pursuant to Section 3.1.17 of this Agreement, to Borrowers' knowledge, each Borrower has been and is currently in compliance with all applicable Environmental Laws, including obtaining and maintaining in effect all permits, licenses or other authorizations required by applicable Environmental Laws.

4.11 NO DEFAULT. No Event of Default has occurred.

4.12 PROPERTY.

4.12.1 TENANT MATTERS. True, correct and complete copies of the Tenant Leases, including all amendments and documents relating thereto, have been delivered to Lender pursuant to Section 3.1.23 hereof; the Rent Roll attached hereto as Schedule 4.12.1, as updated to the Closing Date, is an accurate and complete rent roll describing each of the Tenant Leases, including the name of the tenant, the home site occupied by the tenant, the lease term, monthly rent, delinquencies in rent, deposits paid and any prepaid rent or credits due any tenant; except as set forth in the Rent Roll, each Tenant Lease is in full force and effect and not in default and no events have occurred which, with notice or the passage of time, or both, would constitute such a default; the lessor has performed all of its obligations under each Tenant Lease; and the Tenant Leases have not been modified nor have any concessions been made with respect thereto unless expressly described in the Rent Roll.

4.12.2 COMPLIANCE WITH LAWS. To Borrowers' knowledge, the Property and its operation as a manufactured home community complies in all respects with all applicable laws, ordinances, codes, rules, and regulations, including those pertaining to zoning, access to disabled persons, building, health, safety and environmental matters. Except as otherwise disclosed in Schedule 4.12.2 attached hereto, Borrower has not received any notices of, and Borrower, after due inquiry, has no knowledge of any existing facts or conditions which may result in the issuance of, any violations of any building, zoning, safety, fire, environmental, health or other codes, laws, ordinances or regulations with respect to the Property, the appurtenances thereto or the maintenance, repair or operation thereof, which will not be cured by the Closing Date, at Borrower's expense.

4.12.3 CERTAIN PROCEEDINGS. Except as otherwise disclosed in Schedule 4.12.3 attached hereto, Borrower has not received notice of and, after due inquiry, has no knowledge of any existing, pending or threatened litigation or condemnation proceedings or other court, administrative or extra judicial proceedings with respect to or affecting the Property or any part thereof.

4.12.4 ASSESSMENTS, OTHER CHARGES. Except as otherwise disclosed in Schedule 4.12.4 attached hereto, Seller has no knowledge of any assessments, charges, paybacks, or obligations requiring payment of any nature or description against the Property which remain unpaid, including, but not limited to, those for sewer, water or other utility lines or mains, sidewalks, streets or curbs. Borrower, after due inquiry, has no knowledge of any public improvements having been ordered, threatened, announced or contemplated with respect to the Property which have not heretofore been completed, assessed and paid for.

4.12.5 PROJECT CONTRACTS. True and complete copies of all Project Contracts for the Property, if applicable, and all amendments thereto have been delivered to Purchaser pursuant to Section 3.1.24 above; all Project Contracts are in full force and effect and not in default; all Project Contracts are listed in Schedule 4.12.5 attached hereto; and except as described in Schedule 4.12.5, there are not Project Contracts in force with respect to the Property which are not subject to cancellation upon not more than thirty (30) days notice without premium or penalty.

4.12.6 INSURANCE. Since the date on which the Borrower commenced doing business at the Property, it has been insured with respect to risks normally insured against, and in amounts adequate to safeguard the Property.

4.12.7 LABOR, MATERIALS, IMPROVEMENTS. Borrower has not contracted for the furnishing of labor or materials to the Property which will not be paid for in full prior to the Closing Date, and if any claim is made by any party for the payment of any amount due for the furnishing of labor and/or materials to the Property or Borrower prior to the Closing Date and a lien is filed against the Property as a result of furnishing such materials and/or labor, Borrower will immediately pay the said claim and discharge the lien.

4.12.8 UTILITIES. All utility services, including water, sanitary sewer, gas, electric, telephone and cable television facilities, are available to the Property and each home site in sufficient quantities to adequately service the Property at full occupancy; and to the Borrower's knowledge, after due inquiry, there are no existing, pending or threatened plans, proposals or conditions which could cause the curtailment of any such utility service.

4.12.9 CONSTRUCTION, MAINTENANCE, SYSTEMS. To Borrowers' knowledge, the Property was constructed in conformity with all governmental rules, regulations, laws and ordinances applicable at the time the Property was constructed, and all development orders and other requirements imposed by governmental authorities. Except as disclosed in Schedule 4.12.9 attached hereto, to the Borrower's knowledge, obtained after due inquiry: (i) there are no existing maintenance problems with respect to mechanical, electrical, plumbing, utility and other systems necessary for the operation of the Property, including, without limitation, all underground utility lines, water wells and roads; (ii) all such systems are in good working condition and are suitable for the operation of the Property; (iii) there are no structural or physical defects in and to the Property and there are no conditions currently existing on, in, under or around property adjacent to or surrounding the Property, which materially adversely affects, or could materially adversely affect, the Property or the operation thereof.

4.12.10 SITE, OCCUPANCY INFORMATION - HIGH POINT PROPERTY. The High Point Property consists of 395 manufactured home sites, 63.3109+ acres of Land, and the improvements, amenities and recreational facilities listed in Schedule 4.12.10 attached hereto and made a part hereof. As of the date hereof, 24 manufactured home sites within

the High Point Property are vacant, and for the calendar years 1995 and 1996, the average occupancy rates at the High Point Property were 95+% and 95+%, respectively. All unoccupied manufactured home sites which exist at the date of Closing, if any, will be in leasable condition without it being necessary to make any further improvements to permit a tenant to take possession of, and install a manufactured home on, such home site in accordance with the Borrower's standard form lease and the rules and regulations applicable to the High Point Property.

4.12.11 SITE, OCCUPANCY INFORMATION - SEA BREEZE PROPERTY. The Sea Breeze Property consists of 371 manufactured home sites and 157 travel trailer lots; 52.32+ acres of Land, and the improvements, amenities and recreational facilities listed in Schedule 4.12.11 attached hereto and made a part hereof. As of the date hereof, 3 manufactured home sites and 19 travel trailer lots within the Sea Breeze Property are vacant, and for the calendar years 1995 and 1996, the average occupancy rates at the Sea Breeze Property were 95+% and 95+%, respectively. All unoccupied manufactured home sites which exist at the date of Closing, if any, will be in leasable condition without it being necessary to make any further improvements to permit a tenant to take possession of, and install a manufactured home on, such home site in accordance with the Borrower's standard form lease and the rules and regulations applicable to the Sea Breeze Property.

4.12.12 LICENSES, PERMITS, AUTHORIZATIONS. To the Borrower's knowledge, obtained after due inquiry, Schedule 4.12.12 attached hereto contains a complete and accurate list of, and copies of, all licenses, certificates, permits and authorizations from any governmental authority of any kind which is required to develop, operate, use and maintain the Property as a manufactured home park; and all such licenses, certificates, permits and authorizations have been issued and are in full force and effect.

4.12.13 PERSONAL PROPERTY. Schedule 4.12.13 attached hereto contains a true and complete list of all Personal Property used in the operation of the Property; such Personal Property is in good working condition and adequate for the operation of the Property at full occupancy; and the Borrower will not sell, transfer, remove or dispose of any item of Personal Property from the Property on or prior to the Closing Date, unless such item is replaced with a similar item of no lesser quality or value.

ARTICLE V

AFFIRMATIVE COVENANTS

Borrowers covenants and agree that, until all Obligations are satisfied, Borrowers shall perform each and all of the following:

5.1 USE OF PROCEEDS. Borrowers will use the proceeds of the Loans only for the purposes set forth in Article II and will furnish Lender such evidence at it requires with respect to such use.

5.2 ACCOUNTING RECORDS. Borrowers shall maintain adequate books and records in accordance with sound business practices and the Income Tax Method of Accounting, applied on a consistent basis, and permit any representative of Lender, at any time during usual business hours that does not unreasonably interfere with the conduct of such business, to inspect, audit, and examine such books and records and inspect any of their properties and shall furnish Lender with all reasonable information regarding their business or finances promptly upon Lender's request.

5.2.1 Promptly upon becoming aware of any Person's seeking to obtain or threatening to seek to obtain a decree or order for relief with respect to any Borrower in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, a written notice thereof specifying what action Borrower is taking or proposes to take with respect thereto.

5.2.2 Promptly, copies of all amendments and restatements to the certificate of limited partnership of any Borrower.

5.2.3 Promptly, and in any event within five (5) days after the receipt thereof, a copy of any notice, summons, citation, directive, letter or other form of communication from any Governmental Authority, in any way concerning any action or omission on the part of any Borrower in connection with any Environmental Law, or concerning the filing of a lien upon, against or in connection with any Borrower, or any of its real or personal property, in connection with any Environmental Law.

5.2.4 Promptly, of any material loss or depreciation in the value of the Collateral.

5.2.5 Promptly, such other information and data with respect to Borrower as from time to time may be reasonably requested by Lender.

5.3 PARTNERSHIP EXISTENCE. Each Borrower shall at all times preserve and keep in full force and effect its partnership existence and any rights material to its business.

5.4 INSURANCE. Each Borrower shall maintain adequate fire and extended risk coverage, business interruption, workers compensation, public liability and flood insurance, if necessary, and such other insurance coverages as are usually carried by companies which are engaged in the same or similar business to the business of any Borrower or as may be required by Lender, as more particularly set forth in the Mortgage. All insurance policies shall be in such amounts, upon such terms, and be in form acceptable to Lender, and shall be carried with insurers acceptable to Lender. Each Borrower shall provide evidence satisfactory to Lender of all insurance coverages and that the policies are in full force and effect, and all insurance coverages upon the Collateral, shall name Lender as a loss payee under a standard non-contributory "mortgagee", "lender" or "secured party" clause, shall (a) contain a clause which provides that Lender's interest under the policy will not be invalidated by any act or omission of, or any breach of warranty by, the insured, or by any change in the title, ownership or possession of the insured property, or by the use of the property for purposes more hazardous than is permitted in the policy, and (b) provide that no cancellation, reduction in amount or change in coverage thereto shall be effective until at least thirty (30) days after receipt by Lender of written notice thereof and shall be endorsed to require thirty (30) days advance written notice to Lender of any cancellation of coverage.

5.5 COMPLIANCE WITH LAWS, ETC. Each Borrower shall exercise all due diligence in order to comply with all Requirements of Laws, including, without limitation, as applicable, laws with respect to worker's compensation, ERISA and Environmental Laws.

5.6 FURTHER ASSURANCES. At any time or from time to time, upon the request of Lender, Borrowers shall execute and deliver such further documents and do such other acts and things as Lender may reasonably request in order to effect fully the purpose of this Agreement, the other Loan Documents and other agreements contemplated hereby

and to provide for payment of and security for the Loan made hereunder in accordance with the terms of this Agreement.

ARTICLE VI

NEGATIVE COVENANTS

Each Borrower covenants and agrees that, until the Obligations are satisfied, each Borrower shall perform each and all of the following:

6.1 INDEBTEDNESS. Borrowers will not create, incur, assume, permit or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness except for (i) the Obligations; (ii) the Heller Loan; (iii) liabilities incurred in the ordinary course of business; and (iv) liabilities incurred under the Management Agreement.

6.2 LIENS. Except for any liens created under the Loan Documents, Borrowers will not, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any of its property or asset of any kind, except the Heller Lien and liens caused by the Management Company.

6.3 RESTRICTION ON FUNDAMENTAL CHANGES. Borrowers will not fundamentally change the nature of its business, enter into any merger, consolidation, reorganization or recapitalization, or reclassify its capital stock or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, assign, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, property or assets, whether now owned or hereafter acquired, or acquire by purchase or otherwise all or substantially all the business, property or assets, of any Person.

6.4 SALE OF ASSETS. Except as provided in the Option Agreement, Borrower will not sell, assign, transfer, convey or otherwise dispose of its assets, whether now owned or hereafter acquired, including the Collateral during the term of the Loan Agreement.

6.5 CONDUCT OF BUSINESS. Borrowers shall not engage in any business other than the business in which any Borrower is engaged as of the date hereof or any businesses or activities substantially similar or related thereto or take any material action except in the ordinary and usual course of business of any Borrower.

6.6 CERTAIN CONTRACTS. Borrower shall not enter into or be a party to:

6.6.1 Any contract for the purchase of materials, supplies or other property or services if such contract (or any related document) requires that payments for such materials, supplies or other property or services shall be made regardless of whether or not delivery of such materials, supplies or other property or services is ever made or tendered.

6.6.2 Any contract of rent or lease (as lessee) for any real or personal property if such contract (or related document) provides that the obligation to make payments thereunder is absolute and unconditional under conditions not customarily found in commercial leases then in general use, or requires that the lessee purchase or otherwise acquire securities or obligations of the lessor.

6.6.3 Any material guaranty or any other contract which, in economic effect, is substantially equivalent to a guaranty.

6.7 LEASES. Borrowers shall not enter into any lease pertaining to either the Sea Breeze Property or the High Point Property without the prior written consent of Lender and Borrowers acknowledge and agree that the Management Company shall have the responsibility and authority for all leasing activity for the Property as set forth in the Management Agreement.

6.8 MISREPRESENTATIONS. Borrowers shall not furnish Lender any certificate or other document that will contain any untrue statement of material fact or that will omit to state a material fact necessary to make it not misleading in light of the circumstances under which it was furnished.

6.9 ENVIRONMENTAL LIABILITIES.

Borrowers will not: (a) violate any applicable Environmental Law; or (b) discharge, dispose or release of any Hazardous Materials into or onto or (except in accordance with applicable law) from, any real property owned, leased or operated by Borrowers; or (c) permit any Lien imposed pursuant to any Environmental Law to be imposed or to remain on any real property owned, leased or operated by Borrowers.

ARTICLE VII

EVENTS OF DEFAULT

7.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events, acts or occurrences shall constitute an event of default (an "Event of Default") hereunder:

7.1.1 DEFAULT IN MINIMUM INTEREST PAYMENTS. If interest actually paid fails to equal 4% as more further set forth in Section 2.1.7 and such failure shall continue unremedied for a period of ten (10) days after receipt of written notice of such failure from Lender.

7.1.2 BREACH IN NEGATIVE PLEDGE. A breach of the terms of the Negative Pledge Agreement, in which event Borrower shall have no opportunity to cure such Event of Default and Lender shall have the right to immediately proceed to exercise its rights and remedies under this Agreement and the other Loan Documents.

7.1.3 VOLUNTARY BANKRUPTCY; OTHER ACTIONS. If any Borrower shall: (i) institute a voluntary case seeking liquidation or reorganization under Chapter 7 or Chapter 11 of the Federal Bankruptcy Code; (ii) file a petition, answer or complaint or shall otherwise institute any similar proceeding under any other applicable law, or shall consent thereto; (iii) consent to the conversion of a voluntary case to an involuntary case; (iv) consent or acquiesce to the appointment of a trustee, receiver, liquidator, custodian or other with similar powers to take possession of all or a substantial portion of the Property and/or to operate all or a substantial portion of the business of any Borrower; (v) make a general assignment for the benefit of creditors; (vi) take any other action which prohibits or delays Lender from exercising any option under the Option Agreement; or (vii) takes some other affirmative action which prohibits Lender from obtaining a first perfected security interest in the Sea Breeze Property upon payoff of the Heller Loan. Upon the occurrence of any of the foregoing, Borrowers shall have no opportunity to cure such Event of Default and Lender shall have the right to immediately proceed to exercise its rights and remedies under this Agreement and the other Loan Documents.

7.1.4 FAILURE TO MAKE PAYMENTS WHEN DUE. Borrowers or Guarantor shall fail to pay any principal or interest amounts owing under the Loan Documents when such amount is due, (whether, as a result of a mandatory prepayment requirement, by acceleration, by notice of prepayment or otherwise) or Borrowers shall fail to pay any other amounts (including, without limitation, fees, costs and expenses) payable under this Agreement when such amounts are due, and such failure shall continue unremedied for a period of ten (10) days after receipt of written notice of such failure.

7.1.5 BREACH OF WARRANTY. Any representation, warranty or certification made or furnished by Borrowers under this Agreement or in any statement, document, letter or other writing or instrument furnished or delivered to Lender pursuant to or in connection with this Agreement or as an inducement to Lender to enter into this Agreement, shall, at any time, prove to have been materially false, incorrect or incomplete when made, effective or reaffirmed, as the case may be.

7.1.6 OTHER DEFAULTS UNDER AGREEMENT AND/OR LOAN DOCUMENTS. Borrowers or Guarantor shall be in default in the performance of or compliance with any term contained in this Agreement or the other Loan Documents and such default shall continue unremedied for a period of thirty (30) days after receipt of written notice of such default from Lender, or such longer period to be determined by Lender if Lender in its sole and reasonable discretion believes Borrower is diligently pursuing a cure.

7.1.7 NO CURE. Notwithstanding anything herein to the contrary, Borrowers shall have no right or opportunity to cure any Event of Default existing on or after the Maturity Date, including, without limitation, the failure to pay off the Loans on the Maturity Date.

7.2 REMEDIES.

7.2.1 NO ACTION BY LENDER. Only in the case of an Event of Default set forth in Section 7.1.1 above, Lender shall not be entitled to pursue its remedies set forth in this Agreement unless and until the Lender has given the Borrower three days after expiration of the initial cure period to cure any such monetary Event of Default by paying an amount necessary to cause the actual interest paid to equal 4% as more fully set forth in Section 2.1.7; provided, however, that in no event shall the Borrower be required to pay an amount to cure a monetary default under this Section 7.2.1 in excess of \$25,000 (the "Maximum Shortfall"). If the actual shortfall exceeds \$25,000, Borrower shall be deemed to have cured the Event of Default upon delivering to the Lender the amount of the Maximum Shortfall and any excess shortfall shall be added to the principal balance of the Loans. In the event Borrower cures any Event of Default set forth in Section 7.1.1 in the manner described above, Borrower shall have the right to terminate the Management Agreement and assume management control of the Property, in which case the Loans will be deemed to have been paid current and shall thereafter be payable in accordance with the terms of the Loan Documents. Notwithstanding anything herein to the contrary, Borrower shall have no right to cure any Event of Default existing on or after the Maturity Date.

7.2.2 DEFAULT RATE. Upon the occurrence of an Event of Default and during the continuance thereof, the outstanding principal balance of the Loan and any other fees, cost or expenses advanced or paid by Lender, shall bear interest during the continuance thereof, at the option of Lender, and without affecting any of Lender's rights and remedies provided for herein and in the Notes, at the Default Rate.

7.2.3 ACCELERATION; TERMINATION. Except as otherwise set forth in Section 7.2.1, upon the occurrence of any Event of Default other than an Event of Default

set forth in Section 7.1.1, the unpaid principal amount of and any accrued interest on any Loans shall at the option of Lender automatically become immediately due and payable, without presentment, demand, protest, notice or other requirements of any kind, all of which are hereby expressly waived by Borrowers, and all commitments of Lender hereunder shall terminate without further action of any kind. Upon acceleration, Lender, without notice to or demand upon Borrowers, which are expressly waived by Borrowers, may proceed to protect, exercise and enforce its rights and remedies under this Agreement and under the other Loan Documents and any other rights and remedies as are provided by law or equity. Lender may determine, in its sole discretion, the order and manner in which Lender's rights and remedies are to be exercised, and all payments received by Lender, shall be applied as follows: first, to all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, costs of maintaining, preserving and/or disposing of any of the real, personal, or mixed collateral and costs of settlement) incurred by Lender in collecting any Obligations by reason of such Event of Default; second, to accrued interest; third, to other Obligations in such order as Lender may determine in its sole discretion; and fourth, to Borrowers upon payment in full of all Obligations.

7.3 NON-RECOURSE. Except as set forth in Sections 2.1.1 and 2.1.2 and notwithstanding any provision herein or in the Loan Documents to the contrary, the Obligations hereunder and under any of the Loan Documents shall be non-recourse to the Borrower and their partners, and the partners of the Borrowers shall have no personal liability for the payment of any amounts payable or any Obligations under this Agreement or under the Loan Documents, except as specifically provided in the Guaranty of even date herewith executed jointly and severally by all of the partners of Borrowers. Notwithstanding the foregoing, Lender shall not in any way be prohibited from naming Borrowers' partners or any successors or assigns, or any person holding under or through them as parties to any actions, suits or proceedings to enforce such rights under the Guaranty.

7.4 LIMITATION ON LENDER'S EXERCISE OF REMEDIES UPON EVENT OF DEFAULT. Notwithstanding any provision herein or in the Loan Documents to the contrary, there shall be no Event of Default and the Lender shall not be permitted to exercise its remedies hereunder in the event and to the extent that such Event of Default is caused as a result of the property manager's failure to perform its obligations under the Management Agreement or as result of any action taken or omitted by the management company which causes such an Event of Default.

ARTICLE VIII

OTHER AGREEMENTS BETWEEN BORROWERS AND LENDER

8.1 DEEDS IN ESCROW. Borrowers have agreed to deliver to Ticor Title Insurance Company on the Closing Date, warranty deeds to the Property, in form and substance satisfactory to Lender, which shall be held in escrow and released to Lender only upon an Event of Default which exists on or after the Maturity Date.

8.2 TRANSFER TAXES. Any and all real estate transfer taxes (or any such other tax resulting from a sale or transfer of the Property) (collectively, the "Transfer Tax") shall be payable as follows:

- (a) Borrower and Guarantor, jointly and severally, collectively shall be liable for 100% of any Transfer Tax resulting from:

- (i) A foreclosure of the Property by Lender due to a breach of the Negative Pledge by Borrower, or as a result of the occurrence of an Event of Default set forth in Section 7.1.3 of this Agreement;
 - (ii) The exercise by Lender of its option under the Option Agreement on or after the Maturity Date;
 - (iii) Any transfer taxes resulting from any event or occurrence not otherwise described in Sections 8.2(a)(i) or (ii) above or Sections 8.2(b) or (c) below.
- (b) Borrower and Guarantor, jointly and severally, collectively shall be liable for 50% and Lender shall be liable for 50% of any Transfer Tax resulting from:
- (i) The exercise by Lender of any option under the Option Agreement before the Maturity Date.
- (c) Lender shall be liable for 100% of any Transfer Tax resulting from:
- (i) A foreclosure of the Property by Lender at any time prior to the Maturity Date due to any Event of Default, other than the occurrence of an Event of Default set forth in Sections 7.1.2 or 7.1.3 of this Agreement.

8.3 INDEMNIFICATION. Borrowers agree that they shall save, indemnify, defend and hold Lender and its successors and assigns harmless from and against all expense, loss or damage suffered by Lender arising by reason of any act or omission by Borrowers or their partners in connection with this Agreement or the consummation of the transactions contemplated hereby, except that Lender shall have no such right of indemnification if such loss or damage is caused by Lender's gross negligence or willful misconduct.

8.4 ENVIRONMENTAL HOLDBACK AND REMEDIATION. As set forth in Section 2.1.4 of this Agreement, the sum of \$250,000 (the "Environmental Holdback") shall be advanced at closing but not initially disbursed. The Environmental Holdback shall be disbursed and/or retained in accordance with the terms of this Section 8.4.

8.4.1 DEFINITIONS. The following definitions shall apply only to this Section 8.4.

- (a) "Contaminants" means any and all materials, chemicals, wastes or substances which are or may be regulated by Environmental Laws including, but not limited to pollutants; toxic or hazardous chemicals, substances, materials, wastes and constituents; petroleum products; polychlorinated biphenyl's; medical wastes; infectious wastes; asbestos; paint containing lead; and urea formaldehyde.
- (b) "Environmental Laws" means any past, present or future federal, State, local and foreign statutory and common law, as amended from time to time, and any rule, regulation, code,

guideline, plan, order, decree, judgment, license, permit, grant, franchise, concession, restriction, agreement or injunction issued, entered, promulgated or approved thereunder, relating to the environment, human health or safety, including, without limitation, laws relating to emissions, discharges, releases or threatened releases of Contaminants into the environment (including, without limitation, air, surface water, groundwater or land), or relating to the manufacture, generation, refining, processing, distribution, use, sale, treatment, receipt, storage, disposal, transport, arranging for transport or handling of Contaminants and, including, without limitation:

- (1) Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C.A. Section 9601 et seq. ("CERCLA");
- (2) the Solid Waste Disposal Act, 42 U.S.C.A. Section 6901 et seq.;
- (3) the Toxic Substances Control Act, 15 U.S.C.A. Section 2601 et seq.;
- (4) the Safe Drinking Water Act, 42 U.S.C.A., Section 300(f) et seq.;
- (5) the Refuse Act, 33 U.S.C.A. Section 407 et seq.;
- (6) the Clean Water Act, 33 U.S.C.A. Section 1251 et seq.;
- (7) the Clean Air Act, 42 U.S.C.A. Section 7401 et seq.
- (8) the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C.A. Section 11001 et seq.;
- (9) the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C.A. Section 136 et seq.,
- (10) the Hazardous Materials Transportation Act, 49 U.S.C.A. Section 5101 et seq.; and
- (11) the Occupational Safety and Health Act, 29 U.S.C.A. Section 651 et seq.
- (c) "Investigation" is defined in paragraph 1(h) below.
- (d) "Migrating Contaminants" means Contaminants which migrate, leak, leach, flow, emit or otherwise move from the Property after the date of this Agreement.
- (e) "Permits" means permits, consents, licenses, approvals and registrations, and any renewals and modifications of any of the foregoing.
- (f) "Remediation" is defined in paragraph 1(h) below.
- (g) "Property Contaminants" means Contaminants on, in, under or

above a Property from time to time.

- (h) "Work" means any investigation, study, remediation, construction, repair or replacement of any portion of a Property as a result of, to avoid, remedy, or arising under any violation or non-compliance with any of the Environmental Laws or any Investigation or Remediation required by an Agency or determined necessary by Lender in its sole and reasonable discretion. The Work may include investigations to determine the presence of all Property Contaminants and Migrating Contaminants and, to the extent required by the Agency in the initial Plan ("Investigation"), and the conduct of cleanup, response, removal, remediation, containment, restoration, treatment, disposal and monitoring, including post-remedial monitoring and additional work required as a result of such monitoring (collectively, "Remediation") with respect to Property Contaminants and Migrating Contaminants.

IN ADDITION, WITH RESPECT TO THE SEA BREEZE PROPERTY ONLY, WORK SPECIFICALLY INCLUDES:

- (1) Place all flammable liquids located in the maintenance building in a NFPA approved locker or cabinet; and
- (2) Prepare an operations and maintenance program sufficient to comply with applicable OSHA regulation relating to the asbestos containing roofs of the office trailer and tenant association trailer, or, alternatively, replace those roofs with new, non-asbestos containing materials.

WITH RESPECT TO THE HIGH POINT PROPERTY ONLY, WORK SPECIFICALLY INCLUDES:

- (1) Dispose of the used truck and automobile batteries and old tires behind the vehicle storage building in accordance with all laws;
- (2) Within eighteen (18) months following the Effective Date, remove all accessible underground storage tanks ("USTs") and replace them with aboveground storage tanks that satisfy all Delaware requirements, including any and all monitoring required;
- (3) Within eighteen (18) months following the Effective Date, close in place all inaccessible USTs and replace them with aboveground storage tanks that satisfy all Delaware requirements, including any and all monitoring required;
- (4) During the course of removal or closure of the USTs, if any contamination is discovered, remediate same to the maximum extent achievable;
- (5) Purchase and install removable plugs in floor drains in the maintenance shops and water treatment building;

- (6) Place all flammable liquids located in the maintenance building in an NFPA approved locker or cabinet;
- (7) Prepare an operations and maintenance program sufficient to comply with applicable OSHA regulation relating to the asbestos containing bathroom flooring in the office, or, alternatively, replace that flooring with new, non-asbestos containing materials;
- (8) Prepare an operations and maintenance program sufficient to comply with applicable OSHA regulations relating to the asbestos containing bathroom flooring in the office, or, alternatively, replace that flooring with new, non-asbestos containing materials; and
- (9) Install improvements to the park's drinking water systems as directed by the Delaware Health & Social Services Public Health Division in letters dated September, 1996:
 - (i) As to Well #1 (South Park): (A) install a well vent, a blow-off valve, and a well water sample trap; (B) reconstruct the finished water sample tap; (C) have available at the property at all times an approved chlorine test kit; (D) equip all chemical feed pumps with a zero flow automatic shutoff device;
 - (ii) As to Well #4 (West Park): (A) install a well vent, a pre-storage isolation valve, a blow-off valve before the pre-storage isolation valve, and a hard water sample tap; and (B) reconstruct the finished water sample tap; and
 - (iii) As to Well #3 (Spring Valley): (A) install a proper blow-off valve before the pre-storage isolation valve; (B) install a well water sample tap; and (C) reconstruct the finished water sample.

8.4.2 HOLDBACK PERIOD. The initial holdback period (the "Initial Holdback Period") shall begin on the date of this Agreement and shall end on the earlier of ninety (90) days thereafter; or (ii) upon completion of all work specified in Section 8.4.1 in accordance with this Section 8.4, except with respect to that portion of the work identified in items (2) and (3) under the High Point Property, such work to be completed within eighteen (18) months following the Effective Date (the "High Point Tank Removal Holdback Period").

8.4.3 BORROWER'S OBLIGATIONS.

- (a) Development of Work Plan.

Each Borrower shall, with respect to its Property and at its expense, select and retain an independent contractor approved by Lender and qualified by training and experience, to develop a plan ("Plan") to implement the Work with respect to such Property, such Plan to be proposed and, if required by Environmental Laws, approved by the Delaware Natural Resources and Environmental Control Department or any other governmental agency that is exercising lead or primary jurisdiction over such Property (the "Agency").

- (b) Implementation of Work.

- (i) Within the Initial Holdback Period or the High Point Tank Removal Holdback Period, as applicable, each Borrower shall, at its sole cost and expense, select and retain an independent contractor, qualified by training and experience, to conduct the Work with respect to its Property.
- (ii) Within the Initial Holdback Period, or the High Point Tank Removal Holdback Period, as applicable, each Borrower shall, at its sole cost and expense, develop the Plan, perform the Work with diligence and continuity, and complete the Work.
- (iii) The Work shall be completed when (A) all Work has been done in accordance with all applicable Environmental Laws, (B) no further investigation, cleanup, response, removal, remediation, containment, restoration, treatment, disposal or monitoring, including post-remedial monitoring and any additional Work required as a result of such monitoring, is then required to be done under any applicable Environmental Law, and (C) any portion of a Property affected by Migrating Contaminants shall not be restricted as a result of the presence of any Property Contaminants or Migrating Contaminants. Upon such completion, each Borrower shall notify Lender thereof and Lender shall engage a qualified, recognized independent environmental consultant, at its expense, to conduct such investigations, studies, sampling and testing as may be appropriate to confirm such completion in a written report, and each Borrower hereby grants Lender, its consultants and its other designees an irrevocable license to enter upon the Properties for such purpose and each Borrower shall otherwise assist Lender, as reasonably requested, to achieve such purpose. Each Borrower shall at its sole cost and expense, provide Lender, its consultants and its other designees with all documents, data and other information reasonably relating to the development and approval of the Plan, the completion of the Work, and the presence of Property Contaminants, Migrating Contaminants.
- (iv) If Lender has not received from its consultant a written report, containing conclusions reasonably satisfactory to Lender, to the effect set forth in clauses (A), (B) and (C) of paragraph (iii) above, then Lender shall give written notice to both Borrowers of that fact and a copy of the written report of its consultant and the results of all studies, samplings, tests, and investigations performed in connection therewith.
- (v) If the Work is not performed in accordance with this Agreement, including a Borrower's failure to provide Lender with a satisfactory report as described in paragraph (iv) above hereof, Lender, without excluding

any other right or remedy, shall have the right, but not the obligation, to perform and complete all or part of the Work in accordance with law and pursuant to a work plan approved by the Agency, at both Borrowers' expense, including, without limitation, all reasonable out-of-pocket legal, accounting, consulting, engineering, contractor and laboratory costs and expenses incurred by Lender; provided that Lender shall not exercise such right unless it first gives Borrowers notice of failure to perform the Work and a Borrower fails, within 30 days (or such shorter period of time as shall then be permitted for initiation or resumption of the Work under applicable Environmental Laws or by governmental authorities having jurisdiction) after the giving of such notice, to initiate or resume performance of the Work and thereafter pursue the Work to completion with diligence and continuity. If Lender performs the Work, Lender shall obtain the approval of the Agency, if appropriate, for any modifications to the Plan. Each Borrower shall, at Lender's request, provide Lender and its contractors, consultants and other designees with all necessary and reasonable cooperation and assistance, including an irrevocable license to enter upon the Properties, for the purpose of completing the Work. If Lender performs the Work, each Borrower shall sign, or shall cause to be signed, all manifests and other required documents as the generator of any hazardous waste generated as part of the Work.

- (vi) The Environmental Holdback shall be used to pay the costs of the Work (the "Actual Costs") as incurred in accordance with Section 8.4.3 (b)(ii). At the end of the High Point Tank Removal Holdback Period, if the total costs of the completed Work are less than or equal to \$125,000, the difference between \$125,000 and the Actual Costs shall be used to paydown the Loans and the remaining amount of the Environmental Holdback shall be disbursed to the Borrower. If the Actual Costs are greater than \$125,000 but less than the Environmental Holdback, the difference between the Environmental Holdback and the Actual Costs shall be disbursed to the Borrower. Any such paydown and/or disbursements shall be made within 10 days following the expiration of the High Point Tank Removal Holdback Period.

8.4.4 INDEMNIFICATION.

- (a) Borrowers, jointly and severally, shall indemnify and hold harmless and defend Lender and any assignee of Lender and their respective Affiliates, their respective general and limited partners, members, managers, officers, directors, shareholders, employees and agents (collectively, the "Indemnitees") from and against (collectively the "Costs") all liabilities, costs, claims, damages, demands, litigation, suits, proceedings,

actions, losses, obligations, penalties, fines, judgments, sums paid in settlement of any of the above, and disbursements arising from or out of, or in any way related to,

- (i) any activity pursuant to Section 8.4.3(b) by a Borrower or its contractors, consultants or designees;
- (ii) any failure by a Borrower to perform or observe any covenant or condition to be performed or observed by Borrowers under this section irrespective of which Property with respect to which such failure occurs;
- (iii) the lack of any Permit required at or in connection with a Property under any applicable Environmental Laws;
- (iv) noncompliance with any such Permit or any applicable Environmental Laws at or in connection with a Property;
- (v) the emission, discharge, release or threatened release from a Property into the environment of any Contaminants on, in, under or above a Property;
- (vi) the presence or suspected presence of any Contaminants on, in, under or above a Property or any location containing Contaminants removed in connection with the performance of the Work;
- (vii) the migration, leaking, leaching, flowing, emitting or other movement of Contaminants from a Property to any other location after the date of this Agreement;
- (viii) the characterization of a Property or any portion thereof as a "facility," as defined in and for purpose of CERCLA, or as any Contaminant facility, site, storage area, landfill or refuse location under and for purpose of any applicable Environmental Laws, as a result of the presence of Property Contaminants, Migrating Contaminants and, to the extent covered by the Work;
- (ix) any amount incurred by Lender due to Lender's performance of any of the Work as provided under Section 8.4.3(b); or
- (x) any event at a Property or any portion thereof constituting an actual or threatened release, as defined in and for purposes of CERCLA or any other applicable Environmental Law, of Property Contaminants, Migrating Contaminants and, to the extent covered by the Work.

Without limiting the generality of the foregoing, this indemnification shall specifically cover reasonable out-of-pocket fees and expenses for attorneys, accountants, laboratories,

consultants, engineers, contractors and experts, and out-of-pocket costs of investigation, cleanup, response, removal, remediation, containment, restoration, treatment, disposal or monitoring.

- (b) Lender shall notify both Borrowers of (i) any claim asserted against any Indemnitees which is subject to the indemnity contained in this Section 8.4.4 within 20 days after Lender receives written notice of such claim, and (ii) any other claim which Lender has as an Indemnitee under this Section 8.4.4 with reasonable promptness after Lender obtains knowledge of the existence of such claim, but failure to notify a Borrower shall not affect the rights of the Indemnitees or the obligations of such Borrower under this Section 8.4.4 unless such Borrower fails to obtain knowledge of such claim from any other source and such Borrower suffers pecuniary loss by reason of such failure or such failure materially impairs such Borrower's ability to defend such claim, and then only to the extent of such loss or impairment. If a Borrower assumes the liability to defend any Indemnitee under this Section 8.4.4, such Borrower shall have full authority to defend such claim, and, settle, adjust or compromise such claim. Each Indemnitee and the other Borrower shall cooperate with such Borrower in the defense of any such claim at no out-of-pocket cost to such Indemnitee.

8.4.5 COMPLIANCE WITH LAWS. In connection with development of the Plan and performance of the Work by Borrowers or anyone acting on a Borrower's behalf, each Borrower, at its sole cost and expense, shall comply, or assure compliance, with all applicable federal, State and local statutes, laws, ordinances or regulations, agreements with governments and regulatory agencies, and court and administrative orders, including, without limitation, all applicable Environmental Laws.

ARTICLE IX

MISCELLANEOUS

9.1 COSTS AND ATTORNEY'S FEES. All fees, costs and expenses incurred by Lender in connection with protecting, perfecting or preserving Lender's security interest in the Collateral or in connection with any matters contemplated by or arising out of this Agreement or the other Loan Documents after the Closing Date, whether (a) to commence, defend, or intervene in any litigation or to file a petition, complaint, answer, motion or other pleadings, (b) to take any other action in or with respect to any suit or proceedings (bankruptcy or otherwise), (c) to consult with officers of Lender or to advise Lender, (d) to protect, collect, lease, sell, take possession of, or liquidate any of the Collateral, or (e) to attempt to enforce or to enforce any security interest in any of the Collateral, or to enforce any rights of Lender to collect any of the Obligations, including, without limitation, reasonable fees, costs and expenses of Lender's attorneys and paralegals, the allocated costs of the Lender's internal counsel and the out-of-pocket costs and the per diem charges for Lender's examiners at their then applicable rates, together with interest thereon at the highest applicable Default Rate hereunder, shall be part of the Obligations, payable on demand and secured by the Collateral. All of the foregoing amounts may, at Lender's option, be charged by Lender as an Advance under the Loan. Borrowers shall have no obligation to pay any legal expenses incurred initially by Lender in connection with making

the Loans, entering into this Agreement, the Loan Documents or the transactions contemplated thereunder.

9.2 WAIVERS, MODIFICATIONS IN WRITING. Lender's failure, at any time or times hereafter, to require strict performance by Borrowers of any provision of this Agreement or the Loan Documents shall not waive, affect or diminish any right of Lender thereafter to demand strict compliance and performance therewith. Any suspension or waiver by the Lender of a default or an Event of Default under this Agreement or any of the other Loan Documents shall not suspend, waive or affect any other default or Event of Default under this Agreement or any of the other Loan Documents, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. None of the undertakings, agreements, warranties, covenants and representations of the Borrowers contained in this Agreement or any of the other Loan Documents and no default or Event of Default by the Borrower under this Agreement or any of the other Loan Documents shall be deemed to have been suspended or waived by Lender unless such suspension or waiver is in writing and signed by an officer of Lender, and directed to Borrowers specifying such suspension or waiver. Neither this Agreement nor the other Loan Documents may be modified or amended, except in a written agreement signed by Borrower and Lender. The remedies provided for under this Agreement and in the other Loan Documents are cumulative and are not exclusive of any remedies that may be available to Lender at law, in equity or otherwise.

9.3 NOTICES, ETC. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by first class mail, postage prepaid and, if mailed, shall be deemed to be received for purposes of this Agreement three (3) Business Days after mailing by the sender, except that any notices with respect to an Event of Default shall be sent by certified mail. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 9.3, notices, demands, instruments and other communications in writing shall be given to or made upon the parties hereto at the following addresses:

IF TO LENDER: Sun Communication Operating Limited
Partnership
31700 Middlebelt, Suite 145
Farmington Hills, Michigan 48334
Attn: Gary A. Shiffman

With required copy to: Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
Suite 2400
One Woodward Avenue
Detroit, Michigan 48226
Attention: Arthur A. Weiss

IF TO BORROWERS: Sea Breeze Limited Partnership
c/o Meisel and Cohen Properties
6000 Executive Boulevard
Suite 700
Rockville, Maryland 20852
Attn: Barry S. Cohen
Attn: Martin J. Saturn

High Point Associates, L.P.
c/o Meisel and Cohen Properties
6000 Executive Boulevard

Suite 700
Rockville, Maryland 20852
Attn: Barry S. Cohen
Attn: Martin J. Saturn

With required copy to: Shapiro, Lifschitz and Schram, P.C.
1101 Pennsylvania Avenue, N.W.
Suite 1050
Washington, D.C. 20004
Attn: Steven H. Schram

9.4 HEADINGS. Article and Section headings used in this Agreement are for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or affect the construction of this Agreement.

9.5 EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same agreement. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

9.6 BINDING EFFECT; ASSIGNMENT. This Agreement and the Loan Documents shall be binding upon, and inure to the benefit of, Borrowers and Lender, and their respective successors and assigns; provided, however, that the parties may not assign their respective rights and obligations hereunder or under the Loan Documents or in connection therewith or any interest herein or therein (voluntarily, by operation of law or otherwise) without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided further that the assignor shall in all events remain liable for the obligations hereunder assigned to the assignee. Notwithstanding the foregoing, the Lender may assign its rights and obligations under this Agreement or the Loan Documents to an affiliate of Lender without the consent of the Borrower, provided that in all events the Lender shall remain liable for the obligations hereunder and in the Loan Documents.

9.7 SEVERABILITY OF PROVISIONS. Any provision of this Agreement which is illegal, invalid, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or impairing the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

9.8 CHANGES IN ACCOUNTING PRINCIPLES. If any changes in accounting principles from those used in the preparation of the financial statements referred to in this Agreement are hereafter occasioned by the promulgation of rules, regulations, pronouncements or opinions of or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), or there shall occur any change in either Borrower's fiscal or tax years and, as a result of any such changes, there shall result in a change in the method of calculating any of the financial covenants, negative covenants, standards, or other terms or conditions found in this Agreement, then 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 either Borrower's financial condition shall be the same after such changes as if such changes had not been made.

9.9 SURVIVAL OF AGREEMENTS, REPRESENTATIONS AND WARRANTIES. All

agreements, representations and warranties and indemnities made herein shall survive the execution and delivery of this Agreement, the making of the Loans hereunder and the execution and delivery of the Notes.

9.10 CONSTRUCTION OF AGREEMENT. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against either party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto.

9.11 COMPLETE AGREEMENT. This Agreement, together with the exhibits and schedules to this Agreement, the other Loan Documents, and the other agreements referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. This Agreement and the other Loan Documents embody the entire agreement and understanding between the parties and supersede all prior agreements, understandings and representatives, oral or written, relating to the subject matter hereof.

9.12 EQUITABLE RELIEF. Borrowers and Lender recognize that, in the event either of them fails to perform, observe or discharge any of its Obligations under this Agreement, any remedy at law may prove to be inadequate relief to the Lender or Borrowers, as applicable; therefore, the parties agree that Lender and Borrowers shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

9.13 NO FIDUCIARY RELATIONSHIP. No provision herein or in any of the other Loan Documents and no course of dealing between the parties shall be deemed to create any fiduciary duty by Lender to Borrowers.

9.14 CHOICE OF LAW. The validity of this Agreement, its construction, interpretation and enforcement and the rights of the parties hereto shall be determined under, governed by and construed in accordance with the internal laws of the State of Delaware, without regard to principles of conflicts of law.

9.15 MARSHALING. Lender shall be under no obligation to marshal any assets in favor of Borrowers or any other party or against or in payment of any or all of the Obligations.

9.16 VENUE; JURISDICTION. Each Borrower hereby consents to the jurisdiction of the courts of the State of Michigan and of the United States for the Eastern District of Michigan, and irrevocably agrees that, subject to Lender's absolute and sole discretion, all actions and proceedings relating to this Agreement, the Loan Documents and the Loans shall be litigated in such courts. Each Borrower irrevocably consents to the service of process out of any such courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrowers, at its respective address set forth for notices in this Agreement, such service to become effective ten (10) days after such mailing. Nothing herein shall affect the right of Lender to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrowers or its property in any other jurisdiction. Borrowers irrevocably waive any right either of it may have to assert the doctrine of forum non conveniens or to object to venue to the extent any proceeding is brought in accordance with this Section 9.16.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first hereinabove set forth.

BORROWERS:

SEA BREEZE LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Sea Breeze Property LLC, a Delaware
limited liability company, its General
Partner

By: _____
Martin J. Saturn

Its: Manager

HIGH POINT ASSOCIATES, L.P., a Delaware limited
partnership

By: High Point Property LLC, a Delaware
limited liability company, its General
Partner

By: _____
Martin J. Saturn

Its: Manager

LENDER:

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP, a Michigan limited partnership

By: _____
Sun Communities, Inc., a Maryland
corporation, its General Partner

By: _____
Jonathan Colman

Its: Senior Vice President, Acquisitions

LIST OF SCHEDULES

Schedule 4.5	Litigation
Schedule 4.12.1	Tenant Matters
Schedule 4.12.2	Compliance with Laws
Schedule 4.12.3	Certain Proceedings
Schedule 4.12.4	Assessments, Other Charges
Schedule 4.12.5	Project Contracts
Schedule 4.12.9	Construction, Maintenance, Systems
Schedule 4.12.10	Site, Occupancy Information - High Point Property
Schedule 4.12.11	Site, Occupancy Information - Sea Breeze Property
Schedule 4.12.12	Licenses, Permits, Authorizations
Schedule 4.12.13	Personal Property

OPTION AGREEMENT

This OPTION AGREEMENT (this "Agreement") is made and entered into this 15th day of July, 1997 and effective as of June 30, 1997, by and between SEA BREEZE LIMITED PARTNERSHIP, a Delaware limited partnership ("Seller"), and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Purchaser").

RECITALS:

A. Seller and High Point Associates Limited Partnership, as borrowers, and Purchaser, as lender, have entered into that certain Loan Agreement dated as of July 15, 1997 (the "Loan Agreement"), pursuant to which Purchaser has loaned Seller the sum of Seven Million Nine Hundred Twenty Nine Thousand Three Hundred Sixteen and 00/100 Dollars (\$7,929,316.00) pursuant to the terms of a Promissory Note delivered by Seller to Purchaser dated as of June 30, 1997 (the "Note"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Loan Agreement.

B. Seller is the owner of certain real property located in Sussex County, Delaware, and described in EXHIBIT "A" attached hereto and made a part hereof, including any and all other real property hereafter acquired by Seller (the "Land") together with the buildings, structures, improvements and manufactured home sites on, above or below the Land, and all fixtures attached to, a part of or used in connection with the improvements, structures, buildings and manufactured home sites, and the parking, facilities, walkways, ramps and other appurtenances relating to the Land, now owned or hereafter acquired by Seller (collectively the "Improvements").

C. Seller is the owner of all machinery, equipment, goods, vehicles, manufactured homes and other personal property described in EXHIBIT "B" attached hereto and made part hereof, including any and all other personal property hereafter acquired by Seller (collectively the "Personal Property") which is located at or useable in connection with the ownership or operation of the Land and the Improvements.

D. The Land, Improvements, and Personal Property, together with all of Seller's right, title and interest in and to all licenses, permits and franchises issued with respect to the use, occupancy, maintenance or operation of the Land and the Improvements, all right, title and interest, if any, of Seller in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Land to the center line thereof, all easements appurtenant to the Land, including, but not limited to, privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and all rights of use, air, mineral and subsurface rights, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the foregoing and now owned and hereafter acquired by Seller, are hereinafter sometimes collectively referred to as the "Project".

E. The Project shall also include any and all other personal and real property now owned and hereafter acquired by Seller, including, without limitation, those acquired as provided in that certain Property Management Agreement executed on the date hereof by and between Seller, as owner, and Purchaser, as manager, and which pertains to the rental, use, occupancy, operation, or maintenance of any portion of the Project.

F. Seller has agreed to grant to Purchaser, and Purchaser has agreed to accept from Seller, an exclusive option to purchase the Project, all upon the terms and subject to the conditions hereinafter set forth, and Seller and Purchaser agree that a Memorandum of Option Agreement shall be recorded in the real estate records of Sussex County.

NOW, THEREFORE, for and in consideration of the premises, and the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows.

1. GRANT OF OPTION. For the consideration of \$1,000.00, the adequacy and receipt of which is hereby acknowledged by Seller, and upon the terms and subject to the conditions contained in this Agreement, Seller hereby grants to Purchaser, and Purchaser hereby accepts Seller's grant of, an exclusive option (the "Option") to purchase the Project.

2. TERM OF OPTION. The term of the Option (the "Option Term") shall commence on the date hereof (the "Commencement Date") and shall terminate on the earlier of: (a) thirty (30) days after the date upon which Seller repays in full all sums due under the Loan Agreement, or (b) July 31, 2012.

3. PURCHASE PRICE. The purchase price (the "Purchase Price") of the Project shall be its fair market value which shall be defined as an amount equal to the product of 8.1 and the Gross Operating Revenues derived from the Project, plus the amount, if any, which is necessary to result in Net Sales Proceeds equal to the Floor Amount, as each are described in paragraph 4 below. "Gross Operating Revenues" shall mean the annual amount of all rental income received by Seller from the leasing of manufactured homes and recreational vehicles space at Seller's Project for the twelve (12) month period ending on the then most recent December 31 occurring prior to the Option Notice Date (defined below in Section 5). At Closing, Purchaser shall pay the Purchase Price, less the amounts necessary to pay the Indebtedness under the Loan Agreement and the Heller Loan (each as defined below), by cashier's or certified check or wired federal funds to an account to be designated by Seller, subject to the adjustments and prorations as set forth herein, provided that in no event shall the net amount paid to Seller be less than the Floor Amount, if any.

4. NET SALE PROCEEDS AND FLOOR AMOUNTS. "Net Sale Proceeds" shall be the Purchase Price reduced by (i) all closing costs allocable to Seller (including but not limited to, Recordation and transfer taxes, title insurance premiums, prorated expenses, but excluding attorney's fees), (ii) all obligations of Seller including all debt secured by (a) the Project or by the partnership interests of the Seller including without limitation the obligations of the Seller under the Loan Agreement and under the Heller Loan (defined below) and (b) all other liabilities or obligations of the Seller associated with the Project, including without limitation outstanding obligations to vendors, tenants, any management company or other parties including security deposits. The "Floor Amount" shall be (i) ONE MILLION EIGHT HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$1,850,000) if the Closing occurs prior to June 30, 2008, or (ii) THREE HUNDRED EIGHT THOUSAND and 00/100 Dollars (\$308,000) if the Closing occurs on or after June 30, 2008 but prior to June 30, 2012; (iii) and zero (\$0) if the Closing occurs on or after June 30, 2012.

The Heller Loan shall mean the loan represented by those loan documents set forth on Exhibit "C" attached hereto to the extent disbursed on the date hereof, but shall exclude any future or other advances made pursuant to such documents or any amendment or modification thereof.

5. EXERCISE OF OPTION. The Option may be exercised, and a binding contract of purchase and sale shall occur, if Purchaser notifies Seller (an "Option Notice") in writing, by overnight courier, certified mail, or personal delivery, at any time after the earlier of: (a) upon the occurrence of an Event of Default (as defined in the Loan Agreement), or (b) June 1, 2004. If mailed or sent by overnight courier, the Option is deemed exercised on the date (the "Option Notice Date") deposited in the mail or with the overnight courier. The sale (the "Sale") of the

6. Project shall be consummated within sixty (60) days, or earlier at Purchaser's option, from the date such notice was mailed, delivered by personal delivery, or deposited with an overnight courier service or on such earlier date as shall be designated by Purchaser on not less than five (5) days prior written notice to Seller, or at such other time as Seller and Purchaser shall mutually agree upon (the "Closing Date").

7. PURCHASER'S RIGHTS IN THE PROJECT. Upon execution of this Agreement by Seller and Purchaser and during the Option Term, Purchaser and Purchaser's agents shall have the right to enter upon the Projects to survey the same and to perform soil, environmental and other engineering tests and studies with respect to the Projects.

8. EVIDENCE OF TITLE. Within fifteen (15) days after an Option Notice Date, the Seller shall provide Purchaser with a commitment for an A.L.T.A. Form B Owner's Policy of Title Insurance (the "Commitment") for the Project, issued by a nationally recognized title insurance company reasonably acceptable to Purchaser (the "Title Company"), in an amount not less than the Purchase Price and bearing a date subsequent to the date hereof, and copies of all instruments of record described in the Commitment. The Commitment shall show marketable and insurable title of the Project in such Seller, subject only to (i) building and use restrictions and easements of record which do not, in Purchaser's judgment, interfere with Purchaser's intended use and development of the Project (the "Permitted Exceptions") and (ii) liens of a definite or ascertainable amount which Seller has a right to remove and shall cause to be removed at the Closing (the "Removable Liens"). Upon conveyance of title to the Project to Purchaser, Seller shall cause a policy of title insurance to be issued to Purchaser pursuant to the Commitment insuring Purchaser's interest in the Project in the amount of the Purchase Price, which policy of title insurance shall include such additional endorsements as Purchaser shall reasonably request and shall not include the "standard" exceptions or any other exceptions other than the Permitted Exceptions.

9. SURVEY. Within thirty (30) days after an Option Notice Date, Seller shall furnish Purchaser with a current ALTA survey (the "Survey") of the Project, prepared by a licensed surveyor or engineer approved by Purchaser, certified to Purchaser, the Title Company, and any other parties designated by Purchaser, updated to a date which is not more than fifteen (15) days prior to the Closing Date and otherwise in the form accepted by Purchaser in connection with the closing of the transaction represented by the Loan Agreement. The Survey shall show the legal description of the Land, the total acreage of each parcel comprising the Land, all structures and improvements located thereon, all boundaries, courses and dimensions, set-back lines, easements and rights of way (including any recording references), the location of all highways, streets and roads upon or adjacent to the Land, and the location of all utility lines and connections with such utility lines on or adjacent to the Project. The Survey shall be sufficient for removal of the standard survey exception from the policy of title insurance to be issued pursuant to the Commitment and shall not reveal any of the following: (i) encroachments on the Land or any portion thereof from any adjacent Project, (ii) the encroachment of the Project, or any portion thereof, on any adjacent Project, or (iii) any violation by any portion of the Project of any recorded building liens, restrictive covenants or easements affecting the Project. The Survey shall be in form and content acceptable to Purchaser and its lenders. Not earlier than fifteen (15) days prior to the Closing Date, the Survey shall be updated and re-certified in the manner provided above.

10. OBJECTIONS TO TITLE OR SURVEY. If the Commitment discloses exceptions other than the Permitted Exceptions or Removable Liens, or the Survey is not acceptable to Purchaser, Purchaser shall notify Seller in writing of its objections to the Commitment and/or Survey (the "Defects"), and Seller shall use its best efforts to cause such Defects to be removed from the Commitment and/or Survey, as the case may be. If Seller fails to have the Defects removed or cured within thirty (30) days after receipt of notice from Purchaser, as such time period may be

extended by Purchaser, Purchaser may elect to take title subject to such Defects, and credit an amount equal to the actual cost incurred by Purchaser to cure or discharge such Defects against the Purchase Price. The Closing shall occur within fifteen (15) days after the Defects are discharged and cured or waived by Purchaser, as the case may be, or on the Closing Date set forth in Section 5 hereof, whichever is later.

11. TAXES AND PRORATIONS. Throughout the Option Term, Seller shall be responsible for and shall pay all real estate taxes and Personal Property taxes levied against the Project. Real estate taxes and Personal Property taxes which are a lien upon or levied against any portion of the Project on or prior to the Closing Date, and all special assessments levied prior to the Closing Date shall be paid by Seller. All real estate taxes and Personal Property taxes levied against any portion of the Project with respect to tax years in which the Closing occurs shall be prorated and adjusted between the parties in accordance with local custom and practice in the relevant county where the respective Projects are located, and shall be paid by Seller and Purchaser, as the case may be. All utility bills pertaining to the Project shall be prorated and adjusted as of the Closing Date. Any taxes or charges levied on the transfer and conveyance herein contemplated shall be paid by Seller.

12. REPRESENTATIONS AND WARRANTIES. Seller represents and warrants to Purchaser with respect to the Project as of the date of this Agreement, the Commencement Date and the Closing Date, with the full knowledge that Purchaser is relying upon such representations and warranties in executing this Agreement and performing hereunder and under the Loans, as follows:

(a) The Project and its operation as a manufactured home community complies in all respects with all Permitted Exceptions and all applicable laws, ordinances, codes, rules and regulations, including those pertaining to zoning, access to disabled persons, building, health, safety and environmental matters.

(b) Seller has no knowledge of any assessments, charges, paybacks, or obligations requiring payment of any nature or description against the Project which remain unpaid, including, but not limited to, those for sewer, water or other utility lines or mains, sidewalks, streets or curbs. Seller, after due inquiry, has no knowledge of any public improvements having been ordered, threatened, announced or contemplated with respect to the Project which have not heretofore been completed, assessed and paid for.

(c) Seller is the lawful owner of the Project and holds insurable and marketable title to the Project, free and clear of all liens and encumbrances other than the Permitted Exceptions and Removable Liens. The Seller has and will have on the date of this Agreement, Commencement Date and the Closing Date the power and authority to sell the Project to Purchaser and perform its obligations in accordance with the terms and conditions of this Agreement, and each person who executes this Agreement and all other instruments and documents in connection herewith, has or will have due power and authority to so act. The Seller will have complied with all applicable statutes, laws, ordinances and regulations of every kind or nature, in order to effectively convey and transfer all of Seller's right, title and interest in and to the Project to Purchaser in the condition herein required.

(d) Since the date on which Seller commenced doing business at the Project, it has been insured with respect to risks normally insured against, and in amounts adequate to safeguard the Project.

(e) Neither this Agreement nor anything provided to be done herein by Seller, including, without limitation, the conveyance of all of the Seller's right, title and interest in and to the Project as herein contemplated, violates or will violate the Seller's governing documents or any contract, agreement or instrument to which the Seller is a party or bound and which affects the Project, including without limitations, the Loan Agreement and all related agreements, instruments, documents and the Heller Loan.

(f) Seller has not contracted for the furnishing of labor or materials to the Project which will not be paid for in full.

(g) All utility services, including water, sanitary sewer, gas, electric, telephone and cable television facilities, are available to the Project and each home site in sufficient quantities to adequately service the Project at full occupancy; and to the Seller's knowledge, after due inquiry, there are no existing, pending or threatened plans, proposals or conditions which could cause the curtailment of any such utility service.

(h) The Project was constructed in conformity with all governmental rules, regulations, laws and ordinances applicable at the time the Project was constructed, all Permitted Exceptions, and all development orders and other requirements imposed by governmental authorities. To the Seller's knowledge, obtained after due inquiry: (i) there are no existing maintenance problems with respect to mechanical, electrical, plumbing, utility and other systems necessary for the operation of the Project, including, without limitation, all underground utility lines, water wells and roads; (ii) all such systems are in good working condition and are suitable for the operation of the Project; and (iii) there are no structural or physical defects in and to the Project, and there are no conditions currently existing on, in, under or around property adjacent to or surrounding the Project, which materially adversely affects, or could materially adversely affect, the Project or the operation thereof.

(i) Seller has delivered to Purchaser a complete and accurate list of, and copies of, all licenses, certificates, permits and authorizations from any governmental authority of any kind which is required to develop, operate, use and maintain the Project as a manufactured home park; and all such licenses, certificates, permits and authorizations have been issued and are in full force and effect and, to the extent legally assignable or transferable and to the extent any such assignment or transfer is requested by Purchaser, shall be transferred or assigned to Purchaser. Seller shall take all steps and execute all applications and instruments reasonably necessary to achieve any such transfer or assignment.

(j) Seller has delivered to Purchaser a complete and accurate list of, and copies of, all contracts, agreements, leases and subleases (collectively, the "Project Contracts") relating to or in any manner affecting the Project or its operations, including without limitation, the rental of space for manufactured homes at the Project and the development, operation, use and maintenance of the Project as a manufactured home park; and all Project Contracts have been entered into in the ordinary course of business and are enforceable according to their terms and, to the extent legally assignable or transferable, will be transferred or assigned to Purchaser on or prior to the Closing Date.

(k) All of the Personal Property is in good working condition and adequate for the operation of the Project at full occupancy. To the extent requested by Purchaser, all title, right and interest in any such Personal Property shall be transferred or assigned to Purchaser on or prior to the Closing Date. Seller shall take all steps and execute all applications and instruments reasonably necessary to achieve any such transfer or

assignment including without limitation the transfer and assignment of title certificates to any such Personal Property and the notification of the relevant governmental agency of any such assignment or transfer.

(l) There has not been and there will not be discharged, released, generated, treated, stored, disposed of or deposited in, on or under the Project, and to the best of the Seller's knowledge, the Project is free of and does not contain, any "toxic or hazardous substance", asbestos, urea formaldehyde insulation, PCBs, radioactive material, flammable explosives, underground storage tanks, or any other hazardous or contaminated substance (collectively, the "Hazardous Materials") prohibited, limited or regulated under the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, or under any other applicable federal, state or local statutes, regulations or ordinances (collectively the "Environmental Laws"), and there are no substances or conditions in or on the Project which may support a claim or cause of action under any of the Environmental Laws. As of the date of this Agreement, Seller has no knowledge of any suit, action or other legal proceeding arising out of or related to any Environmental Laws with respect to the Project which is pending or threatened before any court, agency or government authority, and Seller has not received any notice that the Project is in violation of the Environmental Laws.

(m) Seller has delivered to Purchaser the balance sheets of the Seller as at December 31, 1994, December 31, 1995, and December 31, 1996, and profit and loss statements for the Seller for the 12-month periods ending December 31, 1994, December 31, 1995, and December 31, 1996 and the five (5) month period ending June 30, 1997 (collectively, the "Financial Statements"). The Financial Statements are true, correct and complete in all respects, present fairly and accurately the financial position of the Seller and the operation of the Project as at such dates and the results of its operations and earnings for the periods indicated thereon, and have been prepared in accordance with income tax method of accounting consistently applied throughout the periods indicated.

(n) The execution, delivery and performance by Seller of this Agreement is not precluded by, and will not violate, any provisions of any existing law, statute, rule or regulation of the county and state where the Project is located, or any judgment, order, decree, writ or injunction of any court, governmental department, commission, board, bureau, agency or instrumentality, and will not result in a breach of, or default under, any agreement, mortgage, contract, undertaking or other instrument or document to which Seller is a party or by which Seller is bound or to which Seller or any portion of the Project is subject.

(o) Seller is not a "Foreign Person" within the meaning of Internal Revenue Code Section 1445(f)(3).

(p) Seller has not and will not from the date of this Agreement, perform, fail to do, or permit to be done any act or deed which would in any manner impair or diminish the value of the Project or Seller's right or ability to convey the Project to Purchaser pursuant to this Agreement.

(q) This Agreement, and the documents to be executed and delivered by Seller in connection with the consummation of this Agreement, is and shall be valid and binding in accordance with their respective terms and conditions.

(r) Nothing contained in this Agreement or the information and material delivered or to be delivered to Purchaser pursuant to the terms hereof, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. Seller has not received any written notice of any fact which would materially adversely affect the Project or the operation thereof which is not set forth in this Agreement, the Exhibits hereto, or the information and material delivered or to be delivered to Purchaser pursuant to the terms hereof, or has not otherwise been disclosed to Purchaser in writing.

The provisions of Section 11 and all representations and warranties contained therein shall be true as of the dates specified above and shall survive the Closing (defined below) and the conveyance of the Project to Purchaser. Purchaser acknowledges that Purchaser or its affiliate will have the exclusive right to operate and manage the Property from and after the Effective Date. Therefore, Purchaser will not be entitled to rely (i) on any representation or warranty of Seller contained in this Agreement to the extent that Purchaser or its affiliate has actual knowledge to the contrary and Purchaser or its affiliate caused any such representation or warranty not to be true, or (ii) on any covenant of Seller contained in this Agreement to the extent that performance of or compliance with such covenant was the duty of Purchaser or its affiliate in its capacity as manager of the Project under any management agreement entered into by Seller and Purchaser or its affiliate.

13. CLOSING. The closing (the "Closing") on the Sale shall take place on the Closing Date at the offices of the Purchaser's attorneys, Jaffe, Raitt, Heuer & Weiss, Professional Corporation, One Woodward Avenue, Suite 2400, Detroit, Michigan 48226, or on or at such other time or place as Seller and Purchaser shall agree upon. At the time of Closing:

(a) Seller shall cause the Commitment to be updated and recertified as of the Closing Date and shall cause an A.L.T.A. Form B Owner's Policy of Title Insurance, without standard exceptions, insuring fee simple title to the Project subject only to the Permitted Exceptions, to be issued by the Title Company, at Seller's expense, together with such endorsements as Purchaser shall reasonably request, including, but not limited to, the Title Company's endorsement or other agreement to increase the amount of such title insurance to cover the cost of any additions or improvements to be constructed by Purchaser on the Project;

(b) Pursuant to Section 2.1.5 of the Loan Agreement, the Sea Breeze Mortgage shall be recorded.

(c) Seller shall cause the Deed (as provided in Section 17 below) to be delivered to Purchaser;

(d) Purchaser shall deliver to Seller the Purchase Price as provided in this Agreement;

(e) Seller shall deliver to Purchaser an affidavit, in form acceptable to Purchaser, executed by Seller and all persons and entities holding an interest in Seller or the Project, certifying that Seller and all persons or entities holding an interest in Seller are not non-resident aliens or foreign entities, as the case may be, such that Seller and such interest holders are not subject to tax under the Foreign Investment and Real Project Tax Act of 1980;

(f) All representations and warranties of Seller shall be true and correct as of the Closing Date; and

(g) Seller and Purchaser shall deliver to the other such other documents or instruments as shall reasonably be required by such parties' counsel or the Title Company to consummate the transactions contemplated herein or to issue the policy of title insurance which, in the other parties' counsel's opinion, does not increase such parties' liability or decrease such parties' rights hereunder, including, without limitation, documents evidencing the power and authority of Seller and Purchaser to consummate the sale and purchase of the Project in accordance with this Agreement.

14. INDEMNIFICATION. Purchaser does not and shall not assume any liabilities of Seller, including, without limitation, claims arising out of any occurrence prior to the Closing Date with respect to the Project, except as specifically provided in this Agreement. Seller agrees to indemnify, defend and hold harmless Purchaser, and Purchaser's successors and assigns, from and against any and all damages, liabilities, loss, costs and expenses (including attorneys' fees), arising out of, as a result of, or as a consequence of: (i) any claims resulting from Project damage or injuries to persons, including death, caused by any occurrence at the Project or in connection with the use, maintenance, operation or improvement of the Project prior to the date of this Agreement; (ii) any breach by Seller of any of its representations, warranties or obligations set forth herein or in any other document or instrument delivered by Seller in connection with the consummation of the transactions contemplated herein; and (iii) claims resulting from any work, labor or materials furnished to the Project by any party other than Purchaser prior to the Closing Date hereof, whether or not a lien is filed against the Project as a result of the furnishing of such work, labor or materials, unless such damage, liabilities, loss, costs and expenses are the result of Purchaser's acts or omission hereunder.

15. EMINENT DOMAIN. If, during the term of this Agreement, any portion of the Project shall be taken by eminent domain, or is the subject of eminent domain proceedings threatened or commenced, Seller shall promptly notify Purchaser thereof, and immediately provide Purchaser with copies of any written communication from any condemning authority. If any of said events occurs prior to the Closing Date, Purchaser may, without recourse by either party hereto against the other, terminate this Agreement upon notice to Seller at any time prior to the Closing Date, and neither Seller nor Purchaser shall have any further duties or obligations under this Agreement, and Purchaser shall have no further interest in the Project. In the event Purchaser does not elect to terminate this Agreement pursuant to the preceding sentence and purchases the Project, (a) if the transfer to the condemning authority takes place prior to the Closing Date, the remainder of the Project shall be conveyed to Purchaser at the Closing; (b) if the transfer to the condemning authority has not taken place prior to the Closing Date, the entire Project shall be conveyed to Purchaser at the Closing; (c) if Seller has received payment for such condemnation or taking prior to the Closing Date, the amount of such payment shall be a credit against the Purchase Price payable by Purchaser hereunder and any excess proceeds shall be delivered to Purchaser; and (d) if Seller has not received such payment by the Closing Date, Seller shall assign to Purchaser all claims and rights on account of or arising out of such taking, including the right to conduct any litigation in respect of such condemnation.

16. ASSIGNMENT. Purchaser shall have the right to assign all of his right, title and interest in and to this Agreement and the Project, and all terms and conditions hereof shall apply equally to Purchaser's assignee as if the assignee were an original party to this Agreement, and Purchaser agrees that it shall guaranty the performance hereunder by any assignee. Seller may not assign its rights under this Agreement or delegate its responsibilities hereunder without prior written consent of Purchaser, which consent may be withheld by Purchaser for any reason whatsoever.

17. BROKERS. Purchaser and Seller represent and warrant to the other that they have not had any direct or indirect dealings with any real estate brokers, salesmen or agents in

connection with the Project. In consideration of said warranty, Purchaser agrees with Seller that it will pay, and will defend and hold Seller harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated herein and arising out of contracts made by Purchaser and Seller agrees with Purchaser that it will pay, and will defend and hold Purchaser harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated herein and arising out of contracts made by Seller.

18. RECORDING; DEED IN ESCROW. Simultaneously with the execution of this Agreement, Seller and Purchaser shall execute and deliver a Memorandum of Option Agreement in the form attached hereto as Exhibit "E". Purchaser shall have the right, but not the obligation, to place such Memorandum of Option Agreement on the public record. Simultaneously with the execution of this Agreement, Seller shall execute and deliver to the Title Company, to be held pursuant to an escrow agreement between Seller, Purchaser and the Title Company, a warranty deed to the Purchaser, as grantee, in recordable form conveying to Purchaser marketable and insurable title to the Project, subject only to the Permitted Exceptions (the "Deed").

19. DEFAULTS AND REMEDIES. In the event Seller fails to consummate the transaction contemplated herein, or fails to perform in accordance with the terms hereof, Purchaser, in addition to all other rights and remedies available under applicable law, shall have the right to (i) specifically enforce the terms hereof and recover damages incurred by Purchaser by reason of any delay in its acquisition of the Project, (ii) bring suit for damages for breach of this Agreement, (iii) act to perform and cure the default of Seller and credit the actual expenses of such cure to the purchase price, or (iv) declare this Agreement terminated. No delay or omission in the exercise of any right or remedy of Purchaser hereunder shall impair such right or remedy or be construed as a waiver of any breach which has occurred or which may occur in the future. The waiver by Purchaser of any condition or subsequent breach of the same or any other term, covenant or condition herein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach under the same or other term, covenant or condition herein contained. All rights, powers, options and remedies afforded to Purchaser, either hereunder or by law, shall be cumulative and not alternative, and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law. In the event of a default by Purchaser hereunder which is not cured by Purchaser within thirty (30) days after the delivery of notice there of to Purchaser, absent an event of default by Seller hereunder, Seller shall have the right to (i) receive the Floor Amount if such default occurs before June 30, 2012; or (ii) receive the Purchase Price if such default occurs on or after June 30, 2012.

20. CONTROLLING LAW. This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of Michigan.

21. ENTIRE AGREEMENT. This instrument and the exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the transaction herein contemplated and the matters set forth herein. Any modification or amendment to this Agreement shall be effective only if in writing and executed by each of the parties hereto.

22. NOTICES. Any notice, election, demand, request, consent, approval, concurrence or other communication given or made under any provision of this Agreement shall be deemed duly served upon receipt or refusal if (i) personally served, (ii) deposited in the U.S. certified mail, return receipt requested, (iii) sent by telephone facsimile with fax acceptance sheet verifying receipt, or (iv) sent via "overnight" courier service, addressed to such party as follows:

IF TO PURCHASER: Sun Communities Operating Limited Partnership
31700 Middlebelt, Suite 148
Farmington Hills, Michigan 48334
Attn: Gary A. Shiffman

With required copy to: Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
Suite 2400
One Woodward Avenue
Detroit, Michigan 48226
Attention: Arthur A. Weiss

IF TO SELLER: Sea Breeze Limited Partnership
c/o Meisel and Cohen Properties
6000 Executive Boulevard, Suite 700
Rockville, Maryland 20852
Attn: Barry S. Cohen
Attn: Martin J. Saturn

With required copy to: Shapiro, Lifschitz and Schram, P.C.
The Evening Star Building
1101 Pennsylvania Avenue, N.W.
Suite 1050
Washington, D.C. 20004
Attn: Steven H. Schram

Any party hereto may change the name and address of the designee to which notice shall be sent by giving written notice of such change to the other parties hereto as hereinbefore provided.

23. BINDING. The terms hereof shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns.

24. SURVIVAL. Unless expressly stated to the contrary herein, all of the representations and warranties made in this Agreement by or on behalf of any party, or in any instruments delivered pursuant hereto or in connection herewith shall survive the closing and the consummation of the transaction provided for herein.

25. CONSTRUCTION. This Agreement shall not be construed more strictly against one party than against the other, merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Purchaser and Seller have contributed substantially and materially to the preparation of this Agreement. If the day for performance of any action hereunder falls on a Saturday, Sunday or legal holiday, then the time for performance shall be deemed extended to the next succeeding business day.

26. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

"PURCHASER"

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP, a Michigan limited partnership
By: Sun Communities, Inc.

By:

Jonathan Colman, Senior Vice
President, Acquisitions

"SELLER"

SEA BREEZE LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Sea Breeze Property LLC, a Delaware
limited liability company, its General
Partner

By:

Martin J. Saturn

Its: Manager

OPTION AGREEMENT

This OPTION AGREEMENT (this "Agreement") is made and entered into this 15th day of July, 1997 and effective as of June 30, 1997, by and between HIGH POINT ASSOCIATES LIMITED PARTNERSHIP, a Delaware limited partnership ("Seller"), and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Purchaser").

RECITALS:

A. Seller and Sea Breeze Limited Partnership, as borrowers, and Purchaser, as lender, have entered into that certain loan agreement dated July 15, 1997 but effective as of June 30, 1997 (the "Loan Agreement"), wherein Purchaser, in its capacity as lender, has agreed to loan up to Nineteen Million Three Hundred Fifteen Thousand and 00/100 Dollars (\$19,315,000.00) to Seller and Sea Breeze. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Loan Agreement.

B. Seller is the owner of certain real property located in Kent County, Delaware, and described in EXHIBIT "A" attached hereto and made a part hereof, including any and all other real property hereafter acquired by Seller (the "Land") together with the buildings, structures, improvements and manufactured home sites on, above or below the Land, and all fixtures attached to, a part of or used in connection with the improvements, structures, buildings and manufactured home sites, and the parking, facilities, walkways, ramps and other appurtenances relating to the Land, now owned or hereafter acquired by Seller (collectively the "Improvements").

C. Seller is the owner of all machinery, equipment, goods, vehicles, manufactured homes and other personal property described in EXHIBIT "B" attached hereto and made part hereof, including any and all other personal property hereafter acquired by Seller (collectively the "Personal Property") which is located at or useable in connection with the ownership or operation of the Land and the Improvements.

D. The Land, Improvements, and Personal Property, together with all of Seller's right, title and interest in and to all licenses, permits and franchises issued with respect to the use, occupancy, maintenance or operation of the Land and the Improvements, all right, title and interest, if any, of Seller in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Land to the center line thereof, all easements appurtenant to the Land, including, but not limited to, privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and all rights of use, air, mineral and subsurface rights, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the foregoing and now owned and hereafter acquired by Seller, are hereinafter sometimes collectively referred to as the "Project".

E. The Project shall also include any and all other personal and real property now owned and hereafter acquired by Seller, including, without limitation, those acquired as provided in that certain Property Management Agreement executed on the date hereof by and between Seller, as owner, and Purchaser, as manager, and which pertains to the rental, use, occupancy, operation, or maintenance of any portion of the Project.

F. Seller has agreed to grant to Purchaser, and Purchaser has agreed to accept from Seller, an exclusive option to purchase the Project, all upon the terms and subject to the conditions hereinafter set forth, and Seller and Purchaser agree that a Memorandum of Option Agreement shall be recorded in the real estate records of Kent County.

NOW, THEREFORE, for and in consideration of the premises, and the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows.

1. GRANT OF OPTION. For the consideration of \$1,000.00, the adequacy and receipt of which is hereby acknowledged by Seller, and upon the terms and subject to the conditions contained in this Agreement, Seller hereby grants to Purchaser, and Purchaser hereby accepts Seller's grant of, an exclusive option (the "Option") to purchase the Project.

2. TERM OF OPTION. The term of the Option (the "Option Term") shall commence on the date hereof (the "Commencement Date") and shall terminate on the earlier of: (a) thirty (30) days after Seller repays in full all sums due under the Loan Agreement, or (b) July 31, 2012.

3. PURCHASE PRICE. The purchase price (the "Purchase Price") of the Project shall be its fair market value which shall be defined as an amount equal to the product of 8.1 and the Gross Operating Revenues derived from the Project, plus the amount, if any, which is necessary to result in Net Sales Proceeds equal to the Floor Amount, as each are described in paragraph 4 below. "Gross Operating Revenues" shall mean the annual amount of all rental income received by Seller from the leasing of manufactured homes and recreational vehicles space at Seller's Project for the twelve (12) month period ending on the then most recent December 31 occurring prior to the Option Notice Date (defined below in Section 5). At Closing, Purchaser shall pay the Purchase Price, less the amounts necessary to pay the Indebtedness under the Loan Agreement and the Heller Loan (each as defined below), by cashier's or certified check or wired federal funds to an account to be designated by Seller, subject to the adjustments and prorations as set forth herein, provided that in no event shall the net amount paid to Seller be less than the Floor Amount, if any.

4. NET SALE PROCEEDS AND FLOOR AMOUNTS. "Net Sale Proceeds" shall be the Purchase Price reduced by (i) all closing costs allocable to Seller (including but not limited to, Recordation and transfer taxes, title insurance premiums, prorated expenses, but excluding attorney's fees), (ii) all obligations of Seller including all debt secured by (a) the Project or by the partnership interests of the Seller including without limitation the obligations of the Seller under the Loan Agreement and under the Heller Loan (defined below) and (b) all other liabilities or obligations of the Seller associated with the Project, including without limitation outstanding obligations to vendors, tenants, any management company or other parties including security deposits. The "Floor Amount" shall be (i) ONE MILLION ONE HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$1,150,000) if the Closing occurs prior to June 30, 2008, or (ii) ONE HUNDRED NINETY-TWO THOUSAND and 00/100 Dollars (\$192,000) if the Closing occurs on or after June 30, 2008 but prior to June 30, 2012; (iii) and zero (\$0) if the Closing occurs on or after June 30, 2012.

The Heller Loan shall mean the loan represented by those loan documents set forth on Exhibit "C" attached hereto to the extent disbursed on the date hereof, but shall exclude any future or other advances made pursuant to such documents or any amendment or modification thereof.

5. EXERCISE OF OPTION. The Option may be exercised, and a binding contract of purchase and sale shall occur, if Purchaser notifies Seller (an "Option Notice") in writing, by overnight courier, certified mail, or personal delivery, at any time after the earlier of: (a) upon the occurrence of an Event of Default (as defined in the Loan Agreement), or (b) June 1, 2004. If mailed or sent by overnight courier, the Option is deemed exercised on the date (the "Option Notice Date") deposited in the mail or with the overnight courier. The sale (the "Sale") of the Project shall be consummated within sixty (60) days, or earlier at Purchaser's option, from the

date such notice was mailed, delivered by personal delivery, or deposited with an overnight courier service or on such earlier date as shall be designated by Purchaser on not less than five (5) days prior written notice to Seller, or at such other time as Seller and Purchaser shall mutually agree upon (the "Closing Date").

6. PURCHASER'S RIGHTS IN THE PROJECT. Upon execution of this Agreement by Seller and Purchaser and during the Option Term, Purchaser and Purchaser's agents shall have the right to enter upon the Projects to survey the same and to perform soil, environmental and other engineering tests and studies with respect to the Projects.

7. EVIDENCE OF TITLE. Within fifteen (15) days after an Option Notice Date, the Seller shall provide Purchaser with a commitment for an A.L.T.A. Form B Owner's Policy of Title Insurance (the "Commitment") for the Project, issued by a nationally recognized title insurance company reasonably acceptable to Purchaser (the "Title Company"), in an amount not less than the Purchase Price and bearing a date subsequent to the date hereof, and copies of all instruments of record described in the Commitment. The Commitment shall show marketable and insurable title of the Project in such Seller, subject only to (i) building and use restrictions and easements of record which do not, in Purchaser's judgment, interfere with Purchaser's intended use and development of the Project (the "Permitted Exceptions") and (ii) liens of a definite or ascertainable amount which Seller has a right to remove and shall cause to be removed at the Closing (the "Removable Liens"). Upon conveyance of title to the Project to Purchaser, Seller shall cause a policy of title insurance to be issued to Purchaser pursuant to the Commitment insuring Purchaser's interest in the Project in the amount of the Purchase Price, which policy of title insurance shall include such additional endorsements as Purchaser shall reasonably request and shall not include the "standard" exceptions or any other exceptions other than the Permitted Exceptions.

8. SURVEY. Within thirty (30) days after an Option Notice Date, Seller shall furnish Purchaser with a current ALTA survey (the "Survey") of the Project, prepared by a licensed surveyor or engineer approved by Purchaser, certified to Purchaser, the Title Company, and any other parties designated by Purchaser, updated to a date which is not more than fifteen (15) days prior to the Closing Date and otherwise in the form accepted by Purchaser in connection with the closing of the transaction represented by the Loan Agreement. The Survey shall show the legal description of the Land, the total acreage of each parcel comprising the Land, all structures and improvements located thereon, all boundaries, courses and dimensions, set-back lines, easements and rights of way (including any recording references), the location of all highways, streets and roads upon or adjacent to the Land, and the location of all utility lines and connections with such utility lines on or adjacent to the Project. The Survey shall be sufficient for removal of the standard survey exception from the policy of title insurance to be issued pursuant to the Commitment and shall not reveal any of the following: (i) encroachments on the Land or any portion thereof from any adjacent Project, (ii) the encroachment of the Project, or any portion thereof, on any adjacent Project, or (iii) any violation by any portion of the Project of any recorded building liens, restrictive covenants or easements affecting the Project. The Survey shall be in form and content acceptable to Purchaser and its lenders. Not earlier than fifteen (15) days prior to the Closing Date, the Survey shall be updated and re-certified in the manner provided above.

9. OBJECTIONS TO TITLE OR SURVEY. If the Commitment discloses exceptions other than the Permitted Exceptions or Removable Liens, or the Survey is not acceptable to Purchaser, Purchaser shall notify Seller in writing of its objections to the Commitment and/or Survey (the "Defects"), and Seller shall use its best efforts to cause such Defects to be removed from the Commitment and/or Survey, as the case may be. If Seller fails to have the Defects removed or cured within thirty (30) days after receipt of notice from Purchaser, as such time period may be

extended by Purchaser, Purchaser may elect to take title subject to such Defects, and credit an amount equal to the actual cost incurred by Purchaser to cure or discharge such Defects against the Purchase Price. The Closing shall occur within fifteen (15) days after the Defects are discharged and cured or waived by Purchaser, as the case may be, or on the Closing Date set forth in Section 5 hereof, whichever is later.

10. TAXES AND PRORATIONS. Throughout the Option Term, Seller shall be responsible for and shall pay all real estate taxes and Personal Property taxes levied against the Project. Real estate taxes and Personal Property taxes which are a lien upon or levied against any portion of the Project on or prior to the Closing Date, and all special assessments levied prior to the Closing Date shall be paid by Seller. All real estate taxes and Personal Property taxes levied against any portion of the Project with respect to tax years in which the Closing occurs shall be prorated and adjusted between the parties in accordance with local custom and practice in the relevant county where the respective Projects are located, and shall be paid by Seller and Purchaser, as the case may be. All utility bills pertaining to the Project shall be prorated and adjusted as of the Closing Date. Any taxes or charges levied on the transfer and conveyance herein contemplated shall be paid by Seller.

11. REPRESENTATIONS AND WARRANTIES. Seller represents and warrants to Purchaser with respect to the Project as of the date of this Agreement, the Commencement Date and the Closing Date, with the full knowledge that Purchaser is relying upon such representations and warranties in executing this Agreement and performing hereunder and under the Loans, as follows:

(a) The Project and its operation as a manufactured home community complies in all respects with all Permitted Exceptions and all applicable laws, ordinances, codes, rules and regulations, including those pertaining to zoning, access to disabled persons, building, health, safety and environmental matters.

(b) Seller has no knowledge of any assessments, charges, paybacks, or obligations requiring payment of any nature or description against the Project which remain unpaid, including, but not limited to, those for sewer, water or other utility lines or mains, sidewalks, streets or curbs. Seller, after due inquiry, has no knowledge of any public improvements having been ordered, threatened, announced or contemplated with respect to the Project which have not heretofore been completed, assessed and paid for.

(c) Seller is the lawful owner of the Project and holds insurable and marketable title to the Project, free and clear of all liens and encumbrances other than the Permitted Exceptions and Removable Liens. The Seller has and will have on the date of this Agreement, Commencement Date and the Closing Date the power and authority to sell the Project to Purchaser and perform its obligations in accordance with the terms and conditions of this Agreement, and each person who executes this Agreement and all other instruments and documents in connection herewith, has or will have due power and authority to so act. The Seller will have complied with all applicable statutes, laws, ordinances and regulations of every kind or nature, in order to effectively convey and transfer all of Seller's right, title and interest in and to the Project to Purchaser in the condition herein required.

(d) Since the date on which Seller commenced doing business at the Project, it has been insured with respect to risks normally insured against, and in amounts adequate to safeguard the Project.

(e) Neither this Agreement nor anything provided to be done herein by Seller, including, without limitation, the conveyance of all of the Seller's right, title and interest in and to the Project as herein contemplated, violates or will violate the Seller's governing documents or any contract, agreement or instrument to which the Seller is a party or bound and which affects the Project, including without limitations, the Loan Agreement and all related agreements, instruments, documents and the Heller Loan.

(f) Seller has not contracted for the furnishing of labor or materials to the Project which will not be paid for in full.

(g) All utility services, including water, sanitary sewer, gas, electric, telephone and cable television facilities, are available to the Project and each home site in sufficient quantities to adequately service the Project at full occupancy; and to the Seller's knowledge, after due inquiry, there are no existing, pending or threatened plans, proposals or conditions which could cause the curtailment of any such utility service.

(h) The Project was constructed in conformity with all governmental rules, regulations, laws and ordinances applicable at the time the Project was constructed, all Permitted Exceptions, and all development orders and other requirements imposed by governmental authorities. To the Seller's knowledge, obtained after due inquiry: (i) there are no existing maintenance problems with respect to mechanical, electrical, plumbing, utility and other systems necessary for the operation of the Project, including, without limitation, all underground utility lines, water wells and roads; (ii) all such systems are in good working condition and are suitable for the operation of the Project; and (iii) there are no structural or physical defects in and to the Project, and there are no conditions currently existing on, in, under or around property adjacent to or surrounding the Project, which materially adversely affects, or could materially adversely affect, the Project or the operation thereof.

(i) Seller has delivered to Purchaser a complete and accurate list of, and copies of, all licenses, certificates, permits and authorizations from any governmental authority of any kind which is required to develop, operate, use and maintain the Project as a manufactured home park; and all such licenses, certificates, permits and authorizations have been issued and are in full force and effect and, to the extent legally assignable or transferable and to the extent any such assignment or transfer is requested by Purchaser, shall be transferred or assigned to Purchaser. Seller shall take all steps and execute all applications and instruments reasonably necessary to achieve any such transfer or assignment.

(j) Seller has delivered to Purchaser a complete and accurate list of, and copies of, all contracts, agreements, leases and subleases (collectively, the "Project Contracts") relating to or in any manner affecting the Project or its operations, including without limitation, the rental of space for manufactured homes at the Project and the development, operation, use and maintenance of the Project as a manufactured home park; and all Project Contracts have been entered into in the ordinary course of business and are enforceable according to their terms and, to the extent legally assignable or transferable, will be transferred or assigned to Purchaser on or prior to the Closing Date.

(k) All of the Personal Property is in good working condition and adequate for the operation of the Project at full occupancy. To the extent requested by Purchaser, all title, right and interest in any such Personal Property shall be transferred or assigned to Purchaser on or prior to the Closing Date. Seller shall take all steps and execute all applications and instruments reasonably necessary to achieve any such transfer or

assignment including without limitation the transfer and assignment of title certificates to any such Personal Property and the notification of the relevant governmental agency of any such assignment or transfer.

(l) There has not been and there will not be discharged, released, generated, treated, stored, disposed of or deposited in, on or under the Project, and to the best of the Seller's knowledge, the Project is free of and does not contain, any "toxic or hazardous substance", asbestos, urea formaldehyde insulation, PCBs, radioactive material, flammable explosives, underground storage tanks, or any other hazardous or contaminated substance (collectively, the "Hazardous Materials") prohibited, limited or regulated under the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, or under any other applicable federal, state or local statutes, regulations or ordinances (collectively the "Environmental Laws"), and there are no substances or conditions in or on the Project which may support a claim or cause of action under any of the Environmental Laws. As of the date of this Agreement, Seller has no knowledge of any suit, action or other legal proceeding arising out of or related to any Environmental Laws with respect to the Project which is pending or threatened before any court, agency or government authority, and Seller has not received any notice that the Project is in violation of the Environmental Laws.

(m) Seller has delivered to Purchaser the balance sheets of the Seller as at December 31, 1994, December 31, 1995, and December 31, 1996, and profit and loss statements for the Seller for the 12-month periods ending December 31, 1994, December 31, 1995, and December 31, 1996 and the five (5) month period ending June 30, 1997 (collectively, the "Financial Statements"). The Financial Statements are true, correct and complete in all respects, present fairly and accurately the financial position of the Seller and the operation of the Project as at such dates and the results of its operations and earnings for the periods indicated thereon, and have been prepared in accordance with income tax method of accounting consistently applied throughout the periods indicated.

(n) The execution, delivery and performance by Seller of this Agreement is not precluded by, and will not violate, any provisions of any existing law, statute, rule or regulation of the county and state where the Project is located, or any judgment, order, decree, writ or injunction of any court, governmental department, commission, board, bureau, agency or instrumentality, and will not result in a breach of, or default under, any agreement, mortgage, contract, undertaking or other instrument or document to which Seller is a party or by which Seller is bound or to which Seller or any portion of the Project is subject.

(o) Seller is not a "Foreign Person" within the meaning of Internal Revenue Code Section 1445(f)(3).

(p) Seller has not and will not from the date of this Agreement, perform, fail to do, or permit to be done any act or deed which would in any manner impair or diminish the value of the Project or Seller's right or ability to convey the Project to Purchaser pursuant to this Agreement.

(q) This Agreement, and the documents to be executed and delivered by Seller in connection with the consummation of this Agreement, is and shall be valid and binding in accordance with their respective terms and conditions.

(r) Nothing contained in this Agreement or the information and material delivered or to be delivered to Purchaser pursuant to the terms hereof, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. Seller has not received any written notice of any fact which would materially adversely affect the Project or the operation thereof which is not set forth in this Agreement, the Exhibits hereto, or the information and material delivered or to be delivered to Purchaser pursuant to the terms hereof, or has not otherwise been disclosed to Purchaser in writing.

The provisions of Section 11 and all representations and warranties contained therein shall be true as of the dates specified above and shall survive the Closing (defined below) and the conveyance of the Project to Purchaser. Purchaser acknowledges that Purchaser or its affiliate will have the exclusive right to operate and manage the Property from and after the Effective Date. Therefore, Purchaser will not be entitled to rely (i) on any representation or warranty of Seller contained in this Agreement to the extent that Purchaser or its affiliate has actual knowledge to the contrary and Purchaser or its affiliate caused any such representation or warranty not to be true, or (ii) on any covenant of Seller contained in this Agreement to the extent that performance of or compliance with such covenant was the duty of Purchaser or its affiliate in its capacity as manager of the Project under any management agreement entered into by Seller and Purchaser or its affiliate.

12. CLOSING. The closing (the "Closing") on the Sale shall take place on the Closing Date at the offices of the Purchaser's attorneys, Jaffe, Raitt, Heuer & Weiss, Professional Corporation, One Woodward Avenue, Suite 2400, Detroit, Michigan 48226, or on or at such other time or place as Seller and Purchaser shall agree upon. At the time of Closing:

(a) Seller shall cause the Commitment to be updated and recertified as of the Closing Date and shall cause an A.L.T.A. Form B Owner's Policy of Title Insurance, without standard exceptions, insuring fee simple title to the Project subject only to the Permitted Exceptions, to be issued by the Title Company, at Seller's expense, together with such endorsements as Purchaser shall reasonably request, including, but not limited to, the Title Company's endorsement or other agreement to increase the amount of such title insurance to cover the cost of any additions or improvements to be constructed by Purchaser on the Project;

(b) Seller shall cause the Deed (as provided in Section 17 below) to be delivered to Purchaser;

(c) Purchaser shall deliver to Seller the Purchase Price as provided in this Agreement;

(d) Seller shall deliver to Purchaser an affidavit, in form acceptable to Purchaser, executed by Seller and all persons and entities holding an interest in Seller or the Project, certifying that Seller and all persons or entities holding an interest in Seller are not non-resident aliens or foreign entities, as the case may be, such that Seller and such interest holders are not subject to tax under the Foreign Investment and Real Project Tax Act of 1980;

(e) All representations and warranties of Seller shall be true and correct as of the Closing Date; and

(f) Seller and Purchaser shall deliver to the other such other documents or instruments as shall reasonably be required by such parties' counsel or the Title Company to consummate the transactions contemplated herein or to issue the policy of title

insurance which, in the other parties' counsel's opinion, does not increase such parties' liability or decrease such parties' rights hereunder, including, without limitation, documents evidencing the power and authority of Seller and Purchaser to consummate the sale and purchase of the Project in accordance with this Agreement.

13. INDEMNIFICATION. Purchaser does not and shall not assume any liabilities of Seller, including, without limitation, claims arising out of any occurrence prior to the Closing Date with respect to the Project, except as specifically provided in this Agreement. Seller agrees to indemnify, defend and hold harmless Purchaser, and Purchaser's successors and assigns, from and against any and all damages, liabilities, loss, costs and expenses (including attorneys' fees), arising out of, as a result of, or as a consequence of: (i) any claims resulting from Project damage or injuries to persons, including death, caused by any occurrence at the Project or in connection with the use, maintenance, operation or improvement of the Project prior to the date of this Agreement; (ii) any breach by Seller of any of its representations, warranties or obligations set forth herein or in any other document or instrument delivered by Seller in connection with the consummation of the transactions contemplated herein; and (iii) claims resulting from any work, labor or materials furnished to the Project by any party other than Purchaser prior to the Closing Date hereof, whether or not a lien is filed against the Project as a result of the furnishing of such work, labor or materials, unless such damage, liabilities, loss, costs and expenses are the result of Purchaser's acts or omissions hereunder.

14. EMINENT DOMAIN. If, during the term of this Agreement, any portion of the Project shall be taken by eminent domain, or is the subject of eminent domain proceedings threatened or commenced, Seller shall promptly notify Purchaser thereof, and immediately provide Purchaser with copies of any written communication from any condemning authority. If any of said events occurs prior to the Closing Date, Purchaser may, without recourse by either party hereto against the other, terminate this Agreement upon notice to Seller at any time prior to the Closing Date, and neither Seller nor Purchaser shall have any further duties or obligations under this Agreement, and Purchaser shall have no further interest in the Project. In the event Purchaser does not elect to terminate this Agreement pursuant to the preceding sentence and purchases the Project, (a) if the transfer to the condemning authority takes place prior to the Closing Date, the remainder of the Project shall be conveyed to Purchaser at the Closing; (b) if the transfer to the condemning authority has not taken place prior to the Closing Date, the entire Project shall be conveyed to Purchaser at the Closing; (c) if Seller has received payment for such condemnation or taking prior to the Closing Date, the amount of such payment shall be a credit against the Purchase Price payable by Purchaser hereunder and any excess proceeds shall be delivered to Purchaser; and (d) if Seller has not received such payment by the Closing Date, Seller shall assign to Purchaser all claims and rights on account of or arising out of such taking, including the right to conduct any litigation in respect of such condemnation.

15. ASSIGNMENT. Purchaser shall have the right to assign all of his right, title and interest in and to this Agreement and the Project, and all terms and conditions hereof shall apply equally to Purchaser's assignee as if the assignee were an original party to this Agreement, and Purchaser agrees that it shall guaranty the performance hereunder by any assignee. Seller may not assign its rights under this Agreement or delegate its responsibilities hereunder without prior written consent of Purchaser, which consent may be withheld by Purchaser for any reason whatsoever.

16. BROKERS. Purchaser and Seller represent and warrant to the other that they have not had any direct or indirect dealings with any real estate brokers, salesmen or agents in connection with the Project. In consideration of said warranty, Purchaser agrees with Seller that it will pay, and will defend and hold Seller harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated

herein and arising out of contracts made by Purchaser and Seller agrees with Purchaser that it will pay, and will defend and hold Purchaser harmless from and against any and all finder's and/or broker's commissions due or claimed to be due on account of the transactions contemplated herein and arising out of contracts made by Seller.

17. RECORDING; DEED IN ESCROW. Simultaneously with the execution of this Agreement, Seller and Purchaser shall execute and deliver a Memorandum of Option Agreement in the form attached hereto as Exhibit "E". Purchaser shall have the right, but not the obligation, to place such Memorandum of Option Agreement on the public record. Simultaneously with the execution of this Agreement, Seller shall execute and deliver to the Title Company, to be held pursuant to an escrow agreement between Seller, Purchaser and the Title Company, a warranty deed to the Purchaser, as grantee, in recordable form conveying to Purchaser marketable and insurable title to the Project, subject only to the Permitted Exceptions (the "Deed").

18. DEFAULTS AND REMEDIES. In the event Seller fails to consummate the transaction contemplated herein, or fails to perform in accordance with the terms hereof, Purchaser, in addition to all other rights and remedies available under applicable law, shall have the right to (i) specifically enforce the terms hereof and recover damages incurred by Purchaser by reason of any delay in its acquisition of the Project, (ii) bring suit for damages for breach of this Agreement, (iii) act to perform and cure the default of Seller and credit the actual expenses of such cure to the purchase price, or (iv) declare this Agreement terminated. No delay or omission in the exercise of any right or remedy of Purchaser hereunder shall impair such right or remedy or be construed as a waiver of any breach which has occurred or which may occur in the future. The waiver by Purchaser of any condition or subsequent breach of the same or any other term, covenant or condition herein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach under the same or other term, covenant or condition herein contained. All rights, powers, options and remedies afforded to Purchaser, either hereunder or by law, shall be cumulative and not alternative, and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law. In the event of a default by Purchaser hereunder which is not cured by Purchaser within thirty (30) days after the delivery of notice there of to Purchaser, absent an event of default by Seller hereunder, Seller shall have the right to (i) receive the Floor Amount if such default occurs before June 30, 2012; or (ii) receive the Purchase Price if such default occurs on or after June 30, 2012.

19. CONTROLLING LAW. This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of Michigan.

20. ENTIRE AGREEMENT. This instrument and the exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the transaction herein contemplated and the matters set forth herein. Any modification or amendment to this Agreement shall be effective only if in writing and executed by each of the parties hereto.

21. NOTICES. Any notice, election, demand, request, consent, approval, concurrence or other communication given or made under any provision of this Agreement shall be deemed duly served upon receipt or refusal if (i) personally served, (ii) deposited in the U.S. certified mail, return receipt requested, (iii) sent by telephone facsimile with fax acceptance sheet verifying receipt, or (iv) sent via "overnight" courier service, addressed to such party as follows:

IF TO PURCHASER: Sun Communities Operating Limited Partnership
31700 Middlebelt, Suite 148
Farmington Hills, Michigan 48334
Attn: Gary A. Shiffman

With required copy to: Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
Suite 2400
One Woodward Avenue
Detroit, Michigan 48226
Attention: Arthur A. Weiss

IF TO SELLER: High Point Associates Limited Partnership
c/o Meisel and Cohen Properties
6000 Executive Boulevard, Suite 700
Rockville, Maryland 20852
Attn: Barry S. Cohen
Attn: Martin J. Saturn

With required copy to: Shapiro, Lifschitz and Schram, P.C.
The Evening Star Building
1101 Pennsylvania Avenue, N.W.
Suite 1050
Washington, D.C. 20004
Attn: Steven H. Schram

Any party hereto may change the name and address of the designee to which notice shall be sent by giving written notice of such change to the other parties hereto as hereinbefore provided.

22. BINDING. The terms hereof shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns.

23. SURVIVAL. Unless expressly stated to the contrary herein, all of the representations and warranties made in this Agreement by or on behalf of any party, or in any instruments delivered pursuant hereto or in connection herewith shall survive the closing and the consummation of the transaction provided for herein.

24. CONSTRUCTION. This Agreement shall not be construed more strictly against one party than against the other, merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Purchaser and Seller have contributed substantially and materially to the preparation of this Agreement. If the day for performance of any action hereunder falls on a Saturday, Sunday or legal holiday, then the time for performance shall be deemed extended to the next succeeding business day.

25. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

"PURCHASER"

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership
By: Sun Communities, Inc., a Maryland corporation, its General Partner

By: _____
Jonathan Colman, Senior Vice President,
Acquisitions

"SELLER"

HIGH POINT ASSOCIATES LIMITED PARTNERSHIP, a Delaware limited partnership

By: Sea Breeze Property LLC, a Delaware limited liability company, its General Partner

By: _____
Martin J. Saturn

Its: Manager

PROMISSORY NOTE

\$1,300,195.40
DUE DATE: APRIL 1, 2007

FARMINGTON HILLS, MICHIGAN
DATED: AS OF APRIL 1, 1997

FOR VALUE RECEIVED, GARY A. SHIFFMAN ("Maker") promises to pay in lawful money of the United States of America to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Holder"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or such other place as Holder may designate in writing, the principal sum of ONE MILLION THREE HUNDRED THOUSAND ONE HUNDRED NINETY FIVE AND 40/100 DOLLARS (\$1,300,195.40), plus interest as hereinafter provided.

The unpaid principal balance of this promissory note ("Note") shall bear interest from the date hereof, computed upon the basis of a year of 365 days for the actual number of days elapsed in a month, at a rate of interest per annum (the "Effective Rate") equal to 1.75% in excess of six months' LIBOR (the "Index"), as such Index shall vary from time to time, upwards or downwards, and each such Index change shall cause an identical change in the Effective Rate to occur effective immediately; provided, however, that the Effective Rate shall not exceed 9% per annum and the Effective Rate shall not be lower than 6% per annum.

The indebtedness evidenced by this Note shall be paid to Holder in quarterly installments of interest only, beginning July 15, 1997, and continuing on the fifteenth day following each calendar quarter thereafter until the Due Date, upon which date the entire unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's quarterly interest payments on this Note shall be adjusted accordingly; provided, however, that Maker's quarterly interest payments shall still be due under this Note even if Holder subsequently discontinues payment of dividends.

All cash distributions and dividends paid to Maker on those certain 40,000 shares (the "Shares") of the common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation ("Sun"), issued to Maker as of April 8, 1996 (collectively, the "Distributions") shall first be applied toward the accrued and unpaid interest hereunder and sixty percent (60%) of the remainder of the Distributions, if any, shall be applied toward the outstanding principal balance of this Note. Maker hereby authorizes Holder and/or any of Holder's representatives to apply any and all cash distributions and dividends on the Shares in accordance with the terms of this Note.

This Note may be paid in full or in part at any time without payment of any prepayment fee or penalty. All payments received hereunder shall, at the option of Holder, first be applied against accrued and unpaid interest and the balance against principal. Maker expressly assumes all risks of loss or delay in the delivery of any payments made by mail, and no course of conduct or dealing shall affect Maker's assumption of these risks.

Upon the occurrence of any of the following events of default ("Event of Default"): (a) any failure by Maker to pay any installment of principal or interest when due hereunder and such failure shall continue and shall not be cured for a period of ten (10) days after the due date of such payment; (b) Maker's failure generally to pay debts as they mature, or the appointment of a receiver or custodian over a material portion of Maker's assets, which receiver or custodian is not discharged within sixty (60) days of such appointment; (c) any voluntary or involuntary bankruptcy or insolvency proceedings are commenced by or against Maker, which proceedings are not set aside within sixty (60) days from the date of institution thereof; or (d) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of Maker; then, at the election of Holder and without notice, demand or presentment, the entire principal balance of this Note, together with all accrued and unpaid interest, shall become immediately due and payable. All costs and expenses of collection, including, without limitation, reasonable attorneys fees and expenses, shall be added to and become part of the total indebtedness.

Upon the occurrence and during the continuance of any Event of Default, the outstanding

principal amount hereof shall bear interest at a rate which is two percent (2.0%) per annum greater than the Effective Rate otherwise applicable. Maker agrees to pay all of Holder's costs incurred in the collection of this Note, including reasonable attorneys fees and expenses.

Acceptance by Holder of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and Maker's failure to pay the entire amount then due within the applicable cure period shall be and continue to be an Event of Default. Upon the occurrence and continuance of any Event of Default, neither the failure of Holder promptly to exercise its right to declare the outstanding principal and accrued unpaid interest hereunder to be immediately due and payable, nor the failure of Holder to demand strict performance of any other obligation of Maker or any other person who may be liable hereunder, shall constitute a waiver of any such rights, nor a waiver of such rights in connection with any future default on the part of Maker or any other person who may be liable hereunder.

Maker and all endorsees, sureties and guarantors hereof hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest or protest of this Note, and Holder diligence in collection or bringing suit, and do hereby consent to any and all extensions of time, renewals, waivers or modifications as may be granted by Holder with respect to payment or any other provisions of this Note.

Notwithstanding anything herein to the contrary, in no event shall Maker be required to pay a rate of interest in excess of the Maximum Rate. The term "Maximum Rate" shall mean the maximum non-usurious rate of interest that Holder is allowed to contract for, charge, take, reserve or receive under the applicable laws of any applicable state or of the United States of America (whichever from time to time permits the highest rate for the use, forbearance or detention of money) after taking into account, to the extent required by applicable law, any and all relevant payments or charges hereunder, or under any other document or instrument executed and delivered in connection therewith and the indebtedness evidenced hereby.

In the event Holder ever receives, as interest, any amount in excess of the Maximum Rate, such amount as would be excessive interest shall be deemed a partial prepayment of principal, and, if the principal hereof is paid in full, any remaining excess shall be returned to Maker. In determining whether or not the interest paid or payable under any specified contingency exceeds the Maximum Rate, Maker and Holder shall, to the maximum extent permitted by law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread the total amount of interest through the entire contemplated term of such indebtedness until payment in full of the principal (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate. If Holder shall determine that the Effective Rate under this Note is usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the Maximum Rate, shall, at the option of Holder, become immediately due and payable.

Notwithstanding anything herein to the contrary, Maker's personal liability on this Note is limited to all accrued and unpaid interest and fifty percent (50%) of any deficiency after application of the proceeds from the sale of the Shares. Upon an Event of Default and Holder's election to accelerate the indebtedness under this Note, Maker shall be personally liable for all accrued and unpaid interest hereunder, Holder shall apply the proceeds from the sale of the Shares to the then outstanding principal balance on this Note and Maker shall be personally liable for fifty percent (50%) of the deficiency, if any. In addition, Maker, in his sole and absolute discretion, may, at any time (whether or not an Event of Default exists), terminate his obligations hereunder by (i) paying all accrued and unpaid interest on this Note, (ii) assigning all of his right, title and interest in the Shares to Holder, and (iii) after application of the proceeds from the sale of the Shares, paying fifty percent (50%) of the deficiency, if any.

This Note is secured by that certain Stock Pledge Agreement, dated as of April 1, 1997 (the "Pledge Agreement"). Upon a partial prepayment of this Note, including, without limitation, the payment of outstanding principal on this Note with 60% of the excess Distributions, if any, as provided above, a pro rata portion of the Shares shall be released from the Pledge Agreement.

Within one hundred twenty (120) days of the end of Holder's fiscal year, Maker shall furnish Holder a current personal financial statement showing Maker's net worth.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan. This Note shall be binding upon Maker and his successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns.

MAKER:

GARY A. SHIFFMAN

PROMISSORY NOTE

\$1,300,195.40
DUE DATE: APRIL 1, 2007

FARMINGTON HILLS, MICHIGAN
DATED: AS OF APRIL 1, 1997

FOR VALUE RECEIVED, GARY A. SHIFFMAN ("Maker") promises to pay in lawful money of the United States of America to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Holder"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or such other place as Holder may designate in writing, the principal sum of ONE MILLION THREE HUNDRED THOUSAND ONE HUNDRED NINETY FIVE AND 40/100 DOLLARS (\$1,300,195.40), plus interest as hereinafter provided.

The unpaid principal balance of this promissory note ("Note") shall bear interest from the date hereof, computed upon the basis of a year of 365 days for the actual number of days elapsed in a month, at a rate of interest per annum (the "Effective Rate") equal to 1.75% in excess of six months' LIBOR (the "Index"), as such Index shall vary from time to time, upwards or downwards, and each such Index change shall cause an identical change in the Effective Rate to occur effective immediately; provided, however, that the Effective Rate shall not exceed 9% per annum and the Effective Rate shall not be lower than 6% per annum.

The indebtedness evidenced by this Note shall be paid to Holder in quarterly installments of interest only, beginning July 15, 1997, and continuing on the fifteenth day following each calendar quarter thereafter until the Due Date, upon which date the entire unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's quarterly interest payments on this Note shall be adjusted accordingly; provided, however, that Maker's quarterly interest payments shall still be due under this Note even if Holder subsequently discontinues payment of dividends.

A required prepayment of principal in an amount equal to sixty percent (60%) of the excess, if any, of "x" minus "y" shall be paid to Holder quarterly, beginning July 15, 1997, and continuing on the fifteenth day following each calendar quarter thereafter until the Due Date. For purposes of this paragraph, "x" equals the amount of all cash distributions and dividends paid to Maker on 40,000 shares of common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation ("Sun"), issued to Maker as of April 8, 1996 and "y" equals the amount of the quarterly interest payment. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's required principal payments on this Note shall be adjusted accordingly.

This Note may be paid in full or in part at any time without payment of any prepayment fee or penalty. All payments received hereunder shall, at the option of Holder, first be applied against accrued and unpaid interest and the balance against principal. Maker expressly assumes all risks of loss or delay in the delivery of any payments made by mail, and no course of conduct or dealing shall affect Maker's assumption of these risks.

Upon the occurrence of any of the following events of default ("Event of Default"): (a) any failure by Maker to pay any installment of principal or interest when due hereunder and such failure shall continue and shall not be cured for a period of ten (10) days after the due date of such payment; (b) Maker's failure generally to pay debts as they mature, or the appointment of a receiver or custodian over a material portion of Maker's assets, which receiver or custodian is not discharged within sixty (60) days of such appointment; (c) any voluntary or involuntary bankruptcy or insolvency proceedings are commenced by or against Maker, which proceedings are not set aside within sixty (60) days from the date of institution thereof; or (d) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of Maker; then, at the election of Holder and without notice, demand or presentment, the entire principal balance of this Note, together with all accrued and unpaid interest, shall

become immediately due and payable. All costs and expenses of collection, including, without limitation, reasonable attorneys fees and expenses, shall be added to and become part of the total indebtedness.

Upon the occurrence and during the continuance of any Event of Default, the outstanding principal amount hereof shall bear interest at a rate which is two percent (2.0%) per annum greater than the Effective Rate otherwise applicable. Maker agrees to pay all of Holder's costs incurred in the collection of this Note, including reasonable attorneys fees and expenses.

Acceptance by Holder of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and Maker's failure to pay the entire amount then due within the applicable cure period shall be and continue to be an Event of Default. Upon the occurrence and continuance of any Event of Default, neither the failure of Holder promptly to exercise its right to declare the outstanding principal and accrued unpaid interest hereunder to be immediately due and payable, nor the failure of Holder to demand strict performance of any other obligation of Maker or any other person who may be liable hereunder, shall constitute a waiver of any such rights, nor a waiver of such rights in connection with any future default on the part of Maker or any other person who may be liable hereunder.

Maker and all endorsees, sureties and guarantors hereof hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest or protest of this Note, and Holder diligence in collection or bringing suit, and do hereby consent to any and all extensions of time, renewals, waivers or modifications as may be granted by Holder with respect to payment or any other provisions of this Note.

Notwithstanding anything herein to the contrary, in no event shall Maker be required to pay a rate of interest in excess of the Maximum Rate. The term "Maximum Rate" shall mean the maximum non-usurious rate of interest that Holder is allowed to contract for, charge, take, reserve or receive under the applicable laws of any applicable state or of the United States of America (whichever from time to time permits the highest rate for the use, forbearance or detention of money) after taking into account, to the extent required by applicable law, any and all relevant payments or charges hereunder, or under any other document or instrument executed and delivered in connection therewith and the indebtedness evidenced hereby.

In the event Holder ever receives, as interest, any amount in excess of the Maximum Rate, such amount as would be excessive interest shall be deemed a partial prepayment of principal, and, if the principal hereof is paid in full, any remaining excess shall be returned to Maker. In determining whether or not the interest paid or payable under any specified contingency exceeds the Maximum Rate, Maker and Holder shall, to the maximum extent permitted by law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread the total amount of interest through the entire contemplated term of such indebtedness until payment in full of the principal (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate. If Holder shall determine that the Effective Rate under this Note is usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the Maximum Rate, shall, at the option of Holder, become immediately due and payable.

Within one hundred twenty (120) days of the end of Holder's fiscal year, Maker shall furnish Holder a current personal financial statement showing Maker's net worth.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan. This Note shall be binding upon Maker and his successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns.

MAKER:

GARY A. SHIFFMAN

STOCK PLEDGE AGREEMENT

THIS STOCK PLEDGE AGREEMENT (this "Agreement") is made and entered into as of April 1, 1997 by and between GARY A. SHIFFMAN ("Pledgor") and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Secured Party").

RECITALS:

A. As of April 8, 1996, Pledgor purchased 80,000 shares (the "Shares") of the common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation and the sole general partner of Secured Party (the "Company").

B. Pledgor is indebted to Secured Party pursuant to the terms and conditions of that certain Promissory Note, dated as of April 1, 1997 (the "Note"), in the original principal amount of \$1,300,195.40.

C. To secure the prompt satisfaction by Pledgor of Pledgor's obligations under the Note, Pledgor has agreed to execute and deliver this Agreement to the Secured Party.

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants contained herein, the parties agree as follows:

1. GRANT OF SECURITY INTEREST. As security for the prompt and complete payment and performance when due of all liabilities, obligations or indebtedness owing by Pledgor to Secured Party under the Note (collectively, the "Obligations"), Pledgor pledges and grants to Secured Party a continuing security interest in, and lien on, all of Pledgor's right, title and interest in and to the Shares, together with all certificates, options, warrants or other distributions or rights issued as an addition to, in substitution or in exchange for, or on account of, the Shares, and all proceeds of the foregoing, including, without limitation, any and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any of the above (collectively, the "Pledged Stock").

2. DELIVERY OF CERTIFICATES. Concurrent with the execution and delivery of this Agreement, Secured Party has retained possession of the stock certificates evidencing the Shares (the "Certificates"). The Certificates have been retained by Secured Party in order to perfect the pledge established hereunder and this Agreement shall be interpreted so as to cause the pledge of the Shares to be perfected. Secured Party acknowledges that, for all other purposes, Pledgor is the lawful and beneficial owner of the Shares. Secured Party shall hold the Certificates in accordance with the terms and conditions of this Agreement.

3. FUTURE RECEIPTS. If Pledgor shall receive or become entitled to receive any:

(a) stock certificate(s) issued in respect of the Pledged Stock, including, without limitation, any certificate representing a stock dividend or payable in respect of the Pledged Stock or issued in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spin-off or split-off;

(b) option, warrant or right, whether issued as an addition to, in substitution or in exchange for, or on account of, any of the Pledged Stock; or

(c) dividends or distributions on the Pledged Stock payable other than in cash, including securities issued by other than Secured Party or the Company;

Pledgor shall accept the same as Secured Party's agent, in trust for Secured Party, and shall deliver same forthwith to Secured Party, in the exact form received with, as applicable, Pledgor's endorsement when necessary or appropriate stock powers duly executed in blank. Any property received by Secured Party hereunder shall be held by Secured Party pursuant to the terms of this Agreement as additional security for the Obligations.

4. CASH DIVIDENDS AND DISTRIBUTIONS. So long as no Event of Default (as defined below) shall have occurred and be continuing, Pledgor shall be entitled to receive for his own use all cash dividends and distributions on the Pledged Stock.

5. VOTING AND OTHER RIGHTS. So long as no Event of Default shall have occurred and be continuing, Pledgor shall be entitled to exercise any and all voting and other consensual rights with respect to the Pledged Stock for any purpose not inconsistent with the terms of this Agreement.

6. SECURED PARTY'S DUTIES. Subject to Section 9-207 of the Michigan Uniform Commercial Code, Secured Party shall have no duty with respect to the Pledged Stock beyond the exercise of reasonable care to assume the safe custody of the Pledged Stock while held hereunder. Without limiting the generality of the foregoing, Secured Party shall have no obligation to take any steps to preserve rights in the Pledged Stock against any other parties or to exercise any rights represented thereby; provided, however, that Secured Party may, at its option, do so and Pledgor shall reimburse the Secured Party for all expenses incurred in connection therewith.

7. COVENANTS AND WARRANTS OF PLEDGOR. Pledgor hereby covenants that, until the Obligations have been satisfied in full, Pledgor will not sell, convey or otherwise dispose of any of the Pledged Stock or any interest therein, or create, incur, or permit to exist any pledge, mortgage, lien, charge, encumbrance or any security interest whatsoever in or with respect to any of the Pledged Stock except for that created hereby. Pledgor warrants, and will at the Pledgor's expense defend, the Secured Party's right, title and security interest in and to the Pledged Stock against the claims of any person.

8. EVENT OF DEFAULT AND REMEDIES. Upon the occurrence of any violation or breach by Pledgor of the terms and conditions of the Note or this Agreement (an "Event of Default"), the Secured Party (within its discretion) shall have the right to exercise each and all of the following remedies (which remedies are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law, including, without limitation, the rights and remedies of a secured party under the Michigan Uniform Commercial Code):

(a) CASH DIVIDENDS. All cash dividends and distributions on the Pledged Stock shall be paid to the Secured Party. In the event Pledgor shall receive any such cash dividends or distributions, Pledgor shall hold same as Secured Party's agent, in trust for Secured Party, and shall forthwith deliver same to Secured Party in the exact form received with the Pledgor's endorsement when necessary.

(b) REGISTRATION. The Secured Party, at its option, may have any or all of the Pledged Stock registered in its name or that of its nominee. Pledgor hereby appoints Secured Party as his attorney-in-fact to arrange for the transfer of the Pledged Stock to the name of Secured Party or its nominee and all acts of Secured Party as attorney-in-fact are hereby ratified and confirmed and such power is coupled with an interest and is irrevocable until the Obligations are paid in full.

(c) DISPOSITION OF PLEDGED STOCK. Secured Party may, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Pledgor or any other person (all of which are, to the extent permitted by law, hereby expressly waived), forthwith realize upon the Pledged Stock or any part thereof, and may forthwith sell or otherwise dispose of and deliver the Pledged Stock or any part thereof or interest therein, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at the Secured Party's offices or elsewhere, at such prices and on such terms (including, without limitation, a requirement that any purchaser purchase the Pledged Stock for investment and without any intention to make a distribution thereof) as they may deem best, for cash or on credit, or for future delivery without assumption of any

credit risk, with the right to Secured Party or any purchaser to purchase upon any such sale the whole or any part of the Pledged Stock free of any right or equity of redemption in Pledgor, which right or equity is hereby expressly waived and released. Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time after which a private sale may take place, which notice Pledgor hereby deems reasonable.

(d) APPLICATION OF PROCEEDS. Any cash dividend or distribution received by Secured Party and the proceeds of any disposition of the Pledged Stock by Secured Party shall be applied as follows:

(i) First, to the costs and expenses incurred in connection with enforcing this Agreement or incidental thereto or to the care or safekeeping of any of the Pledged Stock or in any way relating to the rights of Secured Party, including reasonable attorneys' fees and legal expenses;

(ii) Second, to the satisfaction of the Obligations;

(iii) Third, to the payment of any other amounts required by applicable law (including, without limitation, the Michigan Uniform Commercial Code); and

(iv) Fourth, to Pledgor to the extent of any surplus proceeds.

9. FURTHER ASSURANCES. Pledgor shall, at any time and from time to time, upon the written request of Secured Party, execute and deliver such further documents and do such further acts and things as Secured Party may reasonably request to effect the purposes of this Agreement.

10. TERMINATION. Upon the satisfaction in full of the Obligations and the payment of all additional costs and expenses of Secured Party hereunder, this Agreement shall terminate and Secured Party shall deliver, or cause to be delivered, to Pledgor the Certificates necessary to transfer title to the Shares to Pledgor. Notwithstanding anything to the contrary herein, upon a partial prepayment of the Note, a pro rata portion of the Shares shall be released from this Agreement and Secured Party shall deliver, or cause to be delivered, to Pledgor the Certificates evidencing such released Shares.

11. WITHHOLDING TAXES. Pledgor shall pay all withholding taxes on the Shares, and Pledgor hereby indemnifies Secured Party and its officers, directors, agents and representatives from and against any and all liability associated with the withholding taxes on the Shares.

12. MISCELLANEOUS PROVISIONS.

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan.

(b) All of the terms contained herein shall survive the consummation of the transactions contemplated herein, and shall be binding upon and inure to the benefit of and be enforceable by and against, the parties hereto and their respective successors, assigns, heirs at law, legal representatives and estates.

(c) This Agreement and any other documents executed in connection herewith together constitute the full and entire understanding and agreement among the parties with respect to the transactions herein contemplated, and shall supersede all prior understandings or agreements relating thereto, whether written or oral, all of which are declared to be null and void and of no further force or effect.

(d) This Agreement may only be amended or modified, and any of the terms, conditions, covenants, representations or warranties contained herein may only be waived, by a written instrument duly executed by the parties hereto.

(e) The paragraph headings in this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PLEDGOR:

GARY A. SHIFFMAN

SECURED PARTY:

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland
corporation, General Partner

By:

Jeffrey P. Jorissen, Senior Vice
President

SUN COMMUNITIES, INC.
LONG TERM INCENTIVE PLAN

ARTICLE I.
PURPOSE AND ADOPTION OF THE PLAN

1.1 PURPOSE. The purpose of the Sun Communities, Inc. Long Term Incentive Plan (the "Plan") is to provide eligible employees of Sun Communities, Inc. and its Subsidiaries (the "Company") with an additional incentive to promote the Company's financial success and to provide an incentive which the Company may use to induce able persons to enter into or remain in the employment of the Company.

1.2 ADOPTION AND TERM. The Plan was approved by the Company's Board of Directors and became effective on May 29, 1997 (the "Effective Date"), and will remain in effect until all shares authorized under the terms of the Plan have been issued, unless earlier terminated or abandoned by action of the Board.

ARTICLE II.
DEFINITIONS

2.1 ADMINISTRATOR means the group of persons having authority to administer the Plan pursuant to Section 3.1.

2.2 AWARD means a right to receive Non-Qualified Stock Options at the end of the Award Period, subject to the Company's attainment of the Performance Target and other terms and conditions set forth in the Plan.

2.3 AWARD AGREEMENT means a written agreement between the Company and Participant or a written acknowledgment from the Company specifically setting forth the terms and conditions of an Award granted under the Plan.

2.4 AWARD PERIOD means the period beginning on January 1, 1997 and ending on December 31, 2001.

2.5 BENEFICIARY means (a) an individual, trust or estate who or which, by will or by operation of the laws of descent and distribution, succeeds to the rights and obligations of the Participant under the Plan and Award Agreement or Option Agreement upon the Participant's death; or (b) an individual, who by designation of the Participant, succeeds to the rights and obligations of the Participant under the Plan and Award Agreement or Option Agreement upon the Participant's death.

2.6 BOARD means the Board of Directors of the Company.

2.7 CHANGE OF CONTROL EVENT means (a) an event or series of events by which any person, as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 ("Person"), or other entity or group of Persons acting in concert as a partnership or other group (a "Group of Persons"), other than Persons who are, or Groups of Persons entirely made up of, (i) management personnel of the Company or (ii) any affiliates of any such management personnel shall, as a result of a tender or exchange offer or offers, open market purchase or purchases, a privately negotiated purchase or purchases or otherwise, become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, except that a Person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 20% or more of the combined voting power of the then outstanding voting stock of the Company; (b) the Company consolidates with, or merges with or into, another Person (other than a Subsidiary in a transaction which is not otherwise a Change of Control Event), or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with, or merges with or into the Company, in any such event pursuant to a transaction in which the outstanding voting stock of the Company is converted into or exchanged for cash, securities or other property; (c) during any consecutive two-year period, individuals who at the beginning of such period constituted the Board (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Company, was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board then in office; or (d) any liquidation or dissolution of the Company (other than a liquidation into a Subsidiary that is not otherwise a Change of Control Event).

2.8 CODE means the Internal Revenue Code of 1986, as amended. References to a section of the Code shall include that section and any comparable section or sections of any future legislation that amends, supplements or supersedes that section.

2.9 COMPANY means Sun Communities, Inc., a Maryland corporation.

2.10 COMPANY COMMON STOCK means the Common Stock of the Company, par value \$0.01.

2.11 COMPENSATION means a Participant's base wages or salary and overtime pay, including elective contributions that are made by the Company on behalf of the Participant that are not includible in gross income under Section 125, 402(e)(3), 402(h), or 403(b) of the Code, and excluding bonuses, commissions, and all other compensation.

2.12 DATE OF GRANT means the date designated by the Administrator as the date as of which it grants an Award under the Plan or a Non-Qualified Stock Option pursuant to an Award Agreement.

2.13 DIRECTOR means a member of the Board of Directors of the Company.

2.14 EFFECTIVE DATE means May 29, 1997, the date the Plan was adopted by the Board.

2.15 EXPIRATION DATE means the date specified in an Option Agreement as the expiration date of such Option.

2.16 FAIR MARKET VALUE means, on any given date, the average of the highest and lowest selling price for the Company Common Stock as reported on the Composite Tape for New York Stock Exchange Listed Companies, or, if there were no sales on such date, the average of the highest and lowest selling price for the most recent date upon which a sale was reported.

2.17 NON-QUALIFIED STOCK OPTION means a stock option which does not meet the requirements of an Incentive Stock Option under Section 422 of the Code.

2.18 OFFICER means any officer of the Company, including, without limitation, the Chairman of the Board, Chief Executive Officer, President, Senior Vice President, Chief Financial Officer, Chief Operating Officer, Treasurer and Secretary.

2.19 OPTION means a Non-Qualified Stock Option granted under the Plan.

2.20 OPTION AGREEMENT means a written agreement between the Company and the Participant or a written acknowledgment from the Company setting forth the terms and conditions of an Option granted pursuant to an Award under the Plan.

2.21 PARTICIPANT shall mean a person eligible to receive an Award as set forth in Article V.

2.22 PERFORMANCE TARGET shall mean the level of corporate performance upon which the grant of Options is conditioned, as further described in Section 6.2.

2.23 PLAN means the Sun Communities, Inc. 1997 Long Term Incentive Plan, as described herein and as it may be amended from time to time.

2.24 PURCHASE PRICE, with respect to Options, shall have the meaning set forth in Section 7.1.

2.25 SUBSIDIARY shall have the meaning set forth in Section 424(f) of the Code.

2.26 TERMINATION OF EMPLOYMENT means the voluntary or involuntary termination of a Participant's employment with the Company for any reason, including death, disability, retirement or as the result of the divestiture of the Participant's employer or any other similar transaction in which the Participant's employer ceases to be the Company or a Subsidiary of the Company. Whether an authorized leave of absence or absence on military or government service, absence due to disability, or absence for any other reason shall constitute Termination of Employment shall be determined in each case by the Administrator in its sole discretion.

ARTICLE III.
ADMINISTRATION

3.1 ADMINISTRATION. The Administrator of the Plan shall be the Compensation Committee of the Board. The Administrator shall administer the Plan in accordance with its terms and shall have the sole and absolute discretionary authority to interpret the Plan, to establish and modify administrative rules for the Plan, and to take such steps in connection with the Plan, Awards and Options granted thereunder, as it may deem necessary or advisable. The Administrator may delegate such of its powers and authority under the Plan as it deems appropriate to designated officers or employees of the Company.

3.2 INDEMNIFICATION. Members of the Administrator shall be entitled to indemnification and reimbursement from the Company for any action or any failure to act in connection with service as Administrator to the full extent provided for or permitted by the Company's certificate of incorporation or bylaws or by any insurance policy or other agreement intended for the benefit of the Company's officers, directors or employees or by any applicable law.

ARTICLE IV.
COMPANY COMMON STOCK ISSUABLE PURSUANT TO THE PLAN

4.1 SHARES ISSUABLE. Shares of Company Common Stock to be issued under the Plan may be authorized and unissued shares or issued shares which have been reacquired by the Company. Except as provided in Section 4.2, the Options granted to any Participant and to all Participants in the aggregate under the Plan shall be limited so that the sum of (i) all shares which shall be issued upon the exercise of outstanding Options granted under the Plan, and (ii) the number of shares otherwise issuable under an Option which are applied by the Company to payment of the withholding or tax liability discussed in Section 7.12 shall never exceed 240,000.

4.2 ADJUSTMENTS TO REFLECT CAPITAL CHANGES.

(A) RECAPITALIZATION. The number and kind of shares subject to outstanding Options, the Purchase Price for such shares, and the number and kind of shares available for Options granted under the Plan shall be appropriately adjusted to reflect any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the Plan or the Options granted under the Plan. The Administrator shall have the power to determine the amount of the adjustment to be made in each case.

(B) SALE OR REORGANIZATION. After any reorganization, merger or consolidation in which the Company is a surviving corporation, each Participant shall, at no additional cost, be entitled upon exercise of an Option to receive (subject to any required action by stockholders), in lieu of the number of shares of Company Common Stock receivable or exercisable pursuant to such Option, a number and class of shares of stock or other securities to which such Participant would have been entitled pursuant to the terms of the reorganization, merger or

consolidation if, at the time of such reorganization, merger or consolidation, such Participant had been the holder of record of a number of shares of stock equal to the number of shares receivable or exercisable pursuant to such Option. Comparable rights shall accrue to each Participant in the event of successive reorganizations, mergers or consolidations of the character described above.

(C) OPTIONS TO PURCHASE STOCK OF ACQUIRED COMPANIES. After any reorganization, merger or consolidation in which the Company or a Subsidiary of the Company shall be a surviving corporation, the Administrator may grant substituted Options under the provisions of the Plan, pursuant to Section 424 of the Code, replacing old options granted under a plan of another party to the reorganization, merger or consolidation, where such party's stock may no longer be issued following such merger or consolidation. The foregoing adjustments and manner of application of the foregoing provisions shall be determined by the Administrator in its sole discretion. Any adjustments may provide for the elimination of any fractional shares which might otherwise have become subject to any Options.

ARTICLE V.
PARTICIPATION

ELIGIBLE EMPLOYEES. All salaried employees of the Company, excluding Officers, who are employed by the Company on the Effective Date, or who become employed by the Company prior to the end of the Award Period, shall be eligible to receive an Award under the Plan. The Administrator may also, as it deems appropriate and consistent with the purpose of the Plan, designate one or more hourly employees of the Company to receive Awards.

ARTICLE VI.
AWARD OF OPTIONS

6.1 TERMS OF AWARD. Subject to the Company's achievement of one of the Performance Targets described in Section 6.2 below, on January 31, 2002 the Company shall grant to each Participant who has not forfeited his or her Award under Section 6.3 Options entitling the Participant to purchase from the Company the number of shares of Company Common Stock determined by multiplying the aggregate number of shares available for the Performance Target achieved by a fraction, the numerator of which is the Participant's total Compensation during the Award Period and the denominator of which is the aggregate total Compensation of all Participants (excluding any Participants who have forfeited their Awards pursuant to Section 6.3 below) during the Award Period. Options for fractional shares shall not be granted. The excess of the Fair Market Value on December 31, 2001 over the Fair Market Value on the Effective Date of any fractional shares resulting under the formula described above shall be paid to the Participant in cash on January 31, 2002, or as soon as practicable thereafter.

6.2 PERFORMANCE TARGETS. The aggregate number of Options to be granted pursuant to Awards shall depend on the Company's achieving, during the Award Period, certain increases (as set forth in the table below) in its Funds from Operations (FFO) as reflected in Management's

Discussion and Analysis contained in the Company's Annual Report on Form 10-K, over its 1996 level of \$2.24 per share.

ANNUAL PER SHARE GROWTH OF FFO	AGGREGATE NUMBER OF OPTIONS GRANTED
Less than 8%	0
At least 8% but less than 9%	120,000
At least 9% but less than 10%	168,000
10% or more	240,000

The Administrator may, in its sole discretion, extend the Award Period or modify the Performance Targets to decrease the required percentage increase in FFO at any time prior to January 31, 2002, if events or transactions occur which cause the Performance Target described herein to be an inappropriate measure of achievement.

6.3 DURATION OF AWARDS. During the Award Period, a Participant's Award shall be forfeited upon Termination of Employment for any reason other than the Participant's retirement at or after age 65 or the Participant's death. In the event of such a retirement or death, the Participant or the Participant's Beneficiary shall be granted an Option in accordance with Section 6.1 and 6.2, on January 31, 2002, and may exercise such options in accordance with the provisions of Sections 7.4.

6.4 RIGHTS AS A STOCKHOLDER. The Participant or any transferee of an Option pursuant to Section 7.4 or Section 7.13 shall have no rights as a stockholder with respect to any shares of Company Common Stock covered by an Option or Award until the Participant or transferee shall have become the holder of record of any such shares, and no adjustment shall be made for dividends and cash or other property or distributions or other rights with respect to any such shares of Company Common Stock for which the record date is prior to the date on which the Participant or a transferee of the Option shall have become the holder of record of any such shares covered by the Option.

ARTICLE VII.
TERMS OF OPTIONS

7.1 PURCHASE PRICE OF OPTIONS. The Purchase Price of Company Common Stock issued upon the exercise of Options shall be the Fair Market Value on the Effective Date.

7.2 VESTING OF OPTIONS One-third of a Participant's Options shall first become exercisable on January 31, 2002, with an additional one-third becoming exercisable on January 31, 2003 and January 31, 2004 respectively.

7.3 DURATION OF OPTIONS . Options shall terminate after the first to occur of the following events:

- (A) Ten years from the Date of Grant of the Option; or

(B) Termination of the Award as provided in Section 7.4.

7.4 EXERCISE ON DEATH OR TERMINATION OF EMPLOYMENT.

(A) Unless otherwise provided in the Award Agreement, in the event of the death of a Participant while an employee of the Company or retirement of a Participant at or after age 65, the right to exercise all unexpired and unexercised Options shall be accelerated and shall accrue as of the date of death or retirement. In the case of the Participant's death, the Participant's Options may be exercised by the Participant's Beneficiary at any time within one year after the later of the Participant's death or Date of Grant of the Options.

(B) Unless otherwise provided in the Option Agreement, in the event of Participant's Termination of Employment at any time for any reason other than death, retirement at or after age 65 or for "cause", as defined in paragraph (c) below, an Option may be exercised, but only to the extent it was otherwise exercisable, on the date of Termination of Employment, within thirty days after the date of Termination of Employment. In the event of the death of the Participant within the thirty-day period following Termination of Employment, the Participant's Option may be exercised by the Participant's Beneficiary within the one year period provided in subparagraph (a) above.

(C) In the event that a Participant's Termination of Employment is for "cause", all Options shall terminate immediately upon Termination of Employment. A Participant's employment shall be deemed to have been terminated for "cause" if such termination is determined, in the sole discretion of the Administrator, to have resulted from an act or omission by the Participant constituting active and deliberate dishonesty, as established by a final judgment or actual receipt of an improper benefit or profit in money, property or services, or from the Participant's continuous failure to perform his or her duties under any employment agreement in effect between the Participant and the Company in any material manner (or, in the absence of such an agreement, the consistent failure or refusal of the Participant to perform according to reasonable expectations and standards set by the Board and/or management consistent with Participant's title and position) after receipt of notice of such failure from the Company specifying how the Participant has so failed to perform.

7.5 ACCELERATION OF EXERCISE TIME. The Administrator, in its sole discretion, shall have the right (but shall not in any case be obligated) to permit purchase of shares under any Option prior to the time such Option would otherwise become exercisable under the terms of the Option Agreement.

7.6 EXTENSION OF EXERCISE TIME. The Administrator, in its sole discretion, shall have the right (but shall not in any case be obligated) to permit any Option granted under this Plan to be exercised after its Expiration Date or after the thirty-day period following Termination of Employment.

7.7 CHANGE OF CONTROL EVENT. Unless otherwise provided in the Option Agreement, and subject to such other terms and conditions as the Administrator may establish in the Option

Agreement, upon the occurrence of a Change of Control Event, irrespective of whether or not an Option is then exercisable, the Participant shall have the right to exercise in full any unexpired Option to the extent not theretofore exercised or terminated.

7.8 EXERCISE PROCEDURES. Each Option granted under the Plan shall be exercised by written notice to the Company which must be received by the officer of the Company designated in the Option Agreement on or before the Expiration Date of the Option. The Purchase Price of shares purchased upon exercise of an Option granted under the Plan shall be paid in full in cash by the Participant pursuant to the Option Agreement; provided, however, that the Administrator may (but need not) permit payment to be made by delivery to the Company of either (a) shares of Company Common Stock (including shares issuable to the Participant pursuant to the exercise of the Option), or (b) any combination of cash and shares of Company Common Stock, or (c) such other consideration as the Administrator deems appropriate and in compliance with applicable law (including payment in accordance with a cashless exercise program under which, if so instructed by the Participant, shares of Company Common Stock may be issued directly to the Participant's broker or dealer upon receipt of the Purchase Price in cash from the broker or dealer.) In the event that any Company Common Stock shall be transferred to the Company to satisfy all or any part of the Purchase Price, the part of the Purchase Price deemed to have been satisfied by such transfer of Company Common Stock shall be equal to the product derived by multiplying the Fair Market Value as of the date of exercise times the number of shares transferred. The Participant may not transfer to the Company in satisfaction of the Purchase Price (y) a number of shares which when multiplied times the Fair Market Value as of the date of exercise would result in a product greater than the Purchase Price or (z) any fractional share of Company Common Stock. Any part of the Purchase Price paid in cash upon the exercise of any Option shall be added to the general funds of the Company and used for any proper corporate purpose. Unless the Administrator shall otherwise determine, any Company Common Stock transferred to the Company as payment of all or part of the Purchase Price upon the exercise of any Option shall be held as treasury shares.

7.9 OPTION AGREEMENT. The grant and the terms and conditions of the Option shall be set forth in an Option Agreement between the Company and the Participant. No person shall have any rights under any Option granted under the Plan unless and until the Administrator and the Participant to whom the Award is granted shall have executed and delivered an Option Agreement expressly granting the Option to such person and setting forth the terms of the Option.

7.10 PLAN PROVISIONS CONTROL AWARD TERMS. The terms of the Plan shall govern all Awards and Options granted under the Plan, and in no event shall the Administrator have the power to grant any Award or Option under the Plan which is contrary to any of the provisions of the Plan. In the event any provision of any Award or Option granted under the Plan shall conflict with any term in the Plan as constituted on the Date of Grant of the Award or Option, the term in the Plan as constituted on the Date of Grant of such Award or Option shall control. Except as provided in Section 4.2, 6.3, 7.5 or 7.6, the terms of any Award or Option granted under the Plan may not be changed after the granting of such Award or Option without the express approval of the Participant.

7.11 MODIFICATION OF AWARD AFTER GRANT. Each Award or Option granted under the Plan to a Participant may be modified after the date of its grant by express written agreement

between the Company and the Participant, provided that such change (i) shall not be inconsistent with the terms of the Plan and (ii) shall be approved by the Administrator.

7.12 TAXES. The Company shall be entitled, if the Administrator deems it necessary or desirable, to withhold (or secure payment from the Participant in lieu of withholding) the amount of any withholding, employment or other tax required by law to be withheld or paid by the Company with respect to any amount payable and/or shares issuable under such Participant's Award or Option, and the Company may defer payment or issuance of the cash or stock upon exercise of an Option unless indemnified to its satisfaction against any liability for such tax. The amount of such withholding or tax payment shall be determined by the Administrator and, unless otherwise provided by the Administrator, shall be payable by the Participant at the time of issuance or payment in accordance with the following rules:

(A) A Participant shall have the right to elect to meet his or her withholding requirement by: (1) having the Company withhold from such Award the appropriate number of shares of Company Common Stock, rounded out to the next whole number, the Fair Market Value of which is equal to such amount, or, in the case of the cash payment, the amount of cash, as is determined by the Company to be sufficient to satisfy applicable tax withholding requirements; or (2) direct payment to the Company in cash of the amount of any taxes required to be withheld with respect to such Award.

(B) In the event that an Option or shares received upon exercise of an Option has already been transferred to the Participant on the date upon which withholding requirements apply, the Participant shall pay directly to the Company the cash amount determined by the Company to be sufficient to satisfy applicable federal, state or local withholding requirements. The Participant shall provide to the Company such information as the Company shall require to determine the amounts to be withheld and the time such withholding requirements become applicable.

(C) If permitted under applicable federal income tax laws, a Participant may elect to be taxed in the year in which an Option or Award is exercised or received, even if it would not otherwise have become taxable to the Participant. If the Participant makes such an election, the Participant shall promptly notify the Company in writing and shall provide the Company with a copy of the executed election form as filed with the Internal Revenue Service no later than thirty days from the date of exercise or receipt. Promptly following such notification, the Participant shall pay directly to the Company the cash amount determined by the Company to be sufficient to satisfy applicable federal, state or local withholding tax requirements.

7.13 LIMITATIONS ON TRANSFER. A Participant's rights and interest under the Plan may not be assigned or transferred other than by will or the laws of descent and distribution, or pursuant to the terms of a domestic relations order, as defined in Section 414(p)(1)(B) of the Code, which satisfies the requirements of Section 414(p)(1)(A) of the Code (a "Qualified Domestic Relations Order"). During the lifetime of a Participant, only the Participant personally (or the Participant's personal representative or attorney-in-fact) or the alternate payee named in a Qualified Domestic

Relations Order may exercise the Participant's rights under the Plan. The Participant's Beneficiary may exercise a Participant's rights to the extent they are exercisable under the Plan following the death of the Participant.

7.14 SURRENDER OF AWARDS. Any Award or Option granted under the Plan may be surrendered to the Company for cancellation on such terms as the Administrator and Participant approve, including, but not limited to, terms which provide that upon such surrender the Company will pay to the Participant cash or Company Common Stock, or a combination of cash and Company Common Stock.

ARTICLE VIII.
GENERAL PROVISIONS

8.1 AMENDMENT AND TERMINATION OF PLAN.

(A) AMENDMENT. The Board shall have complete power and authority to amend the Plan at any time. No termination or amendment of the Plan may, without the consent of the Participant to whom any Award or Option shall have been granted under the Plan, adversely affect the right of such individual under such Award or Option

(B) TERMINATION. The Board shall have the right and the power to terminate the Plan at any time. If the Plan is not earlier terminated, the Plan shall terminate when all shares authorized under the Plan have been issued. No Award shall be granted under the Plan after the termination of the Plan, but the termination of the Plan shall not have any other effect and any Option outstanding at the time of the termination of the Plan may be exercised after termination of the Plan at any time prior to the expiration date of such Option to the same extent such Option would have been exercisable if the Plan had not been terminated.

8.2 NO RIGHT TO EMPLOYMENT. No employee or other person shall have any claim or right to be granted an Award or Option under this Plan. Nothing in this Plan shall confer upon any employee any right to continue in employment with the Company or interfere in any way with the right of the Company to terminate such person's employment at any time.

8.3 SECURITIES LAW RESTRICTIONS. The shares of Company Common Stock issuable pursuant to the terms of any Options granted under the Plan may not be issued by the Company without registration or qualification of such shares under the Securities Act of 1933, as amended, or under various state securities laws or without an exemption from such registration requirements. Unless the shares to be issued under the Plan have been registered and/or qualified as appropriate, the Company shall be under no obligation to issue shares of Company Common Stock upon exercise of an Option unless and until such time as there is an appropriate exemption available from the registration or qualification requirements of federal or state law as determined by the Administrator in its sole discretion. The Administrator may require any person who is granted an award hereunder to agree with the Company to represent and agree in writing that if such shares are issuable under an exemption from registration requirements, the shares will be "restricted"

securities which may be resold only in compliance with applicable securities laws, and that such person is acquiring the shares issued upon exercise of the Option for investment, and not with a view toward distribution.

8.4 CAPTIONS. The captions (i.e., all section headings) used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions have been used in the Plan.

8.5 SEVERABILITY. Whenever possible, each provision in the Plan and every Award or Option at any time granted under the Plan shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of the Plan or any Award or Option at any time granted under the Plan shall be held to be prohibited or invalid under applicable law, then (a) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (b) all other provisions of the Plan and every other Award or Option at any time granted under the Plan shall remain in full force and effect.

8.6 NO STRICT CONSTRUCTION. No rule of strict construction shall be implied against the Company, the Administrator, or any other person in the interpretation of any of the terms of the Plan, any Award granted under the Plan or any rule or procedure established by the Administrator.

8.7 CHOICE OF LAW. All determinations made and actions taken pursuant to the Plan shall be governed by the laws of Michigan and construed in accordance therewith.

EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS

The ratio of earnings to fixed charges for the Company (including its predecessor-in interest, Sundance Enterprises, Inc., the Sun Partnerships and its subsidiaries and majority-owned partnerships) presents the relationship of the Company's earnings to its fixed charges. "Earnings" as used in the computation, is based on the Company's net income (loss) from continuing operations (which includes a charge to income for depreciation and amortization expense) before income taxes, plus fixed charges. "Fixed charges" is comprised of (i) interest charges, whether expensed or capitalized, and (ii) amortization of loan costs and discounts or premiums relating to indebtedness of the Company and its subsidiaries and majority-owned partnerships, excluding in all cases items which would be or are eliminated in consolidation.

The Company's ratio of earnings to combined fixed charges presents the relationship of the Company's earnings (as defined above) to fixed charges (as defined above).

	Year Ended December 31			
	1997	1996	1995	1994
	----	----	----	----
	(unaudited, in thousands)			
Earnings:				
Net income	\$27,927	\$21,953(1)	\$13,591	\$ 8,924
Add fixed charges other than capitalized interest	14,534	11,277	6,420	4,894
	-----	-----	-----	-----
	\$42,461	\$33,230	\$20,011	\$13,818
	=====	=====	=====	=====
Fixed Charges:				
Interest expense	\$14,534	\$11,277	\$ 6,420	\$ 4,894
Preferred OP Unit distribution	2,505	1,670	-	-
Capitalized interest	645	380	192	58
	-----	-----	-----	-----
Total fixed charges	\$17,684	\$13,327	\$ 6,612	\$ 4,952
	=====	=====	=====	=====

(1) Before Extraordinary Item

LIST OF SUBSIDIARIES

Sun Communities Operating Limited Partnership, a Michigan limited partnership

Sun Communities Finance Limited Partnership, a Michigan limited partnership

Sun Home Services, Inc., a Michigan corporation

Sun Management, Inc., a Michigan corporation

Sun QRS, Inc., a Michigan corporation

Sun Florida QRS, Inc., a Michigan corporation

Sun Water Oak Golf, Inc., a Michigan corporation

Sun Texas QRS, Inc., a Michigan corporation

Sun Communities Texas Limited Partnership, a Michigan limited partnership

8920 Associates, a Florida partnership

Miami Lakes Venture Associates, a Florida partnership

Sun Communities Alberta Limited Partnership, a Michigan limited partnership

Family Retreat, Inc., a Michigan corporation

Sun GP L.L.C., a Michigan limited liability company

Aspen-West Michigan Holdings L.L.C., a Michigan limited liability company

Aspen-Alpine Limited Partnership, a Michigan limited partnership

Aspen-Bedford Investment Limited Partnership, a Michigan limited partnership

Aspen Brentwood Holdings L.L.C., a Michigan limited liability company

Byron Center Mobile Village, a Michigan limited partnership

Aspen-Country Acres Investment Limited Partnership, a Michigan limited partnership

Aspen-Cutler Investment Limited Partnership, a Michigan limited partnership

Aspen-Grand Holdings L.L.C., a Michigan limited liability company

Aspen-Kings Investment Limited Partnership, a Michigan limited partnership

Aspen-Lincoln Investment Limited Partnership, a Michigan limited partnership

Aspen-Town & Country Investment Limited Partnership, a Michigan limited partnership

Aspen-Allendale Project Limited Partnership, a Michigan limited partnership

Aspen-Residential Project Limited Partnership, a Michigan limited partnership

Aspen-Alpine Project Limited Partnership, a Michigan limited partnership

Bedford Hills Mobile Village, a Michigan limited partnership

Aspen-Brentwood Project Limited Partnership, a Michigan limited partnership

Aspen-Byron Project Limited Partnership, a Michigan limited partnership

Aspen-Country Project Limited Partnership, a Michigan limited partnership

Aspen-Cutler Associates, a Michigan limited partnership

Aspen-Grand Project Limited Partnership, a Michigan limited partnership

Aspen-Kings Court Limited Partnership, a Michigan limited partnership

Aspen-Holland Estates Limited Partnership, a Michigan limited partnership

Aspen-Town & Country Associates II Limited Partnership, a Michigan limited partnership

Aspen-Paradise Park II Limited Partnership, an Illinois limited partnership

Aspen-Arbor Terrace L.P., a Florida limited partnership

Aspen-Bonita Lake Resort Limited Partnership, a Florida limited partnership

Aspen-Breezy Project Limited Partnership, a Florida limited partnership

Aspen-Indian Project Limited Partnership, a Florida limited partnership

Aspen-Siesta Bay Limited Partnership, a Florida limited partnership

Aspen-Silver Star II Limited Partnership, a Florida limited partnership

Aspen-Ft. Collins Limited Partnership, a Colorado limited partnership

SCF Manager, Inc., a Michigan corporation

Sun Communities Nevada Limited Partnership, a Michigan limited partnership

Sun Communities Funding Limited Partnership, a Michigan limited partnership

SCN Manager, Inc., a Michigan corporation

Sun Communities Funding GP L.L.C., a Michigan limited liability company

Sun Communities Nevada GP LLC, a Michigan limited liability company

Sun Acquiring, Inc., a Kansas corporation

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Sun Communities, Inc. on Forms S-3 (File No. 33-95694; File No. 333-1822; File No. 333-2522; File No. 333-14595; File No. 333-36541; File No. 333-45273) and on Form S-8 (File No. 333-11923) of our report dated February 23, 1998 on our audits of the consolidated financial statements and financial statement schedule of Sun Communities, Inc. as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, which report is included in this Annual Report on Form 10-K.

Coopers & Lybrand L.L.P.
Detroit, Michigan
March 23, 1998

YEAR	DEC-31-1997	JAN-01-1997	DEC-31-1997
			2,198
			0
			0
			0
			0
			684,821
	50,084		
	690,914		
17,000			247,264
			0
			0
			166
690,914			326,614
			0
	96,241		0
			0
	28,592		
	0		
	0		
	14,534		
	27,927		
			0
27,927			
			0
			0
			0
			22,255
			1.38
			1.37