

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2002.

OR

Transition pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

COMMISSION FILE NUMBER 1-12616

SUN COMMUNITIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland 38-2730780
(State of Incorporation) (I.R.S. Employer Identification No.)

31700 Middlebelt Road 48334
Suite 145
Farmington Hills, Michigan
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (248) 932-3100

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Number of shares of Common Stock, \$.01 par value per share, outstanding as of July 31, 2002: 18,002,658

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2002 AND DECEMBER 31, 2001
(IN THOUSANDS)

ASSETS	2002	2001
	-----	-----
Investment in rental property, net	\$ 865,009	\$ 813,334
Cash and cash equivalents	11,080	4,587
Notes and other receivables	82,190	91,372
Investment in and advances to affiliates	65,222	55,451
Other assets	33,657	29,705
	-----	-----
Total assets	\$ 1,057,158	\$ 994,449
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	\$ 48,000	\$ 93,000
Debt	496,109	402,198
Accounts payable and accrued expenses	18,337	17,683
Deposits and other liabilities	8,495	8,929
	-----	-----
Total liabilities	570,941	521,810
	-----	-----
Minority interests	146,811	142,998
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000 shares authorized; no shares issued and outstanding	--	--
Common stock, \$.01 par value, 100,000 shares authorized; 18,180 and 17,763 issued and outstanding for 2002 and 2001, respectively	182	178
Paid-in capital	413,674	399,789
Officers' notes	(10,846)	(11,004)
Unearned compensation	(6,483)	(6,999)
Distributions in excess of accumulated earnings	(50,737)	(45,939)
Treasury stock, at cost, 202 shares	(6,384)	(6,384)
	-----	-----
Total stockholders' equity	339,406	329,641
	-----	-----
Total liabilities and stockholders' equity	\$ 1,057,158	\$ 994,449
	=====	=====

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Revenues:				
Income from property	\$ 37,733	\$ 34,531	\$ 76,130	\$ 69,074
Equity in income (loss) from affiliates	(960)	(27)	(1,182)	138
Other income	2,288	3,559	4,796	7,860
Total revenues	39,061	38,063	79,744	77,072
Expenses:				
Property operating and maintenance	7,717	6,933	15,888	14,295
Real estate taxes	2,577	2,326	5,124	4,574
Property management	557	652	1,315	1,436
General and administrative	1,151	1,200	2,470	2,342
Depreciation and amortization	9,355	8,167	18,468	15,972
Interest	7,722	7,886	15,568	16,266
Total expenses	29,079	27,164	58,833	54,885
Income before gain from property dispositions, net and minority interests	9,982	10,899	20,911	22,187
Gain from property dispositions, net	--	758	--	4,275
Income before minority interest	9,982	11,657	20,911	26,462
Less income allocated to minority interests:				
Preferred OP Units	1,947	2,041	3,866	4,017
Common OP Units	1,033	1,284	2,209	2,988
Income from continuing operations	7,002	8,332	14,836	19,457
Income (loss) from discontinued operations	--	(12)	280	(33)
Net income	\$ 7,002	\$ 8,320	\$ 15,116	\$ 19,424
Basic earning per share:				
Continuing operations	\$ 0.40	\$ 0.48	\$ 0.85	\$ 1.12
Discontinued operations	--	--	0.02	--
Net income	\$ 0.40	\$ 0.48	\$ 0.87	\$ 1.12
Diluted earnings per share:				
Continuing operations	\$ 0.39	\$ 0.48	\$ 0.84	\$ 1.11
Discontinued operations	--	--	0.02	--
Net income	\$ 0.39	\$ 0.48	\$ 0.86	\$ 1.11
Weighted average common shares outstanding:				
Basis	17,544	17,203	17,433	17,284
Diluted	17,788	17,375	17,661	17,433
Distributions declared per common share outstanding				
	\$ 0.58	\$ 0.55	\$ 1.13	\$ 1.08

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(IN THOUSANDS)

	2002	2001
Cash flows from operating activities:		
Net income	\$ 15,116	\$ 19,424
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	2,209	2,988
Gain from property dispositions, net	--	(4,275)
(Income) loss from discontinued operations	(280)	33
Operating income included in discontinued operations	11	60
Depreciation and amortization	18,468	15,972
Amortization of deferred financing costs	554	524
(Increase) decrease in other assets	(5,334)	857
Increase in accounts payable and other liabilities	220	3,751
	30,964	39,334
Net cash provided by operating activities	30,964	39,334
Cash flows from investing activities:		
Investment in rental properties	(58,479)	(41,376)
Proceeds related to property dispositions	3,288	17,331
Investment in and advances to affiliates	(10,296)	(3,300)
Repayments of notes receivable, net	9,120	19,582
	(56,367)	(7,763)
Net cash used in investing activities	(56,367)	(7,763)
Cash flows from financing activities:		
Borrowings (repayments) on line of credit, net	(45,000)	61,000
Proceeds from notes payable and other debt	101,760	--
Repayments on notes payable and other debt	(14,662)	(75,514)
Payments for deferred financing costs	(1,193)	--
Proceeds from issuance of common stock	13,842	--
Treasury stock and operating partnership unit purchases, net	--	(6,066)
Distributions	(22,851)	(21,792)
	31,896	(42,372)
Net cash provided by (used in) financing activities	31,896	(42,372)
Net increase (decrease) in cash and cash equivalents	6,493	(10,801)
Cash and cash equivalents, beginning of period	4,587	18,466
	11,080	7,665
Cash and cash equivalents, end of period	11,080	7,665
Supplemental Information:		
Preferred OP Units issued for rental properties	\$ 4,500	\$ 4,612
Debt assumed for rental properties	\$ 6,813	\$ 12,500
Restricted common stock issued as unearned compensation, net of cancellations	\$ --	\$ 3,233

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION:

These unaudited condensed consolidated financial statements of Sun Communities, Inc., a Maryland corporation, (the "Company"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto of the Company as of December 31, 2001. The following notes to consolidated financial statements present interim disclosures as required by the SEC. The accompanying consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature.

2. INVESTMENTS IN AND ADVANCES TO AFFILIATES:

Sun Home Services, Inc. ("SHS") provides home sales and other services to current and prospective tenants. Through the Sun Communities Operating Limited Partnership (the "Operating Partnership"), the Company owns one hundred percent (100%) of the outstanding preferred stock of SHS, and is entitled to ninety-five percent (95%) of the operating cash flow. The common stock is owned by one officer of the Company and the estate of a former officer of the Company who collectively are entitled to receive five percent (5%) of the operating cash flow.

Through SHS, the Company owns approximately a thirty percent (30%) interest in Origen Financial LLC ("Origen"), which company holds all of the operating assets of Bingham Financial Services ("BFSC") and its subsidiaries. BFSC owns approximately a twenty percent (20%) interest in Origen and the Company (together with the other investors in Origen) has certain rights to purchase its pro-rata share of BFSC's interest in Origen at fair value.

Additionally, in August 2002, the maximum availability under the secured line of credit provided to Origen by the Company and another unaffiliated lender was increased to \$35 million until December 31, 2002, at which time the line of credit is due and payable in full. Pursuant to the terms of the participation agreement between the Company and the other lender, the Company is obligated to loan up to \$20 million to Origen under the line of credit and the other lender is required to loan up to \$15 million to Origen under the line of credit. The Company and the other lender participate pari-passu in the first \$30 million advanced under the line of credit and any funds advanced to Origen in excess of \$30 million will be subordinate in all respects to the first \$30 million. As of August 12, 2002, approximately \$13.5 million was advanced by the Company under its participation in the line of credit.

As a result of the increased line of credit, the Company's aggregate investment in, and maximum advances to, Origen is \$35 million (\$15 million equity investment in the initial \$40 million capitalization and up to \$20 million of advances under the line of credit). For comparison purposes, as of June 30, 2001, the Company was the sole provider of up to \$64 million of debt financing to BFSC, the predecessor to Origen. Consequently, although the Company was the sole provider of up to \$64 million of credit in June 2001, the Company is now committed to contribute an aggregate of \$35 million to Origen out of the total \$75 million contributed to Origen in the form of equity investment (\$40 million) and line of credit (\$35 million).

Also included in Investment in and advances to Affiliates is the Company's investment in and advances to SunChamp, a development entity comprising eleven new communities. The Company owns approximately seventeen percent (17%) of SunChamp at June 30, 2002.

All of these investments are accounted for utilizing the equity method of accounting.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. RENTAL PROPERTY:

The following summarizes rental property (in thousands):

	June 30, 2002	December 31, 2001
	-----	-----
Land	\$ 84,968	\$ 82,326
Land improvements and buildings	866,127	818,043
Furniture, fixtures, equipment	22,564	20,700
Land held for future development	16,941	16,810
Property under development	29,007	15,777
	-----	-----
	1,019,607	953,656
Accumulated depreciation	(154,598)	(140,322)
	-----	-----
Rental property, net	\$ 865,009	\$ 813,334
	=====	=====

During the six months ended June 30, 2002, the Company acquired two communities totaling 889 sites for approximately \$37 million.

In January 2002, in conjunction with a property acquisition, the Company issued 100,000 Series B-2 Preferred OP Units that bear interest at the rate of 6.0 percent per annum for the first five years and 7.0 percent per annum thereafter. The Series B-2 Preferred Units are convertible into Common OP Units in January 2005 at \$45 per unit and redeemable at \$45 per unit in January 2007 and, upon certain circumstances, at times thereafter.

In October 2001, the FASB issued FAS Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement is effective for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. During the first quarter of 2002, the Company sold one property with a net book value of approximately \$2.9 million resulting in a gain of approximately \$0.4 million. The adoption of this statement requires all dispositions of properties to be disclosed as discontinued operations in the period in which they occur and prior periods to be reclassified to conform with the current period presentation. At December 31, 2001, this property was classified as held for use.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES AND OTHER RECEIVABLES (AMOUNTS IN THOUSANDS):

	June 30, 2002	December 31, 2001
	-----	-----
Mortgage and other notes receivable, primarily with minimum monthly interest payments at LIBOR based floating rates of approximately LIBOR + 3.0%, maturing at various dates through June 2012, substantially collateralized by manufactured home communities.	\$ 53,892	\$ 63,403
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 8.3% and 19 years, respectively.	11,956	13,474
Other receivables	16,342	14,495
	-----	-----
	\$ 82,190	\$ 91,372
	=====	=====

At June 30, 2002, the maturities of mortgages and other notes receivables are approximately as follows: 2002-\$0.7 million; 2003-\$1.5 million; 2004-\$18.1 million; 2006-and after \$33.6 million.

Officers' notes, presented as a reduction to stockholders' equity in the balance sheet, are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 362,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse.

5. DEBT:

The following table sets forth certain information regarding debt (in thousands):

	June 30, 2002	December 31, 2001
	-----	-----
Collateralized term loan, at variable interest rate (2.5% at June 30, 2002) due May 2007, convertible to a 5 to 10 year fixed rate loan	\$ 101,760	\$ --
Collateralized term loan, interest at 7.01%, due September 9, 2007	42,518	42,820
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	35,000
Senior notes, interest at 8.20%, due August 15, 2008	100,000	100,000
Callable/redeemable notes, interest at 6.77%, due May 14, 2015, callable/redeemable May 16, 2005	65,000	65,000
Capitalized lease obligations, interest at 6.1%, due through December 2003	25,735	26,045
Mortgage notes, other	41,096	48,333
	-----	-----
	\$ 496,109	\$ 402,198
	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. DEBT, CONTINUED:

On May 31, 2002, the Company closed on a \$100.8 million collateralized debt facility with the proceeds applied to the line of credit.

In July 2002, the Company refinanced its existing line of credit to an \$85 million facility. The Company had \$37 million of this refinanced facility available to borrow at June 30, 2002. Borrowings under the refinanced line of credit bear interest at the rate of LIBOR plus 0.85% and mature July 2, 2005 with a one year optional extension.

6. OTHER INCOME:

The components of other income are as follows for the periods ended June 30, 2002 and 2001 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Interest income	\$ 1,571	\$ 2,668	\$ 3,418	\$ 6,121
Other income	717	891	1,378	1,739
	<u>\$ 2,288</u>	<u>\$ 3,559</u>	<u>\$ 4,796</u>	<u>\$ 7,860</u>

7. EARNINGS PER SHARE (IN THOUSANDS):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Earnings (loss) used for basic and diluted earnings per share computation:				
Continuing operations	\$ 7,002	\$ 8,332	\$ 14,836	\$ 19,457
Discontinued operations	\$ --	\$ (12)	\$ 280	\$ (33)
Total shares used for basic earnings per share	17,544	17,203	17,433	17,284
Dilutive securities, principally stock options	244	172	228	149
Total weighted average shares used for diluted earnings per share computation	<u>17,788</u>	<u>17,375</u>	<u>17,661</u>	<u>17,433</u>

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. EARNINGS PER SHARE (IN THOUSANDS) CONTINUED:

Diluted earnings per share reflect the potential dilution that would occur if dilutive securities were exercised or converted into common stock.

The Company issued 316,000 shares of common stock at an average price of \$41 raising \$12.5 million in equity through June 30, 2002

8. NEW ACCOUNTING PRONOUNCEMENTS:

In May 2002, the FASB issued SFAS 145, Rescission of FAS Nos. 4, 44 and 64, Amendment of FAS 13, and Technical Corrections as of April 2002. The provisions of this Statement related to the rescission of Statement 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions related to Statement 13 shall be effective for transactions occurring after May 15, 2002, with early application encouraged. All other provisions of this Statement shall be effective for financial statements issued on or after May 15, 2002, with early application encouraged. Adoption of this statement did not have a significant impact on the financial position or results of operations of the Company.

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 the notes thereto. Capitalized terms are used as defined elsewhere in this Form 10-Q.

SIGNIFICANT ACCOUNTING POLICIES

The Company had identified significant accounting policies that, as a result of the judgements, uncertainties, uniqueness and complexities of the underlying accounting standards and operations involved, could result in material changes to its financial condition or result of operations under different conditions or using different assumptions. Details regarding the Company's significant accounting policies are described fully in the Company's 2001 Annual Report filed with the Securities and Exchange Commission on Form 10-K. During the three and six months ended June 30, 2002, there have been no material changes to the Company's significant accounting policies that impacted the Company's financial condition or results of operations.

RESULTS OF OPERATIONS

Comparison of the three months ended June 30, 2002 and 2001

For the three months ended June 30, 2002, income before gain from property dispositions, net and minority interests decreased by 8.4 percent from \$10.9 million to \$10.0 million, when compared to the three months ended June 30, 2001. The decrease was due to increased revenues of \$1.0 million offset by increased expenses of \$1.9 million as described in more detail below.

Income from property increased by \$3.2 million from \$34.5 million to \$37.7 million, or 9.3 percent, due to acquisitions (\$1.7 million) and rent increases and other community revenues (\$1.5 million).

Income from affiliates decreased by \$0.9 million to a loss of \$0.9 million due to losses at affiliates caused principally by reduced new home sales and loan originations. Other income decreased by \$1.3 million from \$3.6 million to \$2.3 million due primarily to a decrease in interest income.

Property operating and maintenance expenses increased by \$0.8 million from \$6.9 million to \$7.7 million, or 11.3 percent, primarily due to acquisitions (\$0.5 million).

Real estate taxes increased by \$0.2 million from \$2.3 million to \$2.5 million due to acquisitions (\$0.1 million) and changes in certain assessments.

Property management expenses remained constant at \$0.6 million representing 1.5 percent and 1.9 percent of income from property in 2002 and 2001, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS, CONTINUED:

General and administrative expenses remained constant at \$1.2 million, representing 2.9 percent and 3.2 percent of total revenues in 2002 and 2001, respectively.

Earnings before interest, taxes, depreciation and amortization ("EBITDA", an alternative financial performance measure that may not be comparable to similarly titled measures reported by other companies, defined as total revenues less property operating and maintenance, real estate taxes, property management, and general and administrative expenses) increased by \$0.1 million from \$27.0 million to \$27.1 million. EBITDA as a percent of revenues was 69.3 percent in 2002 compared to 70.8 percent in 2001.

Depreciation and amortization increased by \$1.2 million from \$8.2 million to \$9.4 million, or 14.5 percent, due primarily to the net additional investment in rental properties.

Interest expense decreased by \$0.2 million from \$7.9 million to \$7.7 million, or 2.1 percent, due primarily to decreasing rates on variable rate debt.

The three months ended June 30, 2001 also included a \$0.8 million gain from property dispositions, net.

Comparison of the six months ended June 30, 2002 and 2001

For the six months ended June 30, 2002, income before gain from property dispositions, net and minority interests decreased by 5.7 percent from \$22.2 million to \$20.9 million, when compared to the six months ended June 30, 2001. The decrease was due to increased revenues of \$2.7 million offset by increased expenses of \$4.0 million as described in more detail below.

Income from property increased by \$7.0 million from \$69.1 million to \$76.1 million, or 10.2 percent, due to acquisitions (\$3.8 million) and rent increases and other community revenues (\$3.2 million).

Income from affiliates decreased from \$0.1 million to a loss of \$1.2 million due to losses at affiliates caused principally by reduced new home sales and loan originations. Other income decreased by \$3.1 million from \$7.9 million to \$4.8 million due primarily to a decrease in interest income.

Property operating and maintenance expenses increased by \$1.6 million from \$14.3 million to \$15.9 million, or 11.1 percent, primarily due to acquisitions (\$1.0 million).

Real estate taxes increased by \$0.5 million from \$4.6 million to \$5.1 million due to acquisitions (\$0.25 million) and changes in certain assessments.

Property management expenses decreased by \$0.1 million from \$1.4 million to \$1.3 million representing 1.7 percent and 2.1 percent of income from property in 2002 and 2001, respectively.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS, CONTINUED:

General and administrative expenses increased by \$0.1 million from \$2.4 million to \$2.5 million, representing 3.1 percent and 3.0 percent of total revenues in 2002 and 2001, respectively.

EBITDA decreased by \$0.5 million from \$54.9 million to \$54.4 million. EBITDA as a percent of revenues was 68.9 percent in 2002 compared to 70.6 percent in 2001.

Depreciation and amortization increased by \$2.5 million from \$16.0 million to \$18.5 million, or 15.6 percent, due primarily to the net additional investment in rental properties.

Interest expense decreased by \$0.7 million from \$16.2 million to \$15.5 million, or 4.3 percent, due primarily to decreasing rates on variable rate debt.

The six months ended June 30, 2001 also included a \$4.3 million gain from property dispositions, net.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS, CONTINUED:

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the six months ended June 30, 2002 and 2001. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2001 and June 30, 2002. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The "Total Portfolio" column differentiates from the "Same Property" column by including financial information for managed but not owned communities, new development and acquisition communities.

	Same Property		Total Portfolio	
	2002	2001	2002	2001
Income from property	\$ 64,779	\$ 61,809	\$ 76,130	\$ 69,074
Property operating expenses:				
Property operating and maintenance	11,611	11,533	15,888	14,295
Real estate taxes	4,766	4,492	5,124	4,574
Property operating expenses	16,377	16,025	21,012	18,869
Property EBITDA	\$ 48,402	\$ 45,784	\$ 55,118	\$ 50,205
Number of operating properties	103	103	117	112
Developed sites	36,677	36,291	41,405	39,010
Occupied sites	33,687	33,812	37,816	36,087
Occupancy %	93.9%(1)	95.4%(1)	93.1%(1)	94.5%(1)
Weighted average monthly rent per site	\$ 312 (1)	\$ 298 (1)	\$ 310 (1)	\$ 296 (1)
Sites available for development	2,242	2,564	4,268	5,109
Sites planned for development in current year	78	345	433	753

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

On a same property basis, property EBITDA increased by \$2.6 million from \$45.8 million to \$48.4 million, or 5.7 percent. Property revenues increased by \$3.0 million from \$61.8 million to \$64.8 million, or 4.8 percent, due primarily to increases in rents including water and property tax pass through.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal liquidity demands have historically been, and are expected to continue to be, distributions to the Company's stockholders and the Operating Partnership's unitholders, property acquisitions, development and expansion of properties, capital improvements of properties and debt repayment.

The Company expects to meet its short-term liquidity requirements through its working capital provided by operating activities and its line of credit, as described below. The Company considers its ability to generate cash from operations (anticipated to be approximately \$70 million annually) to be adequate to meet all operating requirements, including recurring capital improvements, routinely amortizing debt and other normally recurring expenditures of a capital nature, pay dividends to its stockholders to maintain qualification as a REIT in accordance with the Internal Revenue Code and make distributions to the Operating Partnership's unitholders.

The Company plans to invest approximately \$25 to \$30 million annually in developments consisting of expansions to existing communities and the development of new communities. The Company expects to finance these investments by using net cash flows provided by operating activities and by drawing upon its line of credit.

Furthermore, the Company expects to invest in the range of \$40 to \$60 million in the acquisition of properties in 2002, depending upon market conditions. The Company plans to finance these investments by using net cash flows provided by operating activities and by drawing upon its line of credit.

Cash and cash equivalents increased by \$6.5 million to \$11.1 million at June 30, 2002 compared to \$4.6 million at December 31, 2001 because cash provided by operating activities and financing activities exceeded cash used in investing activities. Net cash provided by operating activities decreased by \$8.4 million to \$30.9 million for the six months ended June 30, 2002 compared to \$39.3 million for the six months ended June 30, 2001. This decrease was primarily due to accounts payable and other liabilities decreasing by \$3.5 million and other assets increasing by \$6.2 million offset by an increase in income before minority interests, depreciation and amortization, gain from property dispositions, net and discontinued operations increasing by \$1.3 million.

The Company's net cash flows provided by operating activities may be adversely impacted by, among other things: (a) the market and economic conditions in the Company's current markets generally, and specifically in metropolitan areas of the Company's current markets; (b) lower occupancy and rental rates of the Company's properties (the "Properties"); (c) increased operating costs, including insurance premiums, real estate taxes and utilities, that cannot be passed on to the Company's tenants; and (d) decreased sales of manufactured homes. See "Risk Factors" in the Company's Registration Statement on S-3, Amendment No. 1 (Registration No. 333-96769).

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED:

On May 31, 2002, the Company closed on a \$100.8 million collateralized five year variable rate (2.5% at June 30, 2002) debt facility which is convertible to a five to ten year fixed rate loan with the proceeds applied to the line of credit.

In July 2002, the Company refinanced its existing line of credit to an \$85 million facility which matures in July 2005, with a one year optional extension. At June 30, 2002, the average interest rate of outstanding borrowings under the line of credit was 2.84% with \$48 million outstanding and \$37 million available to be drawn under the refinanced facility. The line of credit facility contains various leverage, debt service coverage, net worth maintenance and other customary covenants all of which the Company was in compliance with at June 30, 2002.

The Company's primary long-term liquidity needs are principal payments on outstanding indebtedness. At June 30, 2002, the Company's outstanding contractual obligations were as follows:

CONTRACTUAL CASH OBLIGATIONS(1)	TOTAL DUE	PAYMENTS DUE BY PERIOD (IN THOUSANDS)			
		1 YEAR	2-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Line of credit	\$ 48,000			\$ 48,000	
Collateralized term loan	42,518	\$ 636	\$ 1,413	1,625	\$ 38,844
Collateralized term loan	101,760			101,760	
Senior notes	285,000	85,000			200,000 (2)
Mortgage notes, other	41,096	834	9,179	9,312	21,771
Capitalized lease obligations	25,735	15,996	9,739		
Redeemable Preferred OP Units	48,458			8,064	40,394
	-----	-----	-----	-----	-----
	\$592,567	\$102,466	\$20,331	\$168,761	\$301,009
	=====	=====	=====	=====	=====

(1) The Company is the guarantor of \$22.9 million in personal bank loans which is not reflected in the balance sheet, maturing in 2004, made to the Company's directors, employees and consultants for the purpose of purchasing shares of Company common stock or Operating Partnership OP Units pursuant to the Company's Stock Purchase Plan. The Company is obligated under the Guaranty only in the event that one or more of the borrowers cannot repay their loan when due.

(2) The provisions of the callable/redeemable \$65 million notes are such that the maturity date will likely be 2015 if the 10 year Treasury rate is less than 5.7 % on May 16, 2005. The maturity is reflected in the above table based on that assumption.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED: The Company anticipates meeting its long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions, Operating Partnership unit redemptions and potential additional capital contributions to affiliates (see Footnote 2 INVESTMENTS IN AND ADVANCES TO AFFILIATES), through the issuance of debt or equity securities, including equity units in the Operating Partnership, or from selective asset sales. The Company has maintained investment grade ratings with Fitch ICBA, Moody's Investor Service and Standard & Poor's, which facilitates access to the senior unsecured debt market. Since 1993, the Company has raised, in the aggregate, \$275.9 million from the sale of shares of its common stock (including 316,000 shares of common stock sold during the six months ended June 30, 2002 at an average price of \$41 raising \$12.5 million in equity), \$93.3 million from the sale of OP units in the Operating Partnership and \$532 million from the issuance of secured and unsecured debt securities. In addition, at June 30, 2002, eighty-six of the Properties were unencumbered by debt, therefore, providing substantial financial flexibility. The ability of the Company to finance its long-term liquidity requirements in such manner will be affected by numerous economic factors affecting the manufactured housing community industry at the time, including the availability and cost of mortgage debt, the financial condition of the Company, the operating history of the Properties, the state of the debt and equity markets, and the general national, regional and local economic conditions. See "Risk Factors" in the Company's Registration Statement on S-3, Amendment No. 1 (Registration No. 333-96769). If the Company is unable to obtain additional equity or debt financing on acceptable terms, the Company's business, results of operations and financial condition will be harmed.

At June 30, 2002, the Company's debt to total market capitalization approximated 42.3 percent (assuming conversion of all Common OP Units to shares of common stock). The debt has a weighted average maturity of approximately 6.0 years and a weighted average interest rate of 6.0 percent.

Capital expenditures for the six months ended June 30, 2002 and 2001 included recurring capital expenditures of \$2.6 million and \$1.9 million, respectively.

Net cash used in investing activities increased by \$48.6 million to \$56.4 million compared to \$7.8 million provided by investing activities for the six months ended June 30, 2001. This increase was due to a \$17.1 million increase in rental property acquisition activities, repayments from financing notes receivable, net decreasing by \$10.5 million, a \$14.0 million decrease in proceeds related to property dispositions and an increase of \$7.0 million in investment in and advances to affiliates.

Net cash provided by financing activities increased by \$74.3 million to \$31.9 million from \$42.4 million used in financing activities for the six months ended June 30, 2001. This increase was primarily due to proceeds from notes payable, net of deferred financing costs, of \$100.5 million, a \$60.9 million reduction of repayments on notes payable and other debt and proceeds from issuance of common stock increasing by \$19.9 million including reduced treasury stock purchases, offset by a \$106.0 million increase in repayments on line of credit, net.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER

Funds from operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from sales of property, plus rental property depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Industry analysts consider FFO to be an appropriate supplemental measure of the operating performance of an equity REIT primarily because the computation of FFO excludes historical cost depreciation as an expense and thereby facilitates the comparison of REITs which have different cost bases in their assets. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time, whereas real estate values have instead historically risen or fallen based upon market conditions. FFO does not represent cash flow from operations as defined by generally accepted accounting principles and is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. The following table calculates FFO for both basic and diluted purposes for the periods ended June 30, 2002 and 2001 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
Income from continuing operations	\$ 7,002	\$ 8,332	\$ 14,836	\$ 19,457
FFO contributed by discontinued operations	--	35	11	60
Deduct gain from property dispositions, net	--	(758)	--	(4,275)
Add:				
Minority interest in earnings to common OP Unit holders	1,033	1,284	2,209	2,988
Depreciation and amortization, net of corporate office depreciation	9,283	8,092	18,324	15,822
	-----	-----	-----	-----
Funds from operations	\$ 17,318	\$ 16,985	\$ 35,380	\$ 34,052
	=====	=====	=====	=====
Weighted average common shares OP				
Units outstanding used for basic per share/unit data	20,133	19,856	20,027	19,940
Dilutive securities:				
Stock options and awards	244	172	228	149
	-----	-----	-----	-----
Weighted average common shares and OP				
Units used for diluted per share/unit data	20,377	20,028	20,255	20,089
	=====	=====	=====	=====
Common shares and OP Units at end of period	20,568	20,145	20,568	20,145
	=====	=====	=====	=====

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER, CONTINUED:

Special Note Regarding Forward-Looking Statements

This Form 10-Q contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "may", "will", "expect", "believe", "anticipate", "should", "estimate", and similar expressions identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but are based upon current assumptions regarding the Company's operations, future results and prospects, and are subject to many uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Please see the section entitled "Risk Factors" in the Company's S-3, Amendment No. 1 (Registration No. 333-96769) for a list of uncertainties and factors.

Such factors include, but are not limited to, the following: (i) changes in the general economic climate; (ii) increased competition in the geographic areas in which the Company owns and operates manufactured housing communities; (iii) changes in government laws and regulations affecting manufactured housing communities; and (iv) the ability of the Company to continue to identify, negotiate and acquire manufactured housing communities and/or vacant land which may be developed into manufactured housing communities on terms favorable to the Company. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Recent Accounting Pronouncements:

In June 2001, the Financial Accounting Standards Board ("FASB") approved Statement of Financial Accounting Standards ("SFAS") 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 141 requires, among other things, that the purchase method of accounting for business combinations be used for all business combinations initiated after September 30, 2001. SFAS 142 addresses the accounting for goodwill and other intangible assets subsequent to their acquisition. SFAS 142 requires, among other things, that goodwill and other indefinite-lived intangible assets no longer be amortized and that such assets be tested for impairment at least annually. SFAS 142 is effective for fiscal years beginning after December 15, 2001. The adoption of these statements did not have a significant impact on the financial position or results of operations of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER, CONTINUED:

Recent Accounting Pronouncements, continued:

In August 2001, the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business (as previously defined in that Opinion). The provisions of this SFAS 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The provisions of this standard generally are to be applied prospectively. The adoption of this statement requires all dispositions of properties to be disclosed as discontinued operations in the period in which they occur and prior periods to be reclassified to conform with the current period presentation. The Company sold one property in the first quarter, which has been presented accordingly. This implementation of the statement did not have any other material effect on the Company.

In May 2002, the FASB issued SFAS 145, Rescission of FAS Nos. 4, 44 and 64, Amendment of FAS 13, and Technical Corrections as of April 2002. The provisions of this statement related to the rescission of Statement 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions related to Statement 13 shall be effective for transactions occurring after May 15, 2002, with early application encouraged. All provisions of this Statement shall be effective for financial statements issued on or after May 15, 2002, with early application encouraged. Adoption of this statement did not have a significant impact on the financial position or results of operations of the Company.

PART II

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

On May 23, 2002, the Company held its Annual Meeting of Shareholders. The following matters were voted upon at the meeting:

- (a) The election of two directors to serve until the 2005 Annual Meeting of Shareholders or until their respective successors shall be elected and shall qualify. The results of the election appear below:

Name -----	Votes For -----	Votes Against or Withheld -----	Abstentions or Broker Non-Votes -----
Ronald L. Piasecki	15,072,371	0	107,147
Gary A. Shiffman	12,985,088	0	2,194,430

ITEM 6.(a) - EXHIBITS REQUIRED BY ITEM 601 OF REGULATION S-K

See the attached Exhibit Index.

ITEM 6.(b) - REPORTS ON FORM 8-K

The Company did not file any reports on Form 8-K during the period covered by this Form 10-Q.

SIGNATURES

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

Dated: August 13, 2002

SUN COMMUNITIES, INC.

BY: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer
and Secretary
(Duly authorized officer and principal
financial officer)

CERTIFICATION

The undersigned officers hereby certify that: (a) this Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (b) the information contained in this Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the issuer.

/s/ Gary A. Shiffman

Dated: August 13, 2002

Gary A. Shiffman, Chief Executive Officer

/s/ Jeffrey P. Jorissen

Dated: August 13, 2002

Jeffrey P. Jorissen, Chief Financial Officer

SUN COMMUNITIES, INC.
EXHIBIT INDEX

Exhibit No. -----	Description -----
10.1	Master Credit Facility Agreement, dated as of May 29, 2002, by and between Sun Secured Financing LLC, Aspen-Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership and ARCS Commercial Mortgage Co., L.P.
10.2	Second Amendment to Amended and Restated Subordinated Loan Agreement, dated as of June 18, 2002, by and between Sun Communities Operating Limited Partnership and Origin Financial L.L.C.
10.3	Fourth Amended and Restated Promissory Note, dated as of June 18, 2002, made by Origin Financial L.L.C. in favor of Sun Communities Operating Limited Partnership
10.4	First Amendment to Amended and Restated Participation Agreement, dated as of June 18, 2002, by and between Sun Communities Operating Limited Partnership and Woodward Holdings, LLC
10.5	Credit Agreement, dated as of July 3, 2002, by and between Sun Communities Operating Limited Partnership, Sun Communities, Inc., Banc One Capital Markets, Inc., Bank One, N.A. and other lenders which are signatories thereto

MASTER CREDIT FACILITY AGREEMENT

BY AND BETWEEN

SUN SECURED FINANCING LLC, a Michigan limited liability company,
ASPEN-FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership,
SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP,
a Michigan limited partnership,

AND

ARCS COMMERCIAL MORTGAGE CO., L.P.

dated as of

May 29, 2002

MASTER CREDIT FACILITY AGREEMENT

THIS MASTER CREDIT FACILITY AGREEMENT is made as of the 29th day of May, 2002 by and among (a) (i) SUN SECURED FINANCING LLC, a Michigan limited liability company ("SSF"), (ii) ASPEN-FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership ("Aspen"), and (iii) SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership ("Houston") (individually and collectively, SSF, Aspen and Houston, "Borrower"), and (b) ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("Lender").

RECITALS

A. Borrower owns one or more Manufactured Housing Communities (unless otherwise defined or the context clearly indicates otherwise, capitalized terms shall have the meanings ascribed to such terms in Appendix I of this Agreement) as more particularly described in Exhibit A to this Agreement.

B. Borrower has requested that Lender establish a \$101,760,000 Credit Facility in favor of Borrower, comprised initially of a \$101,760,000 Variable Facility, all or part of which can be converted to a Fixed Facility in accordance with, and subject to, the terms and conditions of this Agreement.

C. To secure the obligations of Borrower under this Agreement and the other Loan Documents issued in connection with the Credit Facility, Borrower shall create a Collateral Pool in favor of Lender. The Collateral Pool shall be comprised of (i) Security Instruments on the Manufactured Housing Communities listed on Exhibit A and (ii) any other Security Documents executed by Borrower pursuant to this Agreement or any other Loan Documents.

D. Each Security Document shall be cross-defaulted (i.e., a default under any Security Document, or under this Agreement, shall constitute a default under each Security Document, and this Agreement) and cross-collateralized (i.e., each Security Instrument shall secure all of Borrower's obligations under this Agreement and the other Loan Documents) and it is the intent of the parties to this Agreement that Lender may accelerate any Note without needing to accelerate any other Note and that in the exercise of its rights and remedies under the Loan Documents, Lender may, except as provided in this Agreement, exercise and perfect any and all of its rights in and under the Loan Documents with regard to any Mortgaged Property without needing to exercise and perfect its rights and remedies with respect to any other Mortgaged Property and that any such exercise shall be without regard to the Allocable Facility Amount assigned to such Mortgaged Property and that Lender may recover an amount equal to the full amount outstanding in respect of any of the Notes in connection with such exercise and any such amount shall be applied as determined by Lender in its sole and absolute discretion.

E. Subject to the terms, conditions and limitations of this Agreement, Lender has agreed to establish the Credit Facility.

NOW, THEREFORE, Borrower and Lender, in consideration of the mutual promises and agreements contained in this Agreement, hereby agree as follows:

ARTICLE 1

THE COMMITMENT

SECTION 1.01. The Commitment.

Subject to the terms, conditions and limitations of this Agreement:

(a) Variable Facility Commitment. Lender agrees to make Variable Advances to Borrower from time to time during the Variable Facility Availability Period. The aggregate principal balance of the Variable Advances Outstanding at any time shall not exceed the Variable Facility Commitment. No Variable Advance shall be made as a result of increases in the Valuation of any Mortgaged Property; provided, however, Borrower shall not be precluded from obtaining a release of a Mortgaged Property as otherwise provided herein. Borrower may re-borrow any part of the Variable Advances which it has previously borrowed and repaid.

(b) Fixed Facility Commitment. Lender agrees to make Fixed Advances to Borrower from time to time during the Fixed Facility Availability Period. The aggregate original principal of the Fixed Advances shall not exceed the Fixed Facility Commitment. No Fixed Advance shall be made as a result of increases in the Valuation of any Mortgaged Property; provided, however, Borrower shall not be precluded from obtaining a release of a Mortgaged Property as otherwise provided herein. The borrowing of a Fixed Advance shall permanently reduce the Fixed Facility Commitment by the original principal amount of such Fixed Advance. Borrower may re-borrow as a Variable Advance (but not as a Fixed Advance) any part of the Fixed Advance which it has previously borrowed and repaid.

SECTION 1.02. Requests for Advances.

Borrower shall request an Advance by giving Lender an Advance Request in accordance with Section 2.04. The Advance Request shall indicate whether the Request is for a Fixed Advance, a Variable Advance or both.

SECTION 1.03. Maturity Date of Advances.

(a) Variable Advances. The MBS Issue Date shall be the first day of a month and the maturity date of the MBS funding each Variable Advance shall be specified by Borrower in its Advance Request, which date shall be:

(i) no earlier than the date which completes three full months after the MBS Issue Date; and

(ii) no later than the date which completes nine full months after the MBS Issue Date.

For these purposes, a year shall be deemed to consist of 12 30-day months. For example, the date which completes three full months after September 1 shall be December 1; and the date which completes three full months after January 1 shall be April 1.

No principal payments in respect of any Variable Advance shall be due prior to the maturity date of such Variable Advance.

(b) Fixed Advances. The maturity date of each Fixed Advance shall be specified by Borrower, provided that such maturity date shall be not earlier than the 5th anniversary of the making of such Fixed Advance and not later than the 10th anniversary of the making of such Fixed Advance, provided that in no event shall the maturity date of any Fixed Advance be later than the 15th anniversary of the Initial Closing Date.

(c) Prepayment. Fixed Advances are not prepayable at any time, provided that, notwithstanding the foregoing, if Borrower has elected yield maintenance with respect to any Fixed Advance, Borrower (i) may prepay not less than all of such Fixed Advance during the last six months of the term of such Fixed Advance, and (ii) may prepay not less than all of such Fixed Advance pursuant to the yield maintenance provisions of the Fixed Facility Note.

SECTION 1.04. Interest on Advances.

(a) Partial Month Interest. Notwithstanding anything to the contrary in this Section, if an Advance is not made on the first day of a calendar month, and the MBS Issue Date is the first day of the month following the month in which the Advance is made, Borrower shall pay interest on the original stated principal amount of the Advance for the partial month period commencing on the Closing Date for the Advance and ending on the last day of the calendar month in which the Closing Date occurs, (i) for a Variable Advance at a rate per annum equal to the greater of (1) the Coupon Rate as determined in accordance with Section 1.05(a) and (2) a rate determined by Lender, based on Lender's cost of funds and approved in advance, by Borrower, pursuant to the procedures mutually agreed upon by Borrower and Lender, and (ii) for a Fixed Advance at a rate, per annum equal to the greater of (1) the interest rate for the described in subsection (c)(i) of this Section and (2) a rate determined by Lender, based on Lender's cost of funds, and approved in advance, by Borrower, pursuant to procedures mutually agreed upon by Borrower and Lender.

(b) Variable Advances.

(i) Discount. Each Variable Advance shall be a discount loan. The original stated principal amount of a Variable Advance shall be the sum of the Price and the Discount. The Price and Discount of each Variable Advance shall be determined in accordance with the procedures set out in Section 2.01. The proceeds of the Variable Advance made available by Lender to Borrower will equal the original stated principal amount of the Variable Advance. Borrower shall pay to Lender, in advance of Lender making a Variable Advance requested by Borrower, the entire Discount for the Variable Advance. On the maturity of each Variable Advance, the Borrower shall pay the Lender an amount equal to the original stated principal amount of such Variable Advance.

(ii) Variable Facility Fee. In addition to paying the Discount and the partial month interest, if any, Borrower shall pay monthly installments of the Variable Facility Fee to Lender for each Variable Advance from the applicable MBS Issue Date to its maturity date. The Variable Facility Fee shall be payable in advance, in accordance with the terms of the Variable Facility Note. The first installment shall be payable on or prior to the Closing Date for the Variable Advance and shall apply to the first full calendar month of such MBS. Subsequent installments shall be payable on the first day of each calendar month, commencing on the first day of the second full calendar month of such MBS, to its maturity date. Each installment of the Variable Facility Fee shall be in an amount equal to the product of (1) the Variable Facility Fee, (2) the original stated principal amount of the Variable Advance, and (3) 1/12.

(c) Fixed Advances.

(i) Annual Interest Rate. Each Fixed Advance shall bear interest at a rate, per annum, equal to the sum of (1) the MBS Pass-Through Rate for such Fixed Advance and (2) the Fixed Facility Fee.

(ii) Fixed Facility Fee. In addition to paying the partial month interest, if any, Borrower shall pay monthly installments of the MBS Pass-Through Rate and the Fixed Facility Fee to Lender for each Fixed Advance from the applicable MBS Issue Date to its maturity date. The MBS Pass-Through Rate and the Fixed Facility Fee shall be payable in arrears, in accordance with the terms of the Fixed Facility Note. The first installment shall be payable on the first day of each calendar month, commencing on the first day of the second full calendar month of such MBS, to its maturity date. Each installment of the Fixed Facility Fee shall be in an amount equal to the product of (1) the Fixed Facility Fee, (2) the Outstanding principal balance of the Fixed Advance, and (3) 1/12.

SECTION 1.05. Coupon Rates for Advances.

(a) Variable Advances. The Coupon Rate shall equal the sum of (1) an interest rate as determined by Lender (rounded to three places) payable for the MBS pursuant to the MBS Commitment ("MBS Imputed Interest Rate") and (2) the Variable Facility Fee.

(b) Fixed Advances. The Coupon Rate shall be the rate of interest applicable to such Fixed Advance pursuant to Section 1.04(c)(i).

SECTION 1.06. Notes.

(a) Variable Advances. The obligation of Borrower to repay shall be evidenced by the Variable Facility Note. The Variable Facility Note shall be payable to the order of Lender and shall be made in the amount of the Variable Facility Commitment.

(b) Fixed Advances. The obligation of Borrower to repay shall be evidenced by the Fixed Facility Notes. The Fixed Facility Notes shall be payable to the order of Lender and shall be made in the original principal amount of each Fixed Advance.

SECTION 1.07. Extension of Variable Facility Termination Date.

Borrower shall have the right to extend the Variable Facility Termination Date for one (1) five (5) year period ("Extension") upon satisfaction of each of the following conditions:

(a) Borrower provides written notice requesting the Extension ("Extension Notice") to Lender not less than 90 nor more than 360 days prior to the then effective Variable Facility Termination Date.

(b) No Event of Default or Potential Event of Default exists on either the date the Extension Notice is given or on the then effective Variable Facility Termination Date.

(c) All of the representations and warranties of Borrower contained in Article 7 of this Agreement and the other Loan Documents are true and correct in all material respects on the date the Extension Notice is given and on the then effective Variable Facility Termination Date, or any such changes to the truth and accuracy of such representations and warranties shall not have had a Material Adverse Effect on the Borrower or any of the Mortgaged Properties.

(d) Borrower is in compliance with all of the covenants contained in Articles 8 and 9 on the date the Extension Notice is given and on the then effective Variable Facility Termination Date.

Upon receipt of the Extension Notice and upon compliance with conditions set forth above, the Variable Facility Termination Date shall be extended for five (5) years on the terms and conditions contained in this Agreement and the other Loan Documents. The Variable Facility Fee and the Standby Fee applicable to the Variable Facility during the Extension shall be as determined by Lender, pursuant to the terms of this Agreement.

SECTION 1.08. Conversion from Variable Facility Commitment to Fixed Facility Commitment.

Except as provided in Section 1.09, Borrower shall have the right, from time to time during the Fixed Facility Availability Period, to convert all or any portion of the Variable Facility Commitment to the Fixed Facility Commitment. The Variable Facility Commitment

shall be reduced by, and the Fixed Facility Commitment shall be increased by, the amount of each conversion.

(a) Request. To convert all or a portion of the Variable Facility Commitment to the Fixed Facility Commitment, Borrower shall deliver a Conversion Request to Lender. Each Conversion Request shall designate (1) the amount of the conversion and (2) any Variable Advances Outstanding which will be prepaid on or before the Closing Date for the conversion as required by Section 1.09(c). If, after Lender determines the interest rate to be applicable to the Fixed Loan after conversion, Borrower elects not to proceed with the conversion, it shall so notify Lender in writing. If Borrower revokes any Conversion Request pursuant to the preceding sentence, it shall be responsible for the reasonable costs and expenses incurred by Lender in connection with such Conversion Request.

(b) Closing. Subject to Section 1.09 and provided that all conditions contained in Section 1.10 are satisfied, Lender shall permit the requested conversion to close at offices designated by Lender on a Closing Date selected by Lender, and occurring within 30 Business Days after Lender's receipt of the Conversion Request (or on such other date as Borrower and Lender may agree). At the closing, Lender and Borrower shall execute and deliver, at the sole cost and expense of Borrower, in form and substance satisfactory to Lender, the Conversion Documents.

SECTION 1.09. Limitations on Right to Convert.

Borrower's right to convert all or any portion of the Variable Facility Commitment to the Fixed Facility Commitment is subject to the following limitations:

(a) Closing Date. The Closing Date shall occur during the Fixed Facility Availability Period.

(b) Minimum Request. Each Conversion Request shall be in the minimum amount of \$5,000,000.

(c) Obligation to Prepay Variable Advances. Borrower shall prepay any difference by which, after the conversion, the aggregate unpaid principal balance of all Variable Advances Outstanding will exceed the Variable Facility Commitment. No Facility Termination Fee shall be due in connection with any Conversion.

SECTION 1.10. Conditions to Conversion.

The conversion of all or any portion of the Variable Facility Commitment to the Fixed Facility Commitment is subject to the satisfaction, on or before the Closing Date, of (a) the conditions precedent contained in Section 6.08 and (b) all applicable General Conditions contained in Section 6.01.

ARTICLE 2

THE ADVANCES

SECTION 2.01. Rate Setting for an Advance.

Rates for an Advance shall be set in accordance with the following procedures:

(a) Preliminary, Nonbinding Quote. At Borrower's request Lender shall quote an estimate of the MBS Pass-Through Rate (for a proposed Fixed Advance) or MBS Imputed Interest Rate (for a proposed Variable Advance). Lender's quote shall be based on (1) a solicitation of bids from institutional investors selected by Lender and (2) the proposed terms and amount of the Advance selected by Borrower. The quote shall not be binding upon Lender.

(b) Rate Setting. If Borrower satisfies all of the conditions to Lender's obligation to make the Advance, then Borrower may submit to Lender, by facsimile transmission before 1:00 p.m. Washington, D.C. time on any Business Day ("Rate Setting Date"), a completed and executed Rate Form. The Rate Form shall specify the amount, term, MBS Issue Date, Facility Fee, the proposed maximum Coupon Rate ("Maximum Annual Coupon Rate") and Closing Date for the Advance.

(c) Rate Confirmation. Within one Business Day after receipt of the Rate Form, Lender shall solicit bids from institutional investors selected by Lender based on the information in the Rate Form and, provided the actual Coupon Rate (if the low bid were accepted) would be at or below the Maximum Annual Coupon Rate, shall obtain a commitment ("MBS Commitment") for the purchase of an MBS having the bid terms described in the related Rate Form. Lender shall then complete and countersign the Rate Form thereby confirming the amount, term, MBS Issue Date, MBS Delivery Date, MBS Imputed Interest Rate or MBS Pass-Through Rate, Facility Fee, Coupon Rate, Discount, Price, and Closing Date for the Advance and shall immediately deliver by facsimile transmission the Rate Form to Borrower.

SECTION 2.02. Advance Confirmation Instrument for Variable Advances.

On or before the Closing Date for a Variable Advance, Borrower shall execute and deliver to Lender a fully executed Advance Confirmation Instrument, confirming the amount, term, MBS Issue Date, MBS Delivery Date, MBS Imputed Interest Rate, Variable Facility Fee, Coupon Rate, Discount, Price and Closing Date for the Advance, and Borrower's obligation to repay the Variable Advance in accordance with the terms of the Variable Facility Note and this Agreement. Upon the funding of the Variable Advance, Lender shall insert the date of funding on the Advance Confirmation Instrument and deliver a copy of the completed Advance Confirmation Instrument to Borrower to evidence the date of funding and to confirm that the Advance Confirmation Instrument is not effective until the date of funding. Lender's failure to do so shall not invalidate the Advance Confirmation Instrument or otherwise affect in any way any obligation of Borrower to repay Variable Advances in accordance with the Advance Confirmation Instrument, the Variable Facility Note or the other Loan Documents.

SECTION 2.03. Breakage and other Costs.

If Lender obtains, and then fails to fulfill, the MBS Commitment because the Advance is not made (for a reason other than Lender's default), Borrower shall pay all reasonable out-of-pocket costs payable to the potential investor and other reasonable costs, fees and damages incurred by Lender in connection with its failure to fulfill the MBS Commitment.

SECTION 2.04. Advances.

Borrower may deliver an Advance Request to Lender.

(a) If the Advance Request is to obtain the Initial Advance and all conditions precedent contained in Section 6.02 and the General Conditions contained in Section 6.01 are satisfied on or before the Closing Date for the Initial Advance, Lender shall make the Initial Advance on the Initial Closing Date or on such other date as Borrower and Lender may agree.

(b) If the Advance Request is to obtain a Future Advance, such Advance Request shall be in the minimum amount of \$3,000,000. Borrower may have one or more Advances of not less than \$3,000,000 even though such Advances are made on the same day and mature on the same date. If all conditions precedent contained in Section 6.03 and the General Conditions contained in Section 6.01 are satisfied, Lender shall make the requested Future Advance, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender, which date shall be not more than three (3) Business Days after Borrower's receipt from Lender of the confirmed Rate Form (or on such other date as Borrower and Lender may agree).

SECTION 2.05. Determination of Allocable Facility Amount and Valuations.

(a) Initial Determinations. On the Initial Closing Date, Lender shall determine (i) the Allocable Facility Amount and Valuation for each Mortgaged Property and (ii) the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio. The determinations of Allocable Facility Amounts and Valuations made as of the Initial Closing Date shall remain unchanged until the first anniversary of the Initial Closing Date.

(b) Monitoring Determinations. (i) Once each calendar month or, if the Commitment consists only of a Fixed Facility Commitment, once each Calendar Year, within 20 Business Days after Borrower has delivered to Lender the reports required in Section 8.03, Lender shall determine the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio and calculations required in connection with the other covenants set forth in the Loan Documents, and whether the Borrower is in compliance, (ii) after the First Anniversary, on an annual basis, and if Lender reasonably decides that changed market or property conditions warrant, Lender shall determine Allocable Facility Amounts and Valuations, (iii) Lender shall also redetermine Allocable Facility Amounts to take account of any addition, release or substitution of Collateral or other event which invalidates the outstanding determinations. In determining Valuations, Lender shall use the then current Cap Rates. Until redetermined, the outstanding Allocable Facility Amounts and Valuations shall remain in effect. During the first Loan Year a Mortgaged Property is in the Collateral Pool, all calculations of Aggregate Debt

Service Coverage and Aggregate Loan to Value Ratios including such Mortgaged Property shall be based on actual operations of such Mortgaged Property during the period the Mortgaged Property was in the Collateral Pool and underwriting proforma results for the remainder of such Loan Year.

ARTICLE 3

COLLATERAL CHANGES

SECTION 3.01. Right to Add Collateral.

Subject to the terms and conditions of this Article, Borrower shall have the right, from time to time during the Term of this Agreement, to add Manufactured Housing Communities to the Collateral Pool.

SECTION 3.02. Procedure for Adding Collateral.

The procedure for adding Collateral contained in this Section 3.02 shall apply to all additions of Collateral including, but not limited to, additions of Collateral in connection with substitutions of Collateral and expansion of the Credit Facility.

(a) Request. Borrower may deliver to Lender an Addition Request to add one or more Manufactured Housing Communities to the Collateral Pool. Each Addition Request shall be accompanied by the following: (i) the information required by the DUS Guide Underwriting Requirements including any Lender memoranda relating to Manufactured Housing Communities issued by Fannie Mae from time to time and any additional information Lender may reasonably request; and (ii) the payment of all Additional Collateral Due Diligence Fees.

(b) Underwriting. Lender shall evaluate the proposed Additional Mortgaged Property in accordance with the DUS Guide Underwriting Requirements including any Lender memoranda relating to Manufactured Housing Communities issued by Fannie Mae from time to time, and shall make underwriting determinations as to the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio applicable to the Collateral Pool on the basis of the lesser of (1) the acquisition price of the proposed Additional Mortgaged Property if purchased as a single acquisition or a reasonable allocation of total purchase price if purchased as part of a portfolio purchase by Borrower within 12 months of the related Addition Request, and (2) a Valuation made with respect to the proposed Additional Mortgaged Property. Within 30 Business Days (provided that Lender shall use reasonable efforts to respond sooner) after receipt of (1) the Addition Request and (2) all reports, certificates and documents required by the DUS Guide Underwriting Requirements including any Lender memoranda relating to Manufactured Housing Communities issued by Fannie Mae from time to time, including a zoning analysis undertaken in accordance with Section 206 of Part III of the DUS Guide, Lender shall notify Borrower whether it shall consent to the Addition Request. If Lender consents it shall set forth the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio which it estimates shall result from the addition of the proposed Additional Mortgaged Property. Within

30 Business Days after receipt of Lender's consent to the Addition Request, Borrower shall notify Lender whether it elects to add the proposed Additional Mortgaged Property to the Collateral Pool. If Borrower fails to respond within the period of 30 Business Days, it shall be conclusively deemed to have elected not to add the proposed Additional Mortgaged Property to the Collateral Pool.

(c) Closing. If Lender consents to the Addition Request, Borrower timely elects to add the proposed Additional Mortgaged Property to the Collateral Pool and all conditions precedent contained in Section 6.04 and all General Conditions contained in Section 6.01 are satisfied, Lender shall permit the addition of the proposed Additional Mortgaged Property to the Collateral Pool, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender, occurring within 20 Business Days after Lender's receipt of Borrower's election (or on such other date as Borrower and Lender may agree).

SECTION 3.03. Right to Obtain Releases of Collateral.

Subject to the terms and conditions of this Article, Borrower shall have the right to obtain a release of Collateral from the Collateral Pool.

SECTION 3.04. Procedure for Obtaining Releases of Collateral.

(a) Request. To obtain a release of Collateral from the Collateral Pool, Borrower may deliver a Release Request to Lender. The Release Request shall not result in a termination of all or any part of the Credit Facility. Borrower may terminate all or any part of the Credit Facility only by delivering a Facility Termination Request or Credit Facility Termination Request pursuant to Article 5.

(b) Closing. If all conditions precedent contained in Section 6.05 and all General Conditions contained in Section 6.01 are satisfied, Lender shall cause the Release Property to be released, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender, and occurring not less than 15 days after Lender's receipt of the Release Request (or on such other date as Borrower and Lender may agree), by executing and delivering, and causing all applicable parties to execute and deliver, all at the sole cost and expense of Borrower, the Release Documents. Borrower shall prepare the Release Documents and submit them to Lender for its review.

(c) Release Price. The Release Price for each Mortgaged Property shall be (A) the greater of (i) 110% of the Allocable Facility Amount for the Release Property and (ii) the amount of any Advances Outstanding which are required to be repaid by Borrower to Lender so that, immediately after the release, the Aggregate Debt Service Coverage Ratio immediately prior to the release is not reduced and the Aggregate Loan to Value Ratio immediately prior to the release is not increased, or (B) if after the release of the Release Property, the Aggregate Loan to Value Ratio is 55% or less and the Aggregate Debt Service Coverage Ratio is 1.55:1.0 or greater, then the Release Price, if any, shall be the amount of any Advances Outstanding which are required to be repaid by Borrower to Lender so that, immediately after the release, the Aggregate Debt Service Coverage Ratio is no less than 1.55:1.0 and the Aggregate Loan to

Value Ratio is no more than 55%. In addition, Borrower shall pay to Lender all other amounts due under the Notes and any Advance Confirmation Instruments evidencing the Advances being repaid.

(d) Application of Release Price. The Release Price shall be applied first against the Variable Advances Outstanding until there are no further Variable Advances Outstanding, then against the prepayment of Fixed Advances Outstanding, so long as the prepayment is permitted under the applicable Fixed Facility Note. If, on the date Borrower pays the Release Price, Variable Advances are Outstanding but not then due and payable, Lender shall hold the Release Price in an interest-bearing account as additional Collateral, until the next date on which Variable Advances are due and payable, at which time Lender shall apply the appropriate portion of the Release Price to such Variable Advances.

SECTION 3.05. Right to Substitute Collateral.

Subject to the terms, conditions and limitations of this Section 3.05, Borrower shall have the right to add one or more Manufactured Housing Communities to the Collateral Pool in substitution of one or more Mortgaged Properties then in the Collateral Pool ("Substitute Mortgaged Property").

SECTION 3.06. Procedure for Substituting Collateral.

(a) Request. Borrower may deliver to Lender a Substitution Request to add one or more Manufactured Housing Communities in substitution of one or more Mortgaged Properties then in the Collateral Pool. Each Substitution Request shall be accompanied by

(i) the information required by the DUS Guide Underwriting Requirements including any Lender memoranda relating to Manufactured Housing Communities issued by Fannie Mae from time to time and any additional information Lender may reasonably request; and (ii) a statement whether the addition of the Substitute Mortgaged Property will occur simultaneously with the release of the Release Property and, if not, the proposed date on which the Substitute Mortgaged Property will be added to the Collateral Pool which, in no event, shall be a date which is more than 90 days after the proposed date of the release of the Release Property.

(b) Underwriting. Lender shall make underwriting determinations as to the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio immediately prior to and immediately after giving effect to the proposed substitution, and the Valuation and the Net Operating Income for both the Substitute Mortgaged Property and the Release Property. Notwithstanding anything to the contrary contained herein, underwriting determinations with respect to the proposed Substitute Mortgaged Property shall be made on the basis of a Valuation and otherwise in accordance with the DUS Guide Underwriting Requirements including any Lender memoranda relating to Manufactured Housing Communities issued by Fannie Mae from time to time. Within 30 days after receipt of (i) the Substitution Request and (ii) all reports, certificates and documents required under the DUS Guide including any Lender memoranda relating to Manufactured Housing Communities issued by Fannie Mae from time to time,

including a zoning analysis undertaken in accordance with Section 206 of Part III of the DUS Guide, Lender shall notify Borrower whether Lender shall consent to Substitution Request. If Lender consents, it shall set forth the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio which it estimates shall result from the substitution of the Substitute Mortgaged Property into the Collateral Pool. Within 30 days after receipt of Lender's consent notice, Borrower shall notify Lender whether it elects to cause such substitution to occur. If Borrower fails to respond within the period of 30 days, it shall be conclusively deemed to have elected not to cause the proposed substitution to occur.

(c) Closing. If Lender consents to the Substitution Request, Borrower timely elects to cause such substitution to occur and all conditions precedent contained in Section 6.06 and all General Conditions contained in Section 6.01 are satisfied, Lender shall permit the Substitute Mortgaged Property to be substituted into the Collateral Pool in replacement of the Release Property, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender and approved by Borrower, and occurring

(i) if the addition of the Substitute Mortgaged Property and the release of the Release Property are to occur simultaneously, within 30 days after Lender's receipt of Borrower's election (or on such other date as Borrower and Lender may agree); or

(ii) if the addition of the Substitute Mortgaged Property is to occur subsequent to the release of the Release Property, within 90 days after the release of the Release Property.

If, in the case of clause (ii) of this paragraph, the addition of the Substitute Mortgaged Property to the Collateral Pool does not occur within 90 days or such longer period as approved by Lender, in its sole discretion, after the release of the Release Property, then Borrower shall have waived its right to substitute such Release Property with the Substitute Mortgaged Property, the Release Price shall be determined pursuant to Section 3.04(c) and Borrower shall comply with the requirement contained in Section 3.04(d). Such Release Price, or the applicable portion thereof, shall be immediately due and payable by Borrower to Lender to reduce the Advances Outstanding as required by, and in the manner contained in, Section 3.04(d).

(d) Restriction on Borrowings. If the addition of the Substitute Mortgaged Property and the release of the Release Property does not occur simultaneously then, until the addition of the Substitute Mortgaged Property, the aggregate unpaid principal balance of Advances Outstanding shall not exceed the amount of the then-existing Commitment minus the Allocable Facility Amount of the Release Property, unless Borrower has delivered additional Collateral reasonably acceptable to Lender in an amount at least equal to such Allocable Facility Amount. If the aggregate unpaid principal balance of Advances Outstanding exceeds such amount (and satisfactory additional Collateral has not been delivered by Borrower to Lender), Borrower shall pay such excess as a condition precedent to the addition of a Substitute Mortgaged Property. Notwithstanding the foregoing, in no event shall the value of the additional Collateral exceed 15% of the principal balance of the Advances Outstanding. Any payment received by Lender under this Section shall be applied against Advances Outstanding in the manner prescribed for Release Prices pursuant to Section 3.04(d). The additional Collateral shall

be released to Borrower upon the addition of the applicable Substitute Mortgaged Property to the Collateral Pool.

ARTICLE 4

EXPANSION OF CREDIT FACILITY

SECTION 4.01. Right to Increase Commitment.

Subject to the terms, conditions and limitations of this Article, Borrower shall have the right, during the Fixed Facility Availability Period, to increase the Fixed Facility Commitment and, during the Variable Facility Availability Period, to increase the Variable Facility Commitment. Borrower's right to increase the Commitment is subject to the following limitations:

(a) Maximum Amount of Increase in Commitment. The maximum amount by which the Commitment may be increased is \$98,240,000.

(b) Minimum Request. Each Request for an increase in the Commitment shall be in the minimum amount of \$5,000,000.

(c) Terms and Conditions. The terms and conditions of this Agreement shall apply to any increase in the Commitment closed prior to the First Anniversary. Thereafter, the Variable Facility Fee, Fixed Facility Fee and Standby Fee applicable to any increase in the Commitment shall be mutually agreed upon by Lender and Borrower; provided, however, that if Borrower incurs a Standby Fee, then the Variable Facility Fee and Fixed Facility Fee shall, subject to the provisions of Section 10.01 of this Agreement, remain unchanged for so long as the Commitment is outstanding and the Standby Fee is paid.

SECTION 4.02. Procedure for Obtaining Increases in Commitment.

(a) Request. To obtain an increase in the Commitment, Borrower shall deliver an Expansion Request to Lender. Each Expansion Request shall include the following:

(i) The total amount of the proposed increase;

(ii) A designation of the increase as being part of the Fixed Facility Commitment and/or the Variable Facility Commitment;

(iii) A request that Lender inform Borrower of any change in the Geographical Diversification Requirements; and

(iv) If the increase in the Commitment is to close after the date one year after the date hereof, a request that Lender inform Borrower of the Fixed Facility Fee, the Variable Facility Fee and the Standby Fee to apply to Advances drawn from such increase in the Commitment.

(b) Closing. If all conditions precedent contained in Section 6.07 and all General Conditions contained in Section 6.01 are satisfied, Lender shall permit the Expansion Request to occur, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender and approved by Borrower, and occurring not less than fifteen (15) Business Days after Lender's receipt of the Expansion Request (or on such other date as Borrower and Lender may agree).

ARTICLE 5

TERMINATION OF FACILITIES

SECTION 5.01. Right to Complete or Partial Termination of Facilities.

Subject to the terms and conditions of this Article, Borrower shall have the right to permanently reduce the Variable Facility Commitment and/or the Fixed Facility Commitment.

SECTION 5.02. Procedure for Complete or Partial Termination of Facilities.

(a) Request. To permanently reduce the Variable Facility Commitment or the Fixed Facility Commitment, Borrower shall deliver a Facility Termination Request to Lender. A permanent reduction of the Variable Facility Commitment to \$0 shall be referred to as a "Complete Variable Facility Termination." A permanent reduction of the Fixed Facility Commitment to \$0 shall be referred to as a "Complete Fixed Facility Termination." The Facility Termination Request shall include the following:

(i) The proposed amount of the reduction in the Variable Facility Commitment and/or Fixed Facility Commitment; and

(ii) Unless there is a Complete Variable Facility Termination or a Complete Fixed Facility Termination, a designation by Borrower of any Variable Advances which will be prepaid and/or any Fixed Advances which will be prepaid or defeased.

Any release of Collateral, whether or not made in connection with a Facility Termination Request, must comply with all conditions to a release which are contained in Article 6.

(b) Closing. If all conditions precedent contained in Section 6.09 and all General Conditions contained in Section 6.01 are satisfied, Lender shall reduce the Variable Facility Commitment or Fixed Facility Commitment, as the case may be, to the amount designated by Borrower, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender, within thirty (30) Business Days after Lender's receipt of the Facility Termination Request (or on such other date as Borrower and Lender may agree), by executing and delivering the Facility Termination Document evidencing the reduction in the Facility Commitment.

SECTION 5.03. Right to Terminate Credit Facility.

Subject to the terms and conditions of this Article, Borrower shall have the right to terminate this Agreement and the Credit Facility and receive a release of all of the Collateral.

SECTION 5.04. Procedure for Terminating Credit Facility.

(a) Request. To terminate this Agreement and the Credit Facility, Borrower shall deliver a Credit Facility Termination Request to Lender.

(b) Closing. If all conditions precedent contained in Section 6.10 are satisfied, this Agreement shall terminate, and Lender shall cause all of the Collateral to be released, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender, within 20 Business Days after Lender's receipt of the Credit Facility Termination Request (or on such other date as Borrower and Lender may agree), by executing and delivering, and causing all applicable parties to execute and deliver, all at the sole cost and expense of Borrower, the Credit Facility Termination Documents.

ARTICLE 6

CONDITIONS PRECEDENT TO ALL REQUESTS

SECTION 6.01. Conditions Applicable to All Requests.

The obligation of Lender to close the transaction requested in a Request shall be subject to the following general conditions precedent ("General Conditions") in addition to any other conditions precedent contained in this Agreement:

(a) Compliance with Debt Service Coverage Ratio. Except in connection with a Credit Facility Termination Request or a Rollover Variable Advance, the Aggregate Debt Service Coverage Ratio shall be not less than 1.35:1.0.

(b) Compliance with Loan to Value Ratio. Except in connection with a Credit Facility Termination Request or a Rollover Variable Advance, the Aggregate Loan to Value Ratio shall not be greater than 65%.

(c) Geographical Diversification; Compliance with Concentration Test. Except in connection with a Credit Facility Termination Request or a Rollover Variable Advance, the Mortgaged Properties in the Collateral Pool shall comply with the Geographical Diversification Requirements.

(d) Payment of Expenses. The payment by Borrower of Lender's and Fannie Mae's reasonable fees and expenses payable in accordance with this Agreement, including, but not limited to, the legal fees and expenses contained in Section 10.04.

(e) No Material Adverse Change. Except in connection with a Credit Facility Termination Request or a Rollover Variable Advance, there has been no material adverse change in the financial condition, business or prospects of Borrower or Sun or in the physical condition, operating performance or value of any of the Mortgaged Properties since the date of the most

recent Compliance Certificate (or, with respect to the conditions precedent to the Initial Advance, from the condition, business or prospects reflected in the financial statements, reports and other information obtained by Lender during its review of Borrower and Sun and the Initial Mortgaged Properties).

(f) No Default. Except in connection with a Credit Facility Termination Request, there shall exist no Event of Default or Potential Event of Default on the Closing Date for the Request and, after giving effect to the transaction requested in the Request, no Event of Default or Potential Event of Default shall have occurred other than an Event of Default or Potential Event of Default that would be cured as a result of the consummation of such Request.

(g) No Insolvency. Neither the Borrower nor Sun is insolvent (within the meaning of any applicable federal or state laws relating to bankruptcy or fraudulent transfers) or will be rendered insolvent by the transactions contemplated by the Loan Documents, including the making of a Future Advance, or, after giving effect to such transactions, will be left with an unreasonably small capital with which to engage in its business or undertakings, or will have intended to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature or will have intended to hinder, delay or defraud any existing or future creditor.

(h) No Untrue Statements. The Loan Documents shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary to make the information contained therein not misleading if such statement or failure has a Material Adverse Effect.

(i) Representations and Warranties. Except in connection with a Credit Facility Termination Request or a Rollover Variable Advance, all representations and warranties made by Borrower and Sun in the Loan Documents shall be true and correct in all material respects on the Closing Date for the Request with the same force and effect as if such representations and warranties had been made on and as of the Closing Date for the Request, other than those representations and warranties which, if not materially true and correct, do not have a Material Adverse Effect.

(j) No Condemnation or Casualty. Except in connection with a Credit Facility Termination Request or a Rollover Variable Advance, there shall not be pending or threatened any condemnation or other taking, whether direct or indirect, against any Mortgaged Property (other than a Mortgaged Property subject to a Release Request) and there shall not have occurred any casualty to any improvements located on any Mortgaged Property (other than a Mortgaged Property subject to a Release Request), which condemnation or casualty would have a Material Adverse Effect.

(k) Delivery of Closing Documents. Except in connection with a Rollover Variable Advance, the receipt by Lender of the following, each dated as of the Closing Date for the Request, in form and substance satisfactory to Lender in all respects:

(i) The Loan Documents required for consummation of such Request, if any;

(ii) A Compliance Certificate;

(iii) An Organizational Certificate; and

(iv) Such other documents, instruments, approvals (and, if requested by Lender, certified duplicates of executed copies thereof) and opinions as Lender may reasonably request.

(1) Covenants. Except in connection with a Credit Facility Termination Request or a Rollover Variable Advance, Borrower is in full compliance with each of the covenants contained in Articles 8 and 9 of this Agreement, without giving effect to any notice and cure rights of Borrower, to the extent that any such non-compliance will not have a Material Adverse Effect on the Borrower.

SECTION 6.02. Conditions Precedent to Initial Advance.

The obligation of Lender to make the Initial Advance is subject to the following conditions precedent:

(a) Receipt by Lender of the fully executed Advance Request;

(b) Delivery to the Title Company, for filing and/or recording in all applicable jurisdictions, of all applicable Loan Documents required by Lender, including a duly executed and delivered original of [the Variable Facility Note], [a Fixed Facility Note], the Guaranty, the Initial Security Instruments covering the Initial Mortgaged Properties and UCC-1 Financing Statements covering the portion of the Collateral comprised of personal property, and other appropriate instruments, in form and substance satisfactory to Lender and in form proper for recordation, as may be necessary in the opinion of Lender to perfect the Liens created by the applicable Security Instruments and any other Loan Documents creating a Lien in favor of Lender, and the payment of all taxes, fees and other charges payable in connection with such execution, delivery, recording and filing;

(c) The receipt by Lender of the first installment of Variable Facility Fee and the entire Discount payable by Borrower pursuant to Section 1.04; and

(d) Receipt by Lender of the Initial Origination Fee pursuant to Section 10.02(a) and the Initial Due Diligence Fee pursuant to Section 10.03(a).

SECTION 6.03. Conditions Precedent to Future Advances.

The obligation of Lender to make a requested Future Advance is subject to the following conditions precedent:

(a) Except in connection with a Rollover Variable Advance, receipt by Lender of the fully executed Advance Request;

(b) Except in connection with a Rollover Variable Advance, delivery by Lender to Borrower of the Rate Form for the Future Advance;

(c) Except in connection with a Rollover Variable Advance, after giving effect to the requested Future Advance, the Coverage and LTV Tests will be satisfied;

(d) If the Advance is a Fixed Advance, delivery of a Fixed Facility Note, duly executed by Borrower, in the amount and reflecting all of the terms of the Fixed Advance;

(e) If the Advance is a Variable Advance, delivery of the Advance Confirmation Instrument, duly executed by Borrower;

(f) If the Advance is made in connection with the addition of a Mortgaged Property to the Collateral Pool, for any Title Insurance Policy not containing a Revolving Credit Endorsement, the receipt by Lender of an endorsement to the Title Insurance Policy, amending the effective date of the Title Insurance Policy to the Closing Date increasing the limits of liability by the amount of the Future Advance and showing no additional exceptions to coverage other than the exceptions shown on the Initial Closing Date and other exceptions approved by Lender;

(g) If the Advance is a Variable Advance, the receipt by Lender of the first installment of Variable Facility Fee for the Variable Advance and the entire Discount for the Variable Advance payable by Borrower pursuant to Section 1.04;

(h) Except in connection with a Rollover Variable Advance, no material adverse change in the financial condition of Borrower or Sun has occurred between the respective dates of the financial statements which were most recently furnished to Lender relating to such entities;

(i) Except in connection with a Rollover Variable Advance, no Governmental Approval not already obtained or made is required for the execution and delivery of the documents to be delivered in connection with the Future Advance;

(j) Except in connection with a Rollover Variable Advance, Borrower is not under any cease or desist order or other orders of a similar nature, temporary or permanent of any Governmental Authority which would have the effect of preventing or hindering performance of the terms and provisions of the Agreement or any other Loan Documents, nor are there any proceedings presently in progress or, to its knowledge, contemplated which, if successful, would lead to the issuance of any such order; and

(k) Receipt by Lender of the Expansion Origination Fee, if applicable.

SECTION 6.04. Conditions Precedent to Addition of an Additional Mortgaged Property to the Collateral Pool.

The addition of an Additional Mortgaged Property to the Collateral Pool on the applicable Closing Date is subject to the satisfaction of the following conditions precedent:

(a) If the addition of an Additional Mortgaged Property is completed prior to the First Anniversary, satisfaction of the Coverage and LTV Tests after giving effect to the addition of the Additional Mortgaged Property;

(b) If the addition of an Additional Mortgaged Property to the Collateral Pool closes on or after the First Anniversary, (i) the Additional Mortgaged Property has a Debt Service Coverage Ratio of at least 135% and a Loan-to-Value Ratio of not more than 65%, in each case based on the underwriting performed pursuant to Section 3.02(b), and (ii) satisfaction of the Coverage and LTV Tests after giving effect to the addition of the Additional Mortgaged Property;

(c) Receipt by the Lender of all legal fees and expenses payable by the Borrower in connection with the Collateral Additional Request pursuant to Section 10.03(b);

(d) Delivery to the Title Company, with fully executed instructions directing the Title Company to file and/or record in all applicable jurisdictions, all applicable Addition Loan Documents required by Lender, including duly executed and delivered original copies of any Security Instruments and UCC-1 Financing Statements covering the portion of the Additional Mortgaged Property comprised of personal property, and other appropriate documents, in form and substance reasonably satisfactory to Lender and in form proper for recordation, as may be necessary in the opinion of Lender to perfect the Lien created by the applicable additional Security Instrument, and any other addition Loan Document creating a Lien in favor of Lender, and the payment of all taxes, fees and other charges payable in connection with such execution, delivery, recording and filing;

(e) If required by Lender, amendments to the Notes and the Security Instruments, reflecting the addition of any Additional Borrower and/or the Additional Mortgaged Property to the Collateral Pool and, as to any Security Instrument so amended, the receipt by Lender of an endorsement to the Title Insurance Policy insuring the Security Instrument, amending the effective date of the Title Insurance Policy to the Closing Date and showing no additional exceptions to coverage other than the exceptions shown on the Initial Closing Date and other exceptions approved by Lender; and

(f) If the Title Insurance Policy for the Additional Mortgaged Property contains a tie-in Endorsement, an endorsement to each other Title Insurance Policy containing a tie-in Endorsement, adding a reference to the Additional Mortgaged Property.

SECTION 6.05. Conditions Precedent to Release of Property from the Collateral Pool.

The obligation of Lender to release a Property from the Collateral Pool by executing and delivering the Release Documents on the Closing Date is subject to the satisfaction of the following conditions precedent on or before the Closing Date:

(a) Immediately after giving effect to the requested release, the Coverage and LTV Tests will be satisfied or if the provisions of Section 3.04(c)(B) are applicable, immediately

after such release the Aggregate Debt Service Coverage Ratio is 1.55:1.0 or greater and the Aggregate Loan to Value Ratio is 55% or less;

(b) Receipt by Lender of the Release Price, if due;

(c) Receipt by Lender on the Closing Date of one or more counterparts of each Release Document, dated as of the Closing Date, signed by each of the parties (other than Lender) who is a party to such Release Document;

(d) If required by Lender, amendments to the Notes and the Security Instruments, reflecting the release of the Release Property from the Collateral Pool;

(e) If Lender determines the Release Property to be one phase of a project, and one or more other phases of the project are Mortgaged Properties which will remain in the Collateral Pool ("Remaining Mortgaged Properties"), Lender must determine that the Remaining Mortgaged Properties can be operated separately from the Release Property and any other phases of the project which are not Mortgaged Properties and whether any cross use agreements or easements are necessary. In making this determination, Lender shall evaluate whether the Remaining Mortgaged Properties comply with the terms of Sections 203 and 208 of Part III of the DUS Guide;

(f) Receipt by Lender of endorsements to the tie-in endorsements of the Title Insurance Policies, if deemed necessary by Lender, to reflect the release;

(g) Receipt by Lender on the Closing Date of a Confirmation of Obligations, dated as of the Closing Date, signed by Borrower and Sun, pursuant to which Borrower and Sun confirm their obligations under the Loan Documents; and

(h) The remaining Mortgaged Properties in the Collateral Pool shall satisfy the Geographical Diversification Requirements.

SECTION 6.06. Conditions Precedent to Substitution of a Substitute Mortgaged Property into the Collateral Pool.

The substitution of a Substitute Mortgaged Property into the Collateral Pool is subject to the satisfaction of the following conditions precedent:

(a) (i) The Substituted Mortgaged Property has a Debt Service Coverage Ratio of at least 135% and a Loan-to-Value Ratio of not more than 65%, in each case based on the underwriting performed pursuant to Section 3.02(b), and (ii) the Collateral Pool satisfies the Coverage and LTV Tests after giving effect to the addition of the Substituted Mortgaged Property;

(b) The Aggregate Loan to Value Ratio of the Collateral Pool, taking into account the Substituted Mortgaged Property, is equal to or less than the Aggregate Loan to Value Ratio of the Collateral Pool immediately prior to the substitution of the Substituted Mortgaged Property;

(c) The Aggregate Debt Service Coverage Ratio of the Collateral Pool, taking into account the Substituted Mortgaged Property, is equal to or greater than the Aggregate Debt Service Coverage Ratio of the Collateral Pool immediately prior to the substitution of the Substituted Mortgaged Property;

(d) Receipt by the Lender of all legal fees and expenses payable by the Borrower in connection with the Substitution Request pursuant to Section 10.03(b);

(e) Receipt by Lender of the Substitution Fee;

(f) Delivery to the Title Company, with fully executed instructions directing the Title Company to file and/or record in all applicable jurisdictions, all applicable Substitution Loan Documents required by Lender, including duly executed and delivered original copies of any Security Instruments and UCC-1 Financing Statements covering the portion of the Substitute Mortgaged Property comprised of personal property, and other appropriate documents, in form and substance satisfactory to Lender and in form proper for recordation, as may be necessary in the opinion of Lender to perfect the Lien created by the applicable additional Security Instrument, and any other Substitution Loan Document creating a Lien in favor of Lender, and the payment of all taxes, fees and other charges payable in connection with such execution, delivery, recording and filing;

(g) If required by Lender, amendments to the Notes and the Security Instruments, reflecting the addition of the Substitute Mortgaged Property to the Collateral Pool;

(h) If the Title Insurance Policy for the Substitute Mortgaged Property contains a tie-in endorsement, and endorsement to each other Title Insurance Policy containing a tie-in endorsement, adding a reference to the Substitute Mortgaged Property; and

(i) Delivery to Lender of additional Collateral or the repayment of Advances Outstanding to the extent required pursuant to Section 3.04(d).

SECTION 6.07. Conditions Precedent to Increase in Commitment.

The right of Borrower to increase the Commitment is subject to the satisfaction of the following conditions precedent on or before the Closing Date:

(a) The Coverage and LTV Tests will be satisfied;

(b) Receipt by Lender of fully executed original copies of all Expansion Loan Documents, each of which shall be in full force and effect, and in form and substance satisfactory to Lender in all respects; and

(c) If determined necessary by Lender, Borrower's agreement to such Geographical Diversification Requirements as Lender may determine.

SECTION 6.08. Conditions Precedent to Conversion.

The conversion of all or a portion of the Variable Facility Commitment to the Fixed Facility Commitment is subject to the satisfaction of the following conditions precedent on or before the Closing Date:

(a) After giving effect to the requested conversion, the Coverage and LTV Tests will be satisfied;

(b) Prepayment by Borrower in full of any Variable Advances Outstanding which Borrower has designated for payment, together with other amounts due with respect to the prepayment of such Variable Advances; and

(c) Receipt by Lender of one or more counterparts of each Conversion Document, dated as of the Closing Date, signed by each of the parties (other than Lender) to such Conversion Document.

SECTION 6.09. Conditions Precedent to Complete or Partial Termination of Facilities.

The right of Borrower to terminate the Variable Facility Commitment and/or the Fixed Facility Commitment and the obligation of Lender to execute the Facility Termination Document, are subject to the satisfaction of the following conditions precedent on or before the Closing Date:

(a) Payment by Borrower in full of all of the Variable Advances Outstanding and Fixed Advances Outstanding, as the case may be, required to reduce the aggregate unpaid principal balance of all Variable Advances Outstanding and Fixed Advances Outstanding, as the case may be, to not greater than the reduced Variable Facility Commitment and Fixed Facility Commitment, as the case may be, including any associated prepayment premiums or other amounts due under the Notes (but if Borrower is not required to prepay all of the Variable Advances or Fixed Advances Outstanding, as the case may be, Borrower shall have the right to select which of the Variable Advances or Fixed Advances, as the case may be, shall be repaid);

(b) Receipt by Lender of the Facility Termination Fee, provided that no Facility Termination Fee shall be due during the six months prior to the Variable Facility Termination Date; and

(c) Receipt by Lender on the Closing Date of one or more counterparts of the Facility Termination Document, dated as of the Closing Date, signed by each of the parties (other than Lender) who is a party to such Facility Termination Document.

SECTION 6.10 Conditions Precedent to Termination of Credit Facility.

The right of Borrower to terminate this Agreement and the Credit Facility and to receive a release of all of the Collateral from the Collateral Pool and Lender's obligation to execute and deliver the Credit Facility Termination Documents on the Closing Date are subject to the following conditions precedent:

(a) Payment by Borrower in full of all of the Notes Outstanding on the Closing Date, including any associated prepayment premiums or other amounts due under the Notes and all other amounts owing by Borrower to Lender under this Agreement;

(b) Defeasance by Borrower, if necessary, in accordance with the provisions of this Agreement, with respect to all Fixed Facility Notes Outstanding on the Closing Date; and

(c) Receipt by Lender of the Facility Termination Fee, provided that no Facility Termination Fee shall be due during the six months prior to the Variable Facility Termination Date.

SECTION 6.11. Delivery of Closing Documents Relating to Advance Request, Addition Request or Expansion Request.

With respect to the closing of an Advance Request (other than a Rollover Variable Advance), an Addition Request or an Expansion Request, it shall be a condition precedent that Lender receives each of the following, each dated as of the Closing Date for the Request, in form and substance satisfactory to Lender in all respects:

(a) Loan Documents. Fully executed original copies of each Loan Document required to be executed in connection with the Request, duly executed and delivered by the parties thereto (other than Lender), each of which shall be in full force and effect.

(b) Opinion. Favorable opinions of counsel to Borrower and Sun, as to the due organization and qualification of Borrower and Sun, the due authorization, execution, delivery and enforceability of each Loan Document executed in connection with the Request and such other matters as Lender may reasonably require.

SECTION 6.12. Delivery of Property-Related Documents.

With respect to each of the Initial Mortgaged Properties or an Additional Mortgaged Property, it shall be a condition precedent that Lender receive each of the following, each dated as of the Closing Date for the Initial Advance or an Additional Mortgaged Property, as the case may be, in form and substance satisfactory to Lender in all respects:

(a) A favorable opinion of local counsel to Borrower or Lender as to the enforceability of the Security Instrument, and any other Loan Documents, executed in connection with the Request.

(b) A commitment for the Title Insurance Policy applicable to the Mortgaged Property and a pro forma Title Insurance Policy based on the Commitment.

(c) The Insurance Policy (or a certified copy of the Insurance Policy) applicable to the Mortgaged Property.

(d) The Survey applicable to the Mortgaged Property.

(e) Evidence satisfactory to Lender of compliance of the Mortgaged Property with property laws as required by Sections 205 and 206 of Part III of the DUS Guide.

(f) An Appraisal of the Mortgaged Property.

(g) A Replacement Reserve Agreement, providing for the establishment of a replacement reserve account, to be pledged to Lender, in which the owner shall (unless waived by Lender) periodically deposit amounts for replacements for improvements at the Mortgaged Property and as additional security for Borrower's obligations under the Loan Documents.

(h) A Completion/Repair and Security Agreement, together with required escrows, on the standard form required by the DUS Guide.

(i) An Assignment of Management Agreement, on the standard form required by the DUS Guide.

(j) An Assignment of Leases and Rents, if Lender determines one to be necessary or desirable, provided that the provisions of any such assignment shall be substantively identical to those in the Security Instrument covering the Collateral, with such modifications as may be necessitated by applicable state or local law.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES

SECTION 7.01. Representations and Warranties of Borrower.

The representations and warranties of Borrower are contained in the Certificate of Borrower, the form of which is attached to this Agreement as Exhibit D.

SECTION 7.02. Representations and Warranties of Lender.

Lender hereby represents and warrants to Borrower as follows:

(a) Due Organization. Lender is a limited partnership duly organized, validly existing and in good standing under the laws of California.

(b) Power and Authority. Lender has the requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(c) Due Authorization. The execution and delivery by Lender of this Agreement, and the consummation by it of the transactions contemplated thereby, and the performance by it of its obligations thereunder, have been duly and validly authorized by all necessary action and proceedings by it or on its behalf.

ARTICLE 8

AFFIRMATIVE COVENANTS OF BORROWER

Borrower agrees and covenants with Lender that, at all times during the Term of this Agreement:

SECTION 8.01. Compliance with Agreements.

Borrower shall comply with all the terms and conditions of each Loan Document to which it is a party or by which it is bound; provided, however, that Borrower's failure to comply with such terms and conditions shall not be an Event of Default until the expiration of the applicable notice and cure periods, if any, specified in the applicable Loan Document.

SECTION 8.02. Maintenance of Existence.

Borrower shall maintain its existence and continue to be duly organized under the laws of the state of its organization. Borrower shall continue to be duly qualified to do business in each jurisdiction in which such qualification is necessary to the conduct of its business and where the failure to be so qualified would adversely affect the validity of, the enforceability of, or the ability to perform, its obligations under this Agreement or any other Loan Document.

SECTION 8.03. Financial Statements; Accountants' Reports; Other Information.

Borrower shall keep and maintain at all times complete and accurate books of accounts and records in sufficient detail to correctly reflect (x) all of Borrower's financial transactions and assets and (y) the results of the operation of each Mortgaged Property and copies of all written contracts, Leases and other instruments which affect each Mortgaged Property (including all bills, invoices and contracts for electrical service, gas service, water and sewer service, waste management service, telephone service and management services). In addition, Borrower shall furnish, or cause to be furnished, to Lender:

(a) Annual Financial Statements. As soon as available, and in any event within 100 days after the close of its fiscal year during the Term of this Agreement, the audited balance sheet of Sun as of the end of such fiscal year, the audited statement of income, equity and retained earnings of Sun for such fiscal year and the audited statement of cash flows of Sun for such fiscal year, all in a form substantially similar to the financial statements of Sun delivered to Lender prior to the Initial Closing Date, prepared in accordance with GAAP, consistently applied, and accompanied by a certificate of Sun's independent certified public accountants to the effect that such financial statements have been prepared in accordance with GAAP, consistently applied, and that such financial statements fairly present the results of its operations and financial condition for the periods and dates indicated, with such certification to be free of material exceptions and qualifications as to the scope of the audit or as to the going concern nature of the business. As soon as available, and in any event within 100 days after the close of its fiscal year during the Term of this Agreement, the unaudited (which may be internally prepared by Sun) balance sheet of the Borrower as of the end of such fiscal year, the unaudited

(which may be internally prepared by Sun) statement of income, equity and retained earnings of Borrower for such fiscal year and the unaudited (which may be internally prepared by Sun) statement of cash flows for Borrower for such fiscal year, accompanied by a certificate of the Chief Financial Officer of Sun stating that such financial statements have been prepared in accordance with GAAP, consistently applied, and fairly present, in all material respects, the results of its operations and financial condition for the periods and dates indicated subject to year end adjustments in accordance with GAAP.

(b) Quarterly Financial Statements. As soon as available, and in any event within 55 days after each of the first three fiscal quarters of each fiscal year during the Term of this Agreement, the unaudited (which may be internally prepared by Sun) balance sheet of Borrower and Sun as of the end of such fiscal quarter, the unaudited (which may be internally prepared by Sun) statement of income and retained earnings of Borrower and Sun and the unaudited (which may be internally prepared by Sun) statement of cash flows of Borrower and Sun for the portion of the fiscal year ended with the last day of such quarter, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the previous fiscal year, accompanied by a certificate of the Chief Financial Officer of Sun stating that such financial statements have been prepared in accordance with GAAP, consistently applied (subject to customary year-end adjustments), and fairly present, in all material respects, the results of its operations and financial condition for the periods and dates indicated subject to year end adjustments in accordance with GAAP.

(c) Quarterly Property Statements. As soon as available, and in any event within 55 days after each Calendar Quarter, a statement of income and expenses of each Mortgaged Property accompanied by a certificate of the Chief Financial Officer of Sun to the effect that each such statement of income and expenses fairly, accurately and completely presents, in all material respects, the operations of each such Mortgaged Property for the period indicated.

(d) Annual Property Statements. On an annual basis within 55 days after the close of its fiscal year, an annual statement of income and expenses of each Mortgaged Property accompanied by a certificate of the Chief Financial Officer of Sun to the effect that each such statement of income and expenses fairly, accurately and completely presents, in all material respects, the operations of each such Mortgaged Property for the period indicated.

(e) Updated Rent Rolls. Upon Lender's request (but not more frequently than quarterly), a current Rent Roll for each Mortgaged Property, showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable, the rent paid and any other information requested by Lender and accompanied by a certificate of the Chief Financial Officer of Sun to the effect that each such Rent Roll fairly, accurately and completely presents, in all material respects, the information required therein.

(f) Security Deposit Information. Upon Lender's request, an accounting of all security deposits held in connection with any Lease of any part of any Mortgaged Property, and if segregation of security deposits is required by Applicable Law or if the Borrower otherwise segregates security deposits, including 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 and telephone number of the person to contact at such financial institution, along with any authority or release necessary for Lender to access information regarding such accounts.

(g) Accountants' Reports; Other Reports. Promptly upon receipt thereof: (i) copies of any reports or management letters submitted to Sun by its independent certified public accountants in connection with the examination of its financial statements made by such accountants (except for reports otherwise provided pursuant to subsection (a) above); provided, however, that Borrower shall only be required to deliver such reports and management letters to the extent that they relate to Borrower or any Mortgaged Property; and (ii) all schedules, financial statements or other similar reports delivered by Borrower pursuant to the Loan Documents or requested by Lender with respect to Borrower's business affairs or condition (financial or otherwise) or any of the Mortgaged Properties.

(h) Annual Budgets. Prior to the start of its fiscal year, an annual budget for each Mortgaged Property for such fiscal year, setting forth an estimate of all of the costs and expenses, including capital expenses, of maintaining and operating each Mortgaged Property.

SECTION 8.04. Access to Records; Discussions With Officers and Accountants.

To the extent permitted by law and in addition to the applicable requirements of the Security Instruments, Borrower shall permit Lender to:

(a) inspect, make copies and abstracts of such of Borrower's books and records as may relate to the Obligations or any Mortgaged Property;

(b) after providing reasonable advance notice to Sun, discuss Borrower's affairs, finances and accounts with Sun's Senior Management and senior accounting staff and discuss matters relating to the conditions, operations or maintenance of the Mortgaged Properties with such personnel and the Executive Directors of such Mortgaged Properties; and

(c) receive any other information that Lender deems reasonably necessary or relevant in connection with any Advance, any Loan Document or the Obligations.

Notwithstanding the foregoing, prior to an Event of Default or Potential Event of Default and in the absence of an emergency, all inspections shall be conducted at reasonable times during normal business hours upon reasonable notice to the Borrower.

SECTION 8.05. Certificate of Compliance.

Borrower shall deliver to Lender concurrently with the delivery of the financial statements and/or reports required by Section 8.03 (a) and (b) a certificate signed by, and in his capacity as, the Chief Financial Officer of Sun (i) setting forth in reasonable detail the calculations required to establish whether Sun was in compliance with the requirements of Sections 8.17, 8.18 and 8.19 of this Agreement on the date of such financial statements, and (ii) stating that, to the best knowledge of such individual following reasonable inquiry, no Event of

Default or Potential Event of Default has occurred, or if an Event of Default or Potential Event of Default has occurred, specifying the nature thereof in reasonable detail and the action Borrower is taking or proposes to take. Any certificate required by this Section shall run directly to and be for the benefit of Lender and Fannie Mae.

SECTION 8.06. Maintain Licenses.

Borrower shall procure and maintain in full force and effect all licenses, Permits, charters and registrations which are material to the conduct of its business and shall abide by and satisfy all terms and conditions of all such licenses, Permits, charters and registrations.

SECTION 8.07. Inform Lender of Material Events.

Borrower shall promptly inform Lender in writing of any of the following (and shall deliver to Lender copies of any related written communications, complaints, orders, judgments and other documents relating to the following) of which Borrower has actual knowledge:

(a) Defaults. The occurrence of any Event of Default or any Potential Event of Default under this Agreement or any other Loan Document;

(b) Regulatory Proceedings. The commencement of any rulemaking or disciplinary proceeding or the promulgation of any proposed or final rule which would have, or may reasonably be expected to have, a Material Adverse Effect on Sun or the Borrower; the receipt of notice from any Governmental Authority having jurisdiction over Borrower, Sun or the OP that (A) any license, Permit, charter, membership or registration material to the conduct of Borrower's, Sun's or the OP's business or the Mortgaged Properties has been suspended or revoked or (B) Borrower, Sun or the OP has been required to cease and desist any practice, procedure or policy employed by Borrower, Sun or the OP in the conduct of its business, and such cessation would have, or may reasonably be expected to have, a Material Adverse Effect;

(c) Bankruptcy Proceedings. The commencement of any proceedings by or against Borrower, Sun or the OP under any applicable bankruptcy, reorganization, liquidation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, trustee or other similar official is sought to be appointed for it;

(d) Environmental Claim. The receipt from any Governmental Authority or other Person of any notice of violation, claim, demand, abatement, order or other order or direction (conditional or otherwise) for any damage, including personal injury (including sickness, disease or death), tangible or intangible property damage, contribution, indemnity, indirect or consequential damages, damage to the environment, pollution, contamination or other adverse effects on the environment, removal, cleanup or remedial action or for fines, penalties or restrictions, resulting from or based upon (i) the existence or occurrence, or the alleged existence or occurrence, of a Hazardous Substance Activity or (ii) the violation, or alleged violation, of any Hazardous Materials Laws in connection with any Mortgaged Property or any of the other assets of Borrower;

(e) Material Adverse Effects. The occurrence of any act, omission, change or event (including the commencement or threat of any proceedings by or against Borrower or Sun in any Federal, state or local court, or before any Governmental Authority, or before any arbitrator), which has, or would have, a Material Adverse Effect, subsequent to the date of the most recent audited financial statements of Sun delivered to Lender pursuant to Section 8.03;

(f) Accounting Changes. Any material change in Borrower's or Sun's accounting policies or financial reporting practices; and

(g) Legal and Regulatory Status. The occurrence of any act, omission, change or event, including any Governmental Approval, the result of which is to change or alter in any way the legal or regulatory status of Borrower.

SECTION 8.08. Compliance with Applicable Laws.

Borrower shall comply in all material respects with all Applicable Laws now or hereafter affecting any Mortgaged Property or any part of any Mortgaged Property or requiring any alterations, repairs or improvements to any Mortgaged Property. Borrower shall procure and continuously maintain in full force and effect, and shall abide by and satisfy all material terms and conditions of all Permits.

SECTION 8.09. Alterations to the Mortgaged Properties.

Except as otherwise provided in the Loan Documents, Borrower shall have the right to undertake any alteration, improvement, demolition, removal or construction (collectively, "Alterations") to the Mortgaged Property which it owns without the prior consent of Lender; provided, however, that in any case, no such Alteration shall be made to any Mortgaged Property without the prior written consent of Lender if (i) such Alteration could reasonably be expected to adversely affect the value of such Mortgaged Property or its operation as a manufactured housing community in substantially the same manner in which it is being operated on the date such Mortgaged Property became Collateral, (ii) the construction of such Alteration could reasonably be expected to result in material interference to the occupancy of tenants of such Mortgaged Property such that tenants in occupancy with respect to five percent (5%) or more of the Leases would be permitted to terminate their Leases or to abate the payment of all or any portion of their rent due to such Alterations, or (iii) such Alteration will be completed in more than 12 months from the date of commencement. Notwithstanding the foregoing, Borrower must obtain Lender's prior written consent to construct a single or related series of Alterations with respect to any Mortgaged Property (i) costing in the aggregate in excess of \$500,000 or (ii) having a material adverse effect on the use or operation of such Mortgaged Property and the Borrower must give prior notice to the Lender of its intent to commence the Alterations with respect to such Mortgaged Property costing in excess of \$250,000; provided, however, that the preceding requirements shall not be applicable to Alterations made, conducted or undertaken by Borrower as part of Borrower's routine maintenance, repair, replacement, renovation or restoration of the Mortgaged Properties as required by the Loan Documents or, if such Alterations are emergency in nature, in which case the Borrower shall give notice to Lender as promptly as reasonably practical.

SECTION 8.10. Loan Document Taxes.

If any tax, assessment or Imposition (other than a franchise tax, excise tax or income tax imposed on or measured by, the net income or capital (including branch profits tax) of Lender (or any transferee or assignee thereof, including a participation holder)) ("Loan Document Taxes") is levied, assessed or charged by the United States, or any State in the United States, or any political subdivision or taxing authority thereof or therein upon any of the Loan Documents or the obligations secured thereby, the interest of Lender in the Mortgaged Properties, or Lender by reason of or as holder of the Loan Documents arising in connection with the Credit Facility, Borrower shall pay all such Loan Document Taxes to, for, or on account of Lender (or provide funds to Lender for such payment, as the case may be) as they become due and payable and shall promptly furnish proof of such payment to Lender, as applicable. In the event of passage of any law or regulation permitting, authorizing or requiring such Loan Document Taxes to be levied, assessed or charged, which law or regulation in the opinion of counsel to Lender may prohibit Borrower from paying the Loan Document Taxes to or for Lender, Borrower shall enter into such further instruments as may be permitted by law to obligate Borrower to pay such Loan Document Taxes to the extent provided herein.

SECTION 8.11. Further Assurances.

Borrower, at the request of Lender, shall execute and deliver and, if necessary, file or record such statements, documents, agreements, UCC financing and continuation statements and such other instruments and take such further action as Lender from time to time may request as reasonably necessary, desirable or proper to carry out more effectively the purposes of this Agreement or any of the other Loan Documents or to subject the Collateral to the lien and security interests of the Loan Documents or to evidence, perfect or otherwise implement, to assure the lien and security interests intended by the terms of the Loan Documents or in order to exercise or enforce its rights under the Loan Documents, provided the foregoing does not materially increase Borrower's obligations or materially decrease its rights hereunder.

SECTION 8.12. Transfer of Ownership Interest of Borrower and Sun .

(a) Prohibition on Transfers. Subject to paragraph (b) of this Section, neither of the Borrower or Sun shall cause or permit a Transfer or a Change of Control.

(b) Permitted Transfers. Notwithstanding the provisions of paragraph (a) of this Section, the following Transfers are permitted without the consent of Lender:

(i) A Transfer that occurs by inheritance, devise, or bequest or by operation of law upon the death of a natural person who is the owner of a direct or indirect ownership interest in Borrower or Sun.

(ii) A Transfer to trusts established for the benefit of the transferor and/or immediate family members for estate planning purposes.

(iii) A Transfer of member interests by the members or limited partners of Borrower or stock of Sun; provided, however, that no Change in Control occurs as the result of such Transfer.

(iv) The issuance by Borrower or Sun of additional member interests or stock, as the case may be, and the subsequent Transfer of such interest; provided, however, that no Change in Control occurs as the result of such Transfer.

(v) A merger with or acquisition of another entity by Borrower or Sun, provided that (A) Borrower or Sun, as the case may be, is the surviving entity after such merger or acquisition, (B) no Change in Control occurs, and (C) such merger or acquisition does not result in an Event of Default, as such terms are defined in this Agreement.

(vi) A Transfer of a Mortgaged Property to one or more, direct or indirect, wholly owned Affiliate of Sun or the OP, so long as such entity meets the requirements of a "Borrower" under this Agreement, makes the representations and warranties made by the Borrower under this Agreement, and executes such documents as Lender may reasonably require to evidence such entity's obligations under the Loan Documents.

(vii) A Transfer to an Approved Acquiring Person, so long as Lender receives a fee equal to one percent (1%) of the then Outstanding principal balance of the Advances then in effect.

(viii) A Transfer of interests in Sun on public stock exchanges, provided no Change of Control occurs.

In connection with any permitted Transfer submitted to Lender for review, Borrower shall reimburse Lender for all of Lender's reasonable out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing and documenting the Transfer request.

(c) Consent to Prohibited Transfers. Lender may, in its sole and absolute discretion, consent to a Transfer that would otherwise violate this Section if, prior to the Transfer, Borrower, Sun or the OP, as the case may be, has satisfied each of the following requirements:

(i) the submission to Lender of all information required by Lender to make the determination required by this Section;

(ii) the absence of any Event of Default;

(iii) the transferee meets all of the eligibility, credit, management and other standards (including any standards with respect to previous relationships between Lender and the transferee and the organization of the transferee) customarily applied by Lender at the time of the proposed Transfer to the approval of Borrower, Sun or the OP, as the case may be, in connection with the origination or purchase of similar mortgages, deeds of trust or deeds to secure debt on multifamily properties;

(iv) in the case of a Transfer of direct or indirect ownership interests in Borrower, Sun or the OP, as the case may be, if transferor or any other person has obligations under any Loan Documents, the execution by the transferee of one or more individuals or entities acceptable to Lender of an assumption agreement that is acceptable to Lender and that, among other things, requires the transferee to perform all obligations of transferor or such person set forth in such Loan Document, and may require that the transferee comply with any provisions of this Instrument or any other Loan Document which previously may have been waived by Lender;

(v) Lender's receipt of all of the following:

(A) a transfer fee equal to 1 percent of the Outstanding principal balance of the Advances immediately prior to the transfer.

(B) In addition, Borrower shall be required to reimburse Lender for all of Lender's reasonable out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing and documenting the Transfer request.

SECTION 8.13. Transfer of Ownership of Mortgaged Property.

(a) Prohibition on Transfers. Subject to paragraph (b) of this Section, none of the Borrower, Sun or the OP shall cause or permit a Transfer of a Mortgaged Property.

(b) Permitted Transfers. Notwithstanding provision (a) of this Section, the following Transfers of a Mortgaged Property by Borrower are permitted without the consent of Lender:

(i) The grant of a leasehold interest in home sites or commercial spaces in accordance with the Security Instrument.

(ii) A sale or other disposition of obsolete or worn out personal property having a value of less than \$50,000 in any Calendar Year per Mortgaged Property or having a value of \$50,000 or more if it is contemporaneously replaced by comparable personal property of equal or greater value which is free and clear of liens, encumbrances and security interests other than those created by the Loan Documents.

(iii) The creation of a mechanic's or materialmen's liens or judgment liens against a Mortgaged Property for equipment and vehicles in an aggregate amount not in excess of \$100,000, or mechanic's or materialmen's liens or judgment liens against a Mortgaged Property which are released of record, bonded to the reasonable satisfaction of Lender, or otherwise remedied to Lender's satisfaction within 30 days of the date of creation.

(iv) The grant of an easement, right of way, license or similar real property interest if, prior to the granting of the easement, right of way, license or similar real property interest, Borrower causes to be submitted to Lender all information required by Lender to evaluate the easement, and if Lender consents to such easement based upon Lender's determination that the easement will not materially and adversely affect the operation of the

Mortgaged Property or Lender's interest in the Mortgaged Property and Borrower pays to Lender, within 15 days of demand, all reasonable costs and expenses incurred by Lender in connection with reviewing Borrower's request. Lender shall not unreasonably withhold its consent to or withhold its agreement to subordinate the lien of a Security Instrument to (A) the grant of a utility easement serving a Mortgaged Property to a publicly operated utility, (B) the grant of an easement related to expansion or widening of roadways, or (C) easements for cable and internet services, and the installation and use of cable and internet equipment, provided that any such easement is in form and substance reasonably acceptable to Lender and does not materially and adversely affect the access, use or marketability of a Mortgaged Property.

SECTION 8.14. Change in Senior Management.

Borrower shall give Lender notice of any change in the identity of any member of Senior Management.

SECTION 8.15. Intentionally Omitted.

SECTION 8.16. Ownership of Mortgaged Properties.

Borrower shall be the sole owner of each of the Mortgaged Properties free and clear of any Liens other than Permitted Liens.

SECTION 8.17. Compliance with Net Worth Test.

Sun shall at all times maintain its Net Worth so that it is not less than \$350,000,000.

SECTION 8.18. Compliance with Liquidity Test.

Sun shall not permit at any time its Liquidity to be less than \$3,000,000.

SECTION 8.19. Compliance with Borrower's Consolidated EBITDA to Interest Ratio.

The Borrower shall not permit the Consolidated EBITDA to Interest Ratio computed for any fiscal quarter or year to be less than 125%.

ARTICLE 9

NEGATIVE COVENANTS OF BORROWER

Borrower agrees and covenants with Lender that, at all times during the Term of this Agreement:

SECTION 9.01. Other Activities.

Borrower shall not:

(a) amend its Organizational Documents in any material respect without the prior written consent of Lender;

(b) dissolve or liquidate in whole or in part;

(c) except as otherwise provided in this Agreement, without the prior written consent of Lender, merge or consolidate with any Person; or

(d) use, or permit to be used, any Mortgaged Property for any uses or purposes other than as a Manufactured Housing Community and ancillary uses consistent with Manufactured Housing Communities, including providing goods and services to residents of the Mortgaged Property (other than the sale of or financing of manufactured homes).

SECTION 9.02. Liens.

Borrower shall not create, incur, assume or suffer to exist any Lien on any Mortgaged Property or any part of any Mortgaged Property, except the Permitted Liens.

SECTION 9.03. Indebtedness.

Borrower shall not incur or be obligated at any time with respect to any Indebtedness in connection with any of the Mortgaged Properties, provided Borrower may incur or be obligated for Indebtedness in an amount not to exceed \$100,000 with respect to each Mortgaged Property for the purchase or lease of equipment or vehicles used in connection with the operation or maintenance of such Mortgaged Property.

SECTION 9.04. Principal Place of Business.

Borrower shall not change its principal place of business or the location of its books and records, each as set forth in Borrower's Certificate, without first giving 15 days' prior written notice to Lender.

SECTION 9.05. Condominiums.

Borrower shall not submit any Mortgaged Property to a condominium regime during the Term of this Agreement.

SECTION 9.06. Restrictions on Distributions.

The Borrower shall not make any distributions of any nature or kind whatsoever to the owners of its Ownership Interests in respect of such Ownership Interests as such if, at the time of such distribution, a Potential Event of Default or an Event of Default has occurred and remains uncured.

ARTICLE 10

FEES

SECTION 10.01. Standby Fee.

Borrower shall pay the Standby Fee to Lender for the period from the First Anniversary to the end of the Term of this Agreement. The Standby Fee shall be payable monthly, in arrears, on the first Business Day following the end of the month, except that the Standby Fee for the last month during the Term of this Agreement shall be paid on the last day of the Term of this Agreement. If Borrower pays the Standby Fee, no Commitment shall be reduced or terminated as a result of Borrower's failure to borrow any or all of such Commitment and no fee maintenance shall be due in respect of such Commitment unless Borrower fails to borrow any or all of such Commitment for 24 consecutive months (such that there are no Outstanding Advances), at which time the unused portion of the Commitment shall be terminated and all fees, including the Facility Termination Fee, shall be due at such time.

SECTION 10.02. Origination Fee.

(a) Initial Origination Fee. Borrower shall pay to Lender an origination fee equal to \$508,800 (which is equal to the product obtained by multiplying (i) the Commitment as of the date of this Agreement (\$101,760,000) by (ii) .50%).

(b) Expansion Origination Fee. Upon the making of any Advance or portion of any Advance in excess of \$101,760,000 for which an origination fee or an Expansion Origination Fee has not been paid, Borrower shall pay to Lender an origination fee ("Expansion Origination Fee") equal to the product obtained by multiplying (i) the amount of such Advance or portion of such Advance by (ii) .50%.

SECTION 10.03. Due Diligence Fees.

(a) Initial Due Diligence Fees. Borrower shall pay to Lender due diligence fees ("Initial Due Diligence Fees") with respect to the Initial Mortgaged Properties in an amount equal to \$15,000 for each Mortgaged Property.

Borrower has previously paid to Lender a portion of the Initial Due Diligence Fees and shall pay the remainder of the Initial Due Diligence Fees to Lender on the Initial Closing Date. Any portion of the Initial Due Diligence Fee paid to Lender not actually used by Lender to cover due diligence expenses shall be promptly refunded to Borrower. Any portion of the Initial Due Diligence Fees paid to Lender but not actually used by Lender to cover due diligence expenses shall be promptly refunded to Borrower. If the actual cost of due diligence expenses exceeds the Initial Due Diligence Fees, the Borrower shall promptly pay such excess cost.

(b) Additional Due Diligence Fees for Additional Collateral. Borrower shall pay to Lender additional due diligence fees (the "Additional Collateral Due Diligence Fees") with respect to each Additional Mortgaged Property in an amount equal to \$15,000. The Additional Collateral Due Diligence Fees shall be paid together with any Additional Request or

Substitution Request. Any portion of the Additional Collateral Due Diligence Fees paid to Lender but not actually used by Lender to cover due diligence expenses shall be promptly refunded to Borrower. If the actual cost of due diligence expenses exceeds the Additional Collateral Due Diligence Fees, the Borrower shall promptly pay such excess cost.

SECTION 10.04. Legal Fees and Expenses.

(a) Initial Legal Fees. Borrower shall pay, or reimburse Lender for, all out-of-pocket legal fees and expenses incurred by Lender and by Fannie Mae in connection with the preparation, review and negotiation of this Agreement and any other Loan Documents executed on the date of this Agreement.

(b) Fees and Expenses Associated with Requests. Borrower shall pay, or reimburse Lender for, all reasonable costs and expenses incurred by Lender, including the out-of-pocket legal fees and expenses incurred by Lender in connection with the preparation, review and negotiation of all documents, instruments and certificates to be executed and delivered in connection with each Request, the performance by Lender of any of its obligations with respect to the Request, the satisfaction of all conditions precedent to Borrower's rights or Lender's obligations with respect to the Request, and all transactions related to any of the foregoing, including the cost of title insurance premiums and applicable recordation and transfer taxes and charges and all other reasonable costs and expenses in connection with a Request. The obligations of Borrower under this subsection shall be absolute and unconditional, regardless of whether the transaction requested in the Request actually occurs. Borrower shall pay such costs and expenses to Lender on the Closing Date for the Request, or, as the case may be, after demand by Lender when Lender determines that such Request will not close.

SECTION 10.05. Failure to Close any Request.

If Borrower makes a Request, such Request is approved by Lender and thereafter Borrower fails to close on the Request for any reason other than the default by Lender, then Borrower shall pay to Lender and Fannie Mae all actual damages incurred by Lender and Fannie Mae in connection with the failure to close.

ARTICLE 11

EVENTS OF DEFAULT

SECTION 11.01. Events of Default.

Each of the following events shall constitute an "Event of Default" under this Agreement, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of Borrower or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any Governmental Authority:

(a) the occurrence of a default under any Loan Document beyond the cure period, if any, set forth therein; or

(b) the failure by Borrower to pay when due any amount payable by Borrower under any Note, any Mortgage, this Agreement or any other Loan Document, including any fees, costs or expenses; or

(c) the failure by Borrower to perform or observe any covenant contained in Sections 8.01 through 8.18 or Sections 9.01 through 9.06 for 30 days after receipt of notice of such failure by Borrower from Lender, provided that such period shall be extended for up to 30 additional days if Borrower, in the reasonable discretion of Lender, is diligently pursuing a cure of such default within 30 days after receipt of notice from Lender; or

(d) any warranty, representation or other written statement made by or on behalf of Borrower or Sun contained in this Agreement, any other Loan Document or in any instrument furnished in compliance with or in reference to any of the foregoing, is false or misleading in any material respect on any date when made or deemed made; or

(e) (i) Borrower, Sun or the OP shall (A) commence a voluntary case under the Federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, debt adjustment, winding up or composition or adjustment of debts, (C) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, domestic or foreign, (E) admit in writing its inability to pay, or generally not be paying, its debts as they become due, (F) make a general assignment for the benefit of creditors, (G) assert that Borrower, Sun or the OP has no liability or obligations under this Agreement or any other Loan Document to which it is a party; or (H) take any action for the purpose of effecting any of the foregoing; or (ii) a case or other proceeding shall be commenced against Borrower, Sun or the OP in any court of competent jurisdiction seeking (A) relief under the Federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding upon or composition or adjustment of debts, or (B) the appointment of a trustee, receiver, custodian, liquidator or the like of Borrower, Sun or the OP, or of all or a substantial part of the property, domestic or foreign, of Borrower, Sun or the OP and any such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive calendar days, or any order granting the relief requested in any such case or proceeding against Borrower, Sun or the OP (including an order for relief under such Federal bankruptcy laws) shall be entered; or

(f) if any provision of this Agreement or any other Loan Document or the lien and security interest purported to be created hereunder or under any Loan Document shall at any time for any reason cease to be valid and binding in accordance with its terms on Borrower or Sun, or shall be declared to be null and void, or the validity or enforceability hereof or thereof or the validity or priority of the lien and security interest created hereunder or under any other Loan Document shall be contested by Borrower or Sun seeking to establish the invalidity or unenforceability hereof or thereof, or Borrower or Sun (only with respect to the Guaranty) shall deny that it has any further liability or obligation hereunder or thereunder; or

(g) (i) the execution by Borrower of a chattel mortgage or other security agreement on any materials, fixtures or articles used in the construction or operation of the improvements located on any Mortgaged Property or on articles of personal property located therein, provided Borrower shall be permitted to execute a security agreement in connection with the financing of up to, in the aggregate, \$100,000 in connection with each Mortgaged Property for the purchase or lease of equipment or vehicles used in connection with the operation or maintenance of such Mortgaged Property, or (ii) if any such materials, fixtures or articles are purchased pursuant to any conditional sales contract or other security agreement or otherwise so that the Ownership thereof will not vest unconditionally in Borrower free from encumbrances, or (iii) if Borrower does not furnish to Lender upon request the contracts, bills of sale, statements, receipted vouchers and agreements, or any of them, under which Borrower claim title to such materials, fixtures, or articles; or

(h) the failure by Borrower to comply with any requirement of any Governmental Authority within 30 days after written notice of such requirement shall have been given to Borrower by such Governmental Authority if such noncompliance has a Material Effect on Borrower; provided that, if action is commenced and diligently pursued by Borrower within such 30 days, then Borrower shall have an additional 30 days or, if longer, the time permitted by the Governmental Authority to comply with such requirement; or

(i) a dissolution or liquidation for any reason (whether voluntary or involuntary) of Borrower or Sun; or

(j) any judgment against Borrower or Sun, any attachment or other levy against any portion of Borrower's or Sun's assets with respect to a claim or claims in an amount in excess of \$500,000 in the aggregate with respect to Borrower, or \$1,000,000 in the aggregate with respect to Sun remains unpaid, unstayed on appeal undischarged, unbonded, not fully insured or undismissed for a period of 60 days; or

(k) the failure by Borrower or Sun to perform or observe any material term, covenant, condition or agreement hereunder, other than as contained in subsections (a) through (j) above, or in any other Loan Document, within 30 days after receipt of notice from Lender identifying such failure, provided such period shall be extended for up to 30 additional days if Borrower, in the reasonable discretion of Lender, is diligently pursuing a cure of such default within 30 days after receipt of notice from Lender.

ARTICLE 12

REMEDIES

SECTION 12.01. Remedies; Waivers.

Upon the occurrence of an Event of Default, Lender may do any one or more of the following (without presentment, protest or notice of protest, all of which are expressly waived by Borrower), subject, however, to the limitations set forth in Article 15 hereof:

(a) by written notice to Borrower, to be effective upon dispatch, terminate the Commitment and declare the principal of, and interest on, the Advances and all other sums owing by Borrower to Lender under any of the Loan Documents forthwith due and payable, whereupon the Commitment will terminate and the principal of, and interest on, the Advances and all other sums owing by Borrower to Lender under any of the Loan Documents will become forthwith due and payable.

(b) Lender shall have the right to pursue any other remedies available to it under any of the Loan Documents.

(c) Lender shall have the right to pursue all remedies available to it at law or in equity, including obtaining specific performance and injunctive relief.

SECTION 12.02. Waivers; Rescission of Declaration.

Lender shall have the right, to be exercised in its complete discretion, to waive any breach hereunder (including the occurrence of an Event of Default), by a writing setting forth the terms, conditions, and extent of such waiver signed by Lender and delivered to Borrower. Unless such writing expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the waiver and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

SECTION 12.03. Lender's Right to Protect Collateral and Perform Covenants and Other Obligations.

If Borrower or Sun fails to perform the covenants and agreements contained in this Agreement or any of the other Loan Documents, then Lender at Lender's option may make such appearances, disburse such sums and take such action as Lender deems reasonably necessary, in its sole discretion, to protect Lender's interest, including (i) disbursement of reasonable attorneys' fees, (ii) entry upon the Mortgaged Property to make repairs and replacements, (iii) procurement of satisfactory insurance as provided in the Security Instrument encumbering the Mortgaged Property, and (iv) if the Security Instrument is on a leasehold, exercise of any option to renew or extend the ground lease on behalf of Borrower and the curing of any default of Borrower in the terms and conditions of the ground lease. Any amounts disbursed by Lender pursuant to this Section, with interest thereon, shall become additional indebtedness of Borrower secured by the Loan Documents. Unless Borrower and Lender agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the weighted average, as determined by Lender, of the interest rates in effect from time to time for each Advance unless collection from Borrower of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law. Nothing contained in this Section shall require Lender to incur any expense or take any action hereunder.

SECTION 12.04. No Remedy Exclusive.

Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under the Loan Documents or existing at law or in equity.

SECTION 12.05. No Waiver.

No delay or omission to exercise any right or power accruing under any Loan Document upon the happening of any Event of Default or Potential Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 12.06. No Notice.

To entitle Lender to exercise any remedy reserved to Lender in this Article, it shall not be necessary to give any notice, other than such notice as may be required under the applicable provisions of this Agreement, any of the other Loan Documents or Applicable Law.

ARTICLE 13

RIGHTS OF FANNIE MAE

SECTION 13.01. Special Pool Purchase Contract.

Borrower acknowledges that Fannie Mae is entering into an agreement with Lender ("Special Pool Purchase Contract"), pursuant to which, inter alia, (i) Lender shall agree to assign all of its rights under this Agreement to Fannie Mae, (ii) Fannie Mae shall accept the assignment of the rights, (iii) subject to the terms, limitations and conditions contained in the Special Pool Purchase Contract, Fannie Mae shall agree to purchase a 100% participation interest in each Advance issued under this Agreement by issuing to Lender an MBS, in the amount and for a term equal to the Advance purchased and backed by an interest in the Fixed Facility Note or the Variable Facility Note, as the case may be, and the Collateral Pool securing the Notes, (iv) Lender shall agree to assign to Fannie Mae all of Lender's interest in the Notes and Collateral Pool securing the Notes, and (v) Lender shall agree to service the loans evidenced by the Notes.

SECTION 13.02. Assignment of Rights.

Borrower acknowledges and consents to the assignment to Fannie Mae of all of the rights of Lender under this Agreement and all other Loan Documents, including the right and power to make all decisions on the part of Lender to be made under this Agreement and the other Loan Documents, but Fannie Mae, by virtue of this assignment, shall not be obligated to perform the obligations of Lender under this Agreement or the other Loan Documents.

SECTION 13.03. Release of Collateral.

Borrower hereby acknowledges that, after the assignment of Loan Documents contemplated in Section 13.02, Lender shall not have the right or power to effect a release of any

Collateral pursuant to Article 6. Borrower acknowledges that the Security Instruments provide for the release of the Collateral under Articles 3 and 5. Accordingly, Borrower shall not look to Lender for performance of any obligations contained in Articles 3 and 5, but shall look solely to the party secured by the Collateral to be released for such performance. Lender represents and warrants to Borrower that the party secured by the Collateral shall be subject to the release provisions contained in Articles 3 and 5 by virtue of the release provisions in each Security Instrument.

SECTION 13.04. Replacement of Lender.

At the request of Fannie Mae, Borrower and Lender shall agree to the assumption by another lender designated by Fannie Mae (which lender shall meet Fannie Mae's then current standards for lenders for credit facilities of the type and size of the credit facility evidenced by this Agreement), of all of the obligations of Lender under this Agreement and the other Loan Documents, and/or any related servicing obligations, and, at Fannie Mae's option, the concurrent release of Lender from its obligations under this Agreement and the other Loan Documents, and/or any related servicing obligations, and shall execute all releases, modifications and other documents which Fannie Mae determines are necessary or desirable to effect such assumption, all without material cost to Borrower.

SECTION 13.05. Fannie Mae and Lender Fees and Expenses.

Borrower agree that any provision providing for the payment of fees, costs or expenses incurred or charged by Lender pursuant to this Agreement shall be deemed to provide for Borrower's payment of all reasonable fees, costs and expenses incurred or charged by Lender or Fannie Mae in connection with the matter for which fees, costs or expenses are payable.

SECTION 13.06. Third-Party Beneficiary.

Borrower hereby acknowledge and agree that Fannie Mae is a third party beneficiary of all of the representations, warranties and covenants made by Borrower to, and all rights under this Agreement conferred upon, Lender, and, by virtue of its status as third-party beneficiary and/or assignee of Lender's rights under this Agreement, Fannie Mae shall have the right to enforce all of the provisions of this Agreement against Borrower.

ARTICLE 14

INSURANCE, REAL ESTATE TAXES AND REPLACEMENT RESERVES

SECTION 14.01. Insurance and Real Estate Taxes.

Borrower shall establish funds for taxes, insurance premiums and certain other charges for each Mortgaged Property in accordance with Section 7(a) of the Security Instrument for each Mortgaged Property.

SECTION 14.02. Replacement Reserves.

Borrower shall execute a Replacement Reserve Agreement for the Mortgaged Property which they own and shall (unless waived by Lender by separate agreement) make all deposits for replacement reserves in accordance with the terms of the Replacement Reserve Agreement.

ARTICLE 15

PERSONAL LIABILITY OF THE BORROWER

SECTION 15.01. Personal Liability of Borrower.

(a) Limits on Personal Liability. Except as otherwise provided in this Article, the personal liability of the Borrower under this Agreement or any other Loan Document for the performance of any Obligations of the Borrower under the Loan Documents shall be limited to an amount equal to 25% of the amount of the Variable Advances Outstanding minus the notional amount of any Cap purchased by the Borrower pursuant to Article 16 of this Agreement (the "Guaranteed Amount"), and the Lender's only recourse for the payment and performance of the Obligations in excess of such amount shall be the Lender's exercise of its rights and remedies with respect to the Mortgaged Properties and any other Collateral held by the Lender as security for the Obligations. Notwithstanding the foregoing, no general partner of Borrower shall have personal liability under this Section 15.01(a) (unless such general partner is a guarantor under the Guaranty). The Borrower shall not be liable for the Guaranteed Amount if, prior to August 29, 2002, the Borrower provides a Cap having a notional amount equal to the entire amount of Variable Advances Outstanding as provided for in Section 16.01 of this Agreement. This limitation on the Borrower's liability shall not impair the Lender's enforcement of its rights set forth in the Guaranty.

(b) Exceptions to Limits on Personal Liability. In addition to amounts the Borrower is personally liable for pursuant to paragraph (a) above, the Borrower (but not any general partner of Borrower [unless such general partner is a guarantor under the Guaranty]) shall be personally liable to Lender for an amount equal to any loss or damage suffered by Lender as a result of (1) failure of Borrower to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under the Security Instrument encumbering the Mortgaged Property and the amount of all security deposits collected by Borrower; (2) failure of Borrower to apply all insurance proceeds, condemnation proceeds or security deposits from tenants as required by the Security Instrument encumbering the Mortgaged Property; (3) fraud or written material misrepresentation (at the time made) by Borrower or any officer, director, partner, member or employee of Borrower in connection with the application for or creation of the Obligations or any request for any action or consent by Lender; (4) failure to apply Rents, first, to the payment of reasonable operating expenses and then to amounts ("Debt Service Amounts") payable under the Loan Documents, provided that prior to such application, Rents may be commingled with other funds of Sun or its Affiliates (except that Borrower will not be

personally liable (i) to the extent that Borrower lacks the legal right to direct the disbursement of such sums because of a bankruptcy, receivership or similar judicial proceeding, or (ii) with respect to Rents of a Mortgaged Property that are distributed in any Calendar Quarter if Borrower has paid all operating expenses and Debt Service Amounts for that Calendar Quarter); (5) a Final Loss with respect to the Obligations upon the filing of a voluntary petition in a Bankruptcy proceeding by the Borrower, Sun or the OP or the filing of an involuntary proceeding in Bankruptcy against the Borrower, Sun or the OP or an Affiliate thereof by Borrower, Sun or the OP or an Affiliate thereof; (6) Borrower's acquisition of any property or operation of any business not permitted by Section 33 of any Security Instrument; (7) a Transfer that is not a Permitted Transfer of Mortgaged Properties or a Permitted Transfer of Ownership Interests; or (8) any and all indemnification obligations contained in Section 18 of any Security Instrument.

(c) Miscellaneous. To the extent that Borrower has personal liability under this Section, such liability shall be joint and several with that of Sun under the Guaranty and Lender may exercise its rights against Borrower or Sun personally without regard to whether Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under the Loan Documents or applicable law.

ARTICLE 16

INTEREST RATE PROTECTION

At Borrower's option, prior to August 29, 2002, Borrower may elect to provide a Cap having a notional amount equal to an amount up to the amount of the Variable Advances Outstanding. If Borrower elects to provide a Cap as provided above, the following terms and conditions shall be applicable.

SECTION 16.01. Interest Rate Protection.

(a) The Initial Cap. Any Cap relating to a Variable Advance Outstanding on the date the Cap is purchased (which shall not be later than August 29, 2002) shall be in place for a period beginning on the date such Cap is purchased and ending not earlier than the date which is three years from the purchase of such Cap (the "Initial Cap Period").

(b) Subsequent Caps. Subject to the other terms of Article 16, additional Caps (each, a "Subsequent Cap") shall be purchased by Borrower (i) upon the expiration of the Cap in place for the Initial Cap Period, and (ii) if elected by the Borrower, at the time any Additional Variable Advance is made. Any Subsequent Cap purchased pursuant to the preceding sentence shall be in effect for a period beginning on the date of the expiration of the initial Cap or Closing Date of the Future Advance Request, as the case may be, and ending on the Variable Facility Termination Date or, if shorter, three (3) years from the Closing Date of the Future Advance

Request. If the Variable Facility Termination Date is extended pursuant to Section 1.07 of this Agreement, the Borrower shall obtain Subsequent Caps pursuant to this Article 16 for a period for the shorter of (i) three years and (ii) the period ending on the Variable Facility Termination Date. It is the intention of the parties, and a condition of the Variable Facility Commitment, that the Borrower shall obtain, and shall maintain at all times during the term of this Agreement so long as there are any Variable Facility Advances Outstanding, a Cap or Caps in an aggregate notional principal amount equal to the portion of the Variable Advances Outstanding elected by the Borrower pursuant to this Article 16 and covering the entire term of the Variable Facility Commitment and meeting the conditions set forth in Section 16.02. If the Variable Advances Outstanding decrease, the Borrower may amend the Cap or Caps to provide for a decrease in the notional amount to an amount equal to the reduced amount of the Variable Facility Commitment, provided that the Lender gives its prior written approval to the documents reflecting the amendment (which approval shall not be unreasonably withheld, delayed or conditioned). If the Aggregate Debt Service Coverage Ratio increases at the end of the period ending at the end of the second Loan Year, the Borrower may amend or replace the Cap or Caps to provide an amended or substitute Cap or Caps that meet the requirements of Section 16.02, provided that the Lender gives its prior written approval to the documents reflecting the amendment to the Cap or Caps or substitute Cap or Caps, which approval shall not be unreasonably withheld, delayed or conditioned.

SECTION 16.02. Cap Terms.

Each Cap shall:

- (i) together with all other Caps in place, provide for a notional principal amount equal at all times to the outstanding principal balance of the Variable Facility Commitment for which the Borrower has elected to provide a Cap;
- (ii) be in effect at the time of its purchase for not less than the shorter of (a) the entire term of the Variable Facility Commitment and (b) three (3) years;
- (iii) provide for a notional interest rate equal to not less than the lowest interest rate that would result in an Aggregate Debt Service Coverage Ratio of not less than 1.10 to 1 (the "Cap Interest Rate"), and require the counterparty to make interest payments on the notional principal amount at a rate equal to the amount by which Coupon Rate exceeds the Cap Interest Rate;
- (iv) require the counterparty to make such interest payments to an account pledged to the Lender pursuant to the Cap Security Agreement; and
- (v) be evidenced, governed and secured on terms and conditions, and pursuant to documentation (the "Cap Documents"), in form and content reasonably acceptable to Fannie Mae, and with a counterparty (a "Counterparty") reasonably approved by Fannie Mae.

SECTION 16.03. Cap Security Agreement; Delivery of Cap Payments.

Pursuant to a Cap Security Agreement, the Lender shall be granted an enforceable, perfected, first priority lien on and security interest in each Cap and payments due under the Cap (including scheduled and termination payments) in order to secure the Borrower's obligations to the Lender under this Agreement. With respect to each Cap, the Cap Security Agreement must be delivered by the Borrower to the Lender no later than the effective date of the Cap.

SECTION 16.04. Termination.

The Borrower shall not terminate, transfer or consent to any transfer of any existing Cap without the Lender's prior written consent as long as the Borrower is required to maintain a Cap pursuant to this Agreement; provided, however, that if, and at such time as, any Variable Facility Commitment terminates, the Borrower shall have the right to terminate the existing Cap with respect to such Variable Facility Commitment.

SECTION 16.05. Performance Under Cap Documents.

The Borrower agrees to comply fully with, and to otherwise perform when due, its obligations under, all applicable Cap Documents and all other agreements evidencing, governing and/or securing any Cap arrangement contemplated under this Article 16. The Borrower shall not exercise, without the Lender's prior written consent, and upon the occurrence and during the continuance of an Event of Default, shall exercise, at the Lender's direction, any rights or remedies under any Cap Document, including without limitation the right of termination.

SECTION 16.06. Escrow Provisions.

(a) Monthly Cap Escrow Payment. Until the Borrower obtains a Cap or Caps that have a term through the entire term of the Variable Facility Commitment, the Borrower shall, on the first Business Day of each month, deposit with the Lender the Monthly Cap Escrow Payment. The "Monthly Cap Escrow Payment" means, with respect to the first 36 months after the purchase of a Cap for less than the entire remaining term of any portion of the Variable Facility Commitment, an amount equal to one thirty-sixth (1/36) of 125% of the cost, as reasonably estimated quarterly by the Lender, to obtain any required Subsequent Cap plus any amount required to increase the Cap Escrow Fund to the amount then required to be funded in the Cap Escrow Fund based on the then current cost estimate.

In no event shall the Borrower be required to make deposits into the Cap Escrow Fund if the amount in the Cap Escrow Fund equals or exceeds 125% of the cost, as then reasonably estimated by the Lender, to obtain any required Subsequent Cap.

In lieu of the Monthly Cap Escrow Payment, Borrower may, on the date any Cap is purchased, deliver to Lender a letter of credit issued by a financial institution reasonably acceptable to Lender and having terms and conditions reasonably acceptable to Lender having a face amount equal to 125% of the cost, as reasonably estimated by Lender, to obtain any required Subsequent Caps. Lender or Borrower may require, not more often than quarterly, an increase or decrease, as the case may be, in the face amount of the Letter of Credit to increase or decrease, as

the case may be, the face amount of the Letter of Credit to 125% of the then current estimate of the cost to acquire any required Subsequent Cap.

SECTION 16.07. Cap Escrow Fund.

The Lender shall deposit the Monthly Cap Escrow Payments in an interest-bearing account (the "Cap Escrow Fund") which meets the standards for custodial accounts as required by Lender from time to time. (The Monthly Cap Escrow Payment and all other funds in the Cap Escrow Fund are referred to collectively as the "Cap Escrow Fund"). Lender or a designated representative of Lender shall have the sole right to make withdrawals from such account. All interest earned on funds in the Cap Escrow Fund shall be added to and become part of the Cap Escrow Fund. Lender shall not be responsible for any losses resulting from the investment of the Cap Escrow Fund or for obtaining any specific level or percentage of earnings on such investment. If applicable law requires and provided that no Event of Default or Potential Event of Default exists under any of the Loan Documents, Lender shall pay to Borrower the interest earned on the Cap Escrow Fund once each year. Borrower assigns to Lender the Cap Escrow Fund as additional security for all of the Borrower's obligations under the Loan Documents; provided, however, Lender shall make disbursements from the Cap Escrow Fund in accordance with the terms of this Agreement. Funds in the Cap Escrow Fund shall be used by the Lender to purchase any required Subsequent Cap. To the extent such Cap Escrow Funds are insufficient to purchase any required Subsequent Cap, the Borrower shall promptly remit such funds to the Lender or the provider of the Cap. Any amount in the Cap Escrow Fund not used to purchase a Subsequent Cap shall be returned to the Borrower at such time as Lender determines that no additional Subsequent Caps will be required to be purchased.

ARTICLE 17
MISCELLANEOUS PROVISIONS

SECTION 17.01. Counterparts.

To facilitate execution, this Agreement may be executed in any number of counterparts. It shall not be necessary that the signatures of, or on behalf of, each party, or that the signatures of all persons required to bind any party, appear on each counterpart, but it shall be sufficient that the signature of, or on behalf of, each party, appear on one or more counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than the number of counterparts containing the respective signatures of, or on behalf of, all of the parties hereto.

SECTION 17.02. Amendments, Changes and Modifications.

This Agreement may be amended, changed, modified, altered or terminated only by written instrument or written instruments signed by all of the parties hereto.

SECTION 17.03. Payment of Costs, Fees and Expenses.

Borrower shall pay, on demand, all reasonable fees, costs, charges or expenses (including the fees and expenses of attorneys, accountants and other experts) incurred by Lender in connection with:

(a) Any amendment, consent or waiver to this Agreement or any of the Loan Documents (whether or not any such amendments, consents or waivers are entered into).

(b) Defending or participating in any litigation arising from actions by third parties and brought against or involving Lender with respect to (i) any Mortgaged Property, (ii) any event, act, condition or circumstance in connection with any Mortgaged Property or (iii) the relationship between Lender and Borrower, Sun and the OP in connection with this Agreement or any of the transactions contemplated by this Agreement unless caused by the gross negligence or willful misconduct of Lender.

(c) The administration or enforcement of, or preservation of rights or remedies under, this Agreement or any other Loan Documents or in connection with the foreclosure upon, sale of or other disposition of any Collateral granted pursuant to the Loan Documents.

(d) Any disclosure documents, including fees payable to any rating agencies, including the reasonable fees and expenses of Lender's outside attorneys and accountants.

Borrower shall also pay, on demand, any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution, delivery, filing, recordation, performance or enforcement of any of the Loan Documents or the Advances. However, Borrower will not be obligated to pay any franchise, excise, estate, inheritance, income, excess profits or similar tax on Lender. Any attorneys' fees and expenses payable by Borrower pursuant to this Section shall be recoverable separately from and in addition to any other amount included in such judgment, and such obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment. Any amounts payable by Borrower pursuant to this Section, with interest thereon if not paid when due, shall become additional indebtedness of Borrower secured by the Loan Documents. Such amounts shall bear interest from the date such amounts are due until paid in full at the weighted average, as determined by Lender, of the interest rates in effect from time to time for each Advance unless collection from Borrower of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law. The provisions of this Section are cumulative with, and do not exclude the application and benefit to Lender of, any provision of any other Loan Document relating to any of the matters covered by this Section.

SECTION 17.04. Payment Procedure.

All payments to be made to Lender pursuant to this Agreement or any of the Loan Documents shall be made in lawful currency of the United States of America and in immediately available funds by wire transfer to an account designated by Lender before 2:00 p.m. (Washington, D.C. time) on the date when due.

SECTION 17.05. Payments on Business Days.

In any case in which the date of payment to Lender or the expiration of any time period hereunder occurs on a day which is not a Business Day, then such payment or expiration of such time period need not occur on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the day of maturity or expiration of such period, except that interest shall continue to accrue for the period after such date to the next Business Day.

SECTION 17.06. Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial.

NOTWITHSTANDING ANYTHING IN THE NOTES, THE SECURITY DOCUMENTS OR ANY OF THE OTHER LOAN DOCUMENTS TO THE CONTRARY, EACH OF THE TERMS AND PROVISIONS, AND RIGHTS AND OBLIGATIONS OF THE BORROWER UNDER THE NOTES, AND THE BORROWER AND SUN UNDER THE OTHER LOAN DOCUMENTS, SHALL BE GOVERNED BY, INTERPRETED, CONSTRUED AND ENFORCED PURSUANT TO AND IN ACCORDANCE WITH THE LAWS OF THE DISTRICT OF COLUMBIA (EXCLUDING THE LAW APPLICABLE TO CONFLICTS OR CHOICE OF LAW) EXCEPT TO THE EXTENT OF PROCEDURAL AND SUBSTANTIVE MATTERS RELATING ONLY TO (1) THE CREATION, PERFECTION AND FORECLOSURE OF LIENS AND SECURITY INTERESTS, AND ENFORCEMENT OF THE RIGHTS AND REMEDIES, AGAINST THE MORTGAGED PROPERTIES, WHICH MATTERS SHALL BE GOVERNED BY THE LAWS OF THE JURISDICTION IN WHICH THE MORTGAGED PROPERTY IS LOCATED, (2) THE PERFECTION, THE EFFECT OF PERFECTION AND NON-PERFECTION AND FORECLOSURE OF SECURITY INTERESTS ON PERSONAL PROPERTY (OTHER THAN DEPOSIT ACCOUNTS), WHICH MATTERS SHALL BE GOVERNED BY THE LAWS OF THE JURISDICTION DETERMINED BY THE CHOICE OF LAW PROVISIONS OF THE DISTRICT OF COLUMBIA UNIFORM COMMERCIAL CODE AND (3) THE PERFECTION, THE EFFECT OF PERFECTION AND NON-PERFECTION AND FORECLOSURE OF DEPOSIT ACCOUNTS, WHICH MATTERS SHALL BE GOVERNED BY THE LAWS OF THE JURISDICTION IN WHICH THE DEPOSIT ACCOUNT IS LOCATED. BORROWER AND SUN AGREE THAT ANY CONTROVERSY ARISING UNDER OR IN RELATION TO THE NOTES, THE SECURITY DOCUMENTS OR ANY OTHER LOAN DOCUMENT SHALL BE, EXCEPT AS OTHERWISE PROVIDED HEREIN, LITIGATED IN DISTRICT OF COLUMBIA. THE LOCAL AND FEDERAL COURTS AND AUTHORITIES WITH JURISDICTION IN DISTRICT OF COLUMBIA SHALL, EXCEPT AS OTHERWISE PROVIDED HEREIN, HAVE JURISDICTION OVER ALL CONTROVERSIES WHICH MAY ARISE UNDER OR IN RELATION TO THE LOAN DOCUMENTS, INCLUDING THOSE CONTROVERSIES RELATING TO THE EXECUTION, JURISDICTION, BREACH, ENFORCEMENT OR COMPLIANCE WITH THE NOTES, THE SECURITY DOCUMENTS OR ANY OTHER ISSUE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH ANY OF THE LOAN DOCUMENTS. THE BORROWER AND SUN IRREVOCABLY CONSENT TO SERVICE, JURISDICTION, AND VENUE OF SUCH COURTS FOR ANY LITIGATION ARISING FROM THE NOTES, THE SECURITY DOCUMENTS OR ANY OF THE OTHER LOAN DOCUMENTS, AND WAIVE ANY OTHER VENUE TO WHICH IT

MIGHT BE ENTITLED BY VIRTUE OF DOMICILE, HABITUAL RESIDENCE OR OTHERWISE. NOTHING CONTAINED HEREIN, HOWEVER, SHALL PREVENT LENDER FROM BRINGING ANY SUIT, ACTION OR PROCEEDING OR EXERCISING ANY RIGHTS AGAINST BORROWER AND SUN AND AGAINST THE COLLATERAL IN ANY OTHER JURISDICTION. INITIATING SUCH SUIT, ACTION OR PROCEEDING OR TAKING SUCH ACTION IN ANY OTHER JURISDICTION SHALL IN NO EVENT CONSTITUTE A WAIVER OF THE AGREEMENT CONTAINED HEREIN THAT THE LAWS OF DISTRICT OF COLUMBIA SHALL GOVERN THE RIGHTS AND OBLIGATIONS OF BORROWER AND SUN AND LENDER AS PROVIDED HEREIN OR THE SUBMISSION HEREIN BY BORROWER AND SUN TO PERSONAL JURISDICTION WITHIN DISTRICT OF COLUMBIA THE BORROWER AND SUN (I) COVENANT AND AGREE NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING UNDER ANY OF THE LOAN DOCUMENTS TRIABLE BY A JURY AND (II) WAIVES ANY RIGHT TO TRIAL BY JURY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. FURTHER, THE BORROWER AND SUN HEREBY CERTIFY THAT NO REPRESENTATIVE OR AGENT OF LENDER (INCLUDING, BUT NOT LIMITED TO, LENDER'S COUNSEL) HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO THE BORROWER AND SUN THAT LENDER WILL NOT SEEK TO ENFORCE THE PROVISIONS OF THIS SECTION. THE FOREGOING PROVISIONS WERE KNOWINGLY, WILLINGLY AND VOLUNTARILY AGREED TO BY BORROWER AND SUN UPON CONSULTATION WITH INDEPENDENT LEGAL COUNSEL SELECTED BY BORROWER'S AND SUN'S FREE WILL.

SECTION 17.07. Severability.

In the event any provision of this Agreement or in any other Loan Document shall be held invalid, illegal or unenforceable in any jurisdiction, such provision will be severable from the remainder hereof as to such jurisdiction and the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired in any jurisdiction.

SECTION 17.08. Notices.

(a) Manner of Giving Notice. Each notice, direction, certificate or other communication hereunder (in this Section referred to collectively as "notices" and singly as a "notice") which any party is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if:

(i) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered);

(ii) sent by Federal Express (or other similar overnight courier) designating morning delivery (any notice so delivered shall be deemed to have been received on the Business Day it is delivered by the courier);

(iii) sent by telecopier or facsimile machine which automatically generates a transmission report that states the date and time of the transmission, the length of the document transmitted, and the telephone number of the recipient's telecopier or facsimile machine (to be confirmed with a copy thereof sent in accordance with paragraphs (1) or (2) above within two Business Days) (any notice so delivered shall be deemed to have been received (i) on the date of transmission, if so transmitted before 5:00 p.m. (local time of the recipient) on a Business Day, or (ii) on the next Business Day, if so transmitted on or after 5:00 p.m. (local time of the recipient) on a Business Day or if transmitted on a day other than a Business Day);

addressed to the parties as follows:

As to Borrower: Sun Communities, Inc.
31700 Middlebelt Road
Suite 145
Farmington Hills, Michigan 48334
Attention: Gary A. Shiffman
Telecopy No.: (248) 932-3072

with a copy to: Jaffe, Raitt, Heuer & Weiss, P.C.
One Woodward Avenue
Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Telecopy No.: (313) 961-8358

As to Lender: ARCS Commercial Mortgage Co., L.P.
26901 Agoura Road
Suite 200
Calabasas Hills, California 91301-9932
Attention: Loan Administration Department
Telecopy No.: (818) 880-3330

As to Fannie Mae: Fannie Mae
3939 Wisconsin Avenue, N.W.
Washington, D.C. 20016-2899
Attention: Vice President for Multifamily Asset Management
Telecopy No.: (202) 752-5016

with a copy to: Arter & Hadden LLP
1801 K Street, N.W.
Suite 400K
Washington, D.C. 20006
Attention: Lawrence H. Gesner, Esquire
Telecopy No.: (202) 857-0172

(b) Change of Notice Address. Any party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices, but notice of a change of address shall only be effective upon receipt. Each party agrees that it shall not refuse or reject delivery of any notice given hereunder, that it shall acknowledge, in writing, receipt of the same upon request by the other party and that any notice rejected or refused by it shall be deemed for all purposes of this Agreement to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service, the courier service or facsimile.

SECTION 17.09. Further Assurances and Corrective Instruments.

(a) Further Assurances. To the extent permitted by law, the parties hereto agree that they shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as Lender or Borrower may request and as may be required in the opinion of Lender or its counsel to effectuate the intention of or facilitate the performance of this Agreement or any Loan Document.

(b) Further Documentation. Without limiting the generality of subsection (a), in the event any further documentation or information is required by Lender to correct patent mistakes in the Loan Documents, materials relating to the Title Insurance Policies or the funding of the Advances, Borrower shall provide, or cause to be provided to Lender, at their cost and expense, such documentation or information, so long as the obligations of Borrower are not materially increased thereby or the rights of Borrower are not materially decreased thereby. Borrower shall execute and deliver to Lender such documentation, including any amendments, corrections, deletions or additions to the Notes, the Security Instruments or the other Loan Documents as is reasonably required by Lender and at reasonable cost to the Borrower.

(c) Compliance with Investor Requirements. Without limiting the generality of subsection (a), Borrower shall do anything necessary to comply with the reasonable requirements of Lender to enable Lender to sell the MBS backed by an Advance.

SECTION 17.10. Term of this Agreement.

This Agreement shall continue in effect until the Credit Facility Termination Date.

SECTION 17.11. Assignments; Third-Party Rights.

No Borrower shall assign this Agreement, or delegate any of its obligations hereunder, without the prior written consent of Lender. Lender may assign its rights and obligations under this Agreement separately or together, without Borrower's consent, only to Fannie Mae, but may not delegate its obligations under this Agreement unless required to do so pursuant to Section 13.04.

SECTION 17.12. Headings.

Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 17.13. General Interpretive Principles.

For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in Appendix I and elsewhere in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other genders; (ii) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP; (iii) references herein to "Articles," "Sections," "subsections," "paragraphs" and other subdivisions without reference to a document are to designated Articles, Sections, subsections, paragraphs and other subdivisions of this Agreement; (iv) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to paragraphs and other subdivisions; (v) a reference to an Exhibit or a Schedule without a further reference to the document to which the Exhibit or Schedule is attached is a reference to an Exhibit or Schedule to this Agreement; (vi) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provision; and (vii) the word "including" means "including, but not limited to."

SECTION 17.14. Interpretation.

The parties hereto acknowledge that each party and their respective counsel have participated in the drafting and revision of this Agreement and the Loan Documents. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Agreement and the Loan Documents or any amendment or supplement or exhibit hereto or thereto.

SECTION 17.15. Standards for Decisions, Etc.

Unless otherwise provided herein, if Lender's approval is required for any matter hereunder, such approval may be granted or withheld in Lender's sole and absolute discretion. Unless otherwise provided herein, if Lender's designation, determination, selection, estimate, action or decision is required, permitted or contemplated hereunder, such designation, determination, selection, estimate, action or decision shall be made in Lender's sole and absolute discretion.

SECTION 17.16. Decisions in Writing.

Any approval, designation, determination, selection, action or decision of Lender or Borrower must be in writing to be effective.

SECTION 17.17. Requests.

The Borrower may submit up to a total of six Requests (other than Advance Requests not related to the addition of Mortgaged Property to the Collateral Pool, which shall not count as Requests for purposes of the limitation in this Section 17.17) per Calendar Year.

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

BORROWER:

SUN SECURED FINANCING LLC, a Michigan limited liability company

By: Sun Communities Operating Limited Partnership, a Michigan limited partnership, its Sole Member

By: Sun Communities, Inc., a Maryland Corporation, its General Partner

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
Title: Senior Vice President - Acquisitions

ASPEN -- FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun GP L.L.C., a Michigan limited liability company, its General Partner

By: Sun Communities, Inc., a Maryland Corporation, its Manager

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
Title: Senior Vice President - Acquisitions

SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Secured Financing GP, Inc., a Michigan corporation, its General Partner

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
Title: Senior Vice President - Acquisitions

LENDER

ARCS COMMERCIAL MORTGAGE CO., L.P., a
California limited partnership

By: ACMC Realty, Inc., a California
 Corporation, its General Partner

By: /s/ Timothy L. White

 Timothy L. White
 Chief Operating Officer

SECOND AMENDMENT TO AMENDED AND RESTATED
SUBORDINATED LOAN AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED SUBORDINATED LOAN AGREEMENT (the "Amendment") is made and entered into as of June 18, 2002 by and between ORIGEN FINANCIAL L.L.C., a Delaware limited liability company (the "Borrower"), whose address is 260 East Brown Street, Suite 200, Birmingham, Michigan 48009, and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Lender"), whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334.

RECITALS:

A. Borrower, Origen Financial, Inc. ("Origen Inc.") and Lender have entered into that certain Amended and Restated Subordinated Loan Agreement dated February 1, 2002, as amended by the First Amendment to Amended and Restated Subordinated Loan Agreement dated March 22, 2002 (the "Loan Agreement"). All capitalized terms not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

B. Origen Inc. was merged with and into Borrower effective April 25, 2002 and Borrower is therefore the successor to Origen Inc.'s obligations under the Loan Agreement.

C. Borrower and Lender desire to amend the Loan Agreement in accordance with the terms and conditions of this Amendment.

NOW, THEREFORE, the parties agree as follows:

1. Section 1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following Section 1:

"Loan. The Line of Credit provided hereunder shall have the following terms:

Type of Loan: Line of Credit

Interest Rate: 700 basis points over LIBOR, but not less than eleven percent (11%) per annum, or in excess of fifteen percent (15%) per annum

Note Amount: \$23,125,000

Maturity: December 18, 2002

Aggregate Fees: \$187,500

The Loan and any amendments, extensions, renewals, or refinancing thereof are subject to this Agreement."

2. Upon the execution of this Amendment, Borrower shall execute and deliver to Lender a Fourth Amended and Restated Promissory Note dated June 18, 2002, in the form attached to this Amendment as Exhibit A (the "Fourth Amended Note"). The Fourth Amended Note shall replace the Third Amended and Restated Promissory Note dated March 22, 2002 executed by Borrower and Origen Inc. in connection with the Loan Agreement. All references in the Loan Agreement to the "Third Amended Note" are hereby amended to be the "Fourth Amended Note."

3. Upon the execution of this Amendment, Borrower shall pay Lender an origination fee of \$9,285.

4. Unless otherwise modified by this Amendment, all provisions of the Loan Agreement shall remain in full force and effect.

5. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same agreement. Facsimile or photographic reproductions of this Amendment may be made and relied upon to the same extent as though such fax or copy were an original.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Amended and Restated Subordinated Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

LENDER:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland corporation
Its: General Partner

By: /s/ Gary A. Shiffman

Its: President

FOURTH AMENDED AND RESTATED PROMISSORY NOTE

DUE DATE: DECEMBER 18, 2002

DETROIT, MICHIGAN
DATED: AS OF JUNE 18, 2002

FOR VALUE RECEIVED, ORIGEN FINANCIAL, L.L.C., a Delaware limited liability company (the "Borrower"), promises to pay to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Lender"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or at such other place as Lender may designate in writing, the principal sum of TWENTY THREE MILLION ONE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$23,125,000) (the "Credit Limit"), or such lesser sum as shall have been advanced by Lender to Borrower under the loan account hereinafter described, plus interest as hereinafter provided, all in lawful money of the United States of America, in accordance with the terms hereof. This Note is subject to the terms of that certain Amended and Restated Subordinated Loan Agreement between Borrower, Origen Financial, Inc. ("Origen Inc.") (which was merged with and into Borrower effective April 25, 2002) and Lender dated February 1, 2002, as amended by the First Amendment to Amended and Restated Subordinated Loan Agreement dated March 22, 2002 and the Second Amendment to Amended and Restated Subordinated Loan Agreement dated June 18, 2002 (the "Amended Loan Agreement"), the terms of which are incorporated herein by reference.

ADVANCES. This Note is given as evidence of any and all indebtedness of the Borrower to Lender arising as a result of advances or other credit which may be made under this Note from time to time. Lender shall, from time to time prior to the Due Date, make advances to Borrower hereunder upon request therefor by Borrower, provided that upon giving effect to such advance no Event of Default (as hereinafter defined) and no event which with notice and/or the passage of time would become an Event of Default shall exist, and that all representations and warranties of Borrower theretofore made are true and correct and that Lender shall not have previously or concurrently declared all amounts owing hereunder to be immediately due and payable and that the amount requested shall not cause the total amount outstanding hereunder to exceed Credit Limit. Advances hereunder may be requested by telephone, in writing or in any other manner acceptable to Lender. The principal amount of indebtedness owing pursuant to this Note shall change from time to time decreasing in amounts equal to any and all payments of principal made by the Borrower and increasing by amounts equal to any and all advances made by Lender to the Borrower pursuant to the terms hereof. The books and records of Lender shall be conclusive evidence of the amount of principal and interest owing hereunder at any time, unless Lender receives a written statement of exceptions from Borrower within ten (10) days after such statement has been furnished. From time to time but not less than quarterly, Lender shall furnish Borrower a statement of Borrower's loan account.

INTEREST. The unpaid principal balance of this Note shall bear interest, computed on the basis of a year of 360 days for the actual number of days elapsed in a month, at a rate of interest of 700 basis points over LIBOR (the "Rate"), which Rate shall not be less than 11% per annum or exceed 15% per annum (the Rate shall be adjusted for purposes of this Note on the last day of every fiscal quarter

beginning on March 31, 2002), until the entire principal balance of this Note, and all accrued and unpaid interest has been paid in full.

PAYMENT. Accrued and unpaid interest on the unpaid principal balance of this Note from time to time shall be due and payable monthly, in arrears, on the last day of each consecutive month until the Due Date. The remaining principal balance shall be due and payable on the Due Date, along with any accrued and unpaid interest as of the Due Date.

All payments made hereunder shall be applied first against costs and expenses required to be paid hereunder, then against accrued interest to the extent thereof and the balance shall be applied against the outstanding principal amount hereof. Borrower 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 Borrower's assumption of these risks.

DEFAULT. Upon the occurrence of an Event of Default, as defined in the Amended Loan Agreement, the entire unpaid principal balance and all accrued and unpaid interest owing under this Note shall, at Lender's option, be immediately due and payable, together with costs and attorneys fees reasonably incurred by Lender in collecting or enforcing payment.

Acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and Borrower's failure to pay the entire amount then due shall be and continue to be a default. Upon the occurrence of any Event of Default, neither the failure of Lender 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 Lender to demand strict performance of any other obligation of Borrower 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 Borrower or any other person who may be liable hereunder.

INTEREST RATE LIMITED TO MAXIMUM RATE. Notwithstanding anything herein to the contrary, in no event shall Borrower 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 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 hereunder, or under any other document or instrument executed and delivered in connection herewith and the indebtedness evidenced hereby.

In the event Lender 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 Borrower. In determining whether or not the interest paid or payable, under any specified contingency, exceeds the Maximum Rate, Borrower and Lender 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 and including the Due Date (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate.

SUCCESSORS/ASSIGNS. This Note shall be binding upon Borrower and its successors and assigns, and the benefits hereof shall inure to Lender and its successors and assigns.

GENERAL. Borrower 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 Lender 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 Lender with respect to payment or any other provisions of this Note. The liability of Borrower under this Note shall be absolute and unconditional, without regard to the liability of any other party.

This Note has been executed in the State of Michigan, and all rights and obligations hereunder shall be governed by the laws of the State of Michigan.

To secure the payment of all amounts due to Lender by Borrower in connection with the loan evidenced by this Note and pursuant to terms of the Amended Loan Agreement and this Note, Borrower, both on its own behalf and as successor to Origen Inc., has granted Lender a security interest in the assets described under the following documents: (i) the Security Agreement dated February 1, 2002 between Borrower and Lender, as amended from time to time, (ii) Amended and Restated Security Agreement dated February 1, 2002 between Origen Inc. and Lender, as amended from time to time, (iii) the Amended and Restated Stock Pledge Agreement dated February 1, 2002 between Origen Inc. and Lender, as amended from time to time, (iv) the Limited Liability Company Interest Security and Pledge Agreement dated February 1, 2002 between Borrower and Lender, as amended from time to time, and (v) the Amended and Restated Limited Liability Company Interest Security and Pledge Agreement dated February 1, 2002 between Origen Inc. and Lender, as amended from time to time.

This Note is an amendment to and restatement of that certain Third Amended and Restated Promissory Note dated March 22, 2002 executed by Borrower and Origen Inc. in favor of Lender (the "Prior Note"), and this Note amends, supersedes and replaces the Prior Note.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

FIRST AMENDMENT TO
AMENDED AND RESTATED PARTICIPATION AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED PARTICIPATION AGREEMENT ("Amendment") by and between SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP ("Lender"), and WOODWARD HOLDING, LLC ("Participant") is entered into as of June 18, 2002.

RECITALS

A. Lender and Participant have entered into that Amended and Restated Participation Agreement effective as of March 22, 2002 (the "Original Agreement"). All capitalized terms not defined in this Amendment shall have the meanings given to them in the Original Agreement.

B. Pursuant to the Second Amendment to Amended and Restated Subordinated Loan Agreement dated June 18, 2002, and the Fourth Amended Promissory Note dated as of June 18, 2002, the amount of the Line of Credit has been increased to \$23,125,000.

C. Origen Inc. was merged with and into Origen LLC effective April 25, 2002 and Origen LLC is therefore the successor to Origen Inc.'s obligations under the Loan Agreement and the Line of Credit Note.

D. Lender and Participant desire to amend the Original Agreement in accordance with the terms and conditions of this Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contained, Lender and Participant hereby agree as follows:

1. Amended Definitions.

(a) The definition of "Loan Agreement" is hereby amended to mean the Amended and Restated Subordinated Loan Agreement dated February 1, 2002, as amended by the First Amendment to Amended and Restated Subordinated Loan Agreement effective as of March 22, 2002 and the Second Amendment to Amended and Restated Subordinated Loan Agreement dated June 18, 2002, each among Lender and the Borrowers.

(b) The definition of "Line of Credit Note" is hereby amended to mean the Fourth Amended Promissory Note dated June 18, 2002 in the original principal amount of \$23,125,000 executed by Borrower in favor of Lender.

(c) The definition of "Line of Credit" is hereby amended to mean the line of credit facility in the amount of \$23,125,000 provided to Borrower by Lender pursuant to the Loan Agreement and the Line of Credit Note.

(d) All references to "Borrowers" are hereby amended to be "Borrower" and the definition of "Borrower" is hereby amended to mean Origen Financial L.L.C.

2. Shared Committed Amount. The Shared Committed Amount is hereby amended to be \$23,125,000. Lender and Participant acknowledge that (a) each of them continues to own an undivided 50% interest in the Shared Committed Amount, (b) Lender has committed to lend a total of \$12,500,000 under the Line of Credit and owns an undivided 54.05% interest in the entire Line of Credit, and (c) Participant has committed to lend a total of \$10,625,000 under the Line of Credit and owns an undivided 45.95% interest in the entire Line of Credit.

3. Origination Fees. Lender shall credit to Participant's account \$4,687.50, or 50% of the origination fees received by Lender from Borrower in connection with the increase in the amount of the Line of Credit to \$23,125,000.

4. Miscellaneous. Unless otherwise modified by this Amendment, all provisions of the Original Agreement shall remain unchanged and in full force and effect in accordance with its terms. The Original Agreement, as amended by this Amendment, sets forth the entire agreement and understanding of the parties to it, and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to its subject matter. This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement. Copies (photostatic, facsimile or otherwise) of signatures to this Amendment shall be deemed to be originals and may be relied on to the same extent as the originals.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Amended and Restated Participation Agreement as of June 18, 2002.

"LENDER"

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland
corporation
Its: General Partner

/s/ Gary A. Shiffman

By: Gary A. Shiffman
Its: President

"PARTICIPANT"

WOODWARD HOLDING, LLC, a Michigan
limited liability company

/s/ Paul A. Halpern

By: Paul A. Halpern
Its: Manager

CREDIT AGREEMENT

This Agreement, dated as of July 3, 2002, is among Sun Communities Operating Limited Partnership, a Michigan limited partnership, Sun Communities, Inc., a Maryland corporation, the Lenders and Bank One, NA, a national banking association having its principal office in Chicago, Illinois, as LC Issuer and as Agent. The parties hereto agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement:

"Absolute Rate" means, with respect to an Absolute Rate Loan made by a given Lender for the relevant Absolute Rate Interest Period, the rate of interest per annum (rounded to the nearest 1/100 of 1%) offered by such Lender and accepted by the Borrower pursuant to Section 2.3.

"Absolute Rate Advance" means a borrowing hereunder consisting of the aggregate amount of the several Absolute Rate Loans made by some or all of the Lenders to the Borrower at the same time and for the same Absolute Rate Interest Period.

"Absolute Rate Auction" means a solicitation of Competitive Bid Quotes setting forth Absolute Rates pursuant to Section 2.3.

"Absolute Rate Interest Period" means, with respect to an Absolute Rate Advance, a period of not less than seven (7) and not more than ninety (90) days commencing on a Business Day selected by the Borrower pursuant to this Agreement. If such Absolute Rate Interest Period would end on a day which is not a Business Day, such Absolute Rate Interest Period shall end on the next succeeding Business Day.

"Absolute Rate Loan" means a Loan which bears interest at an Absolute Rate.

"Accounts Receivable" means all income and revenues of the Borrower and any Consolidated Entity received and the Borrower's and the Consolidated Entity'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 the Borrower or any Consolidated Entity, 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) the Borrower's and any Consolidated Entity'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) the Borrower's and any Consolidated Entity's rights in, to and under all purchase orders for goods, services or other property, (iv) the Borrower's and any Consolidated Entity's rights to any goods, services or other property represented by any of the

foregoing, (v) monies due to or to become due to the Borrower or any Consolidated Entity 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 the Borrower or any Consolidated Entity) 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.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Additional Lender" is defined in Section 2.5.4(i).

"Adjusted Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, the quotient of (i) the Eurodollar Base Rate applicable to such Eurodollar Interest Period divided by (ii) one minus the Reserve Requirement applicable to such Eurodollar Interest Period (expressed as a decimal).

"Advance" means a Ratable Advance or a Competitive Bid Advance.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" means Bank One in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders, as increased from time to time pursuant to Section 2.5.4 hereof or as reduced from time to time pursuant to the terms hereof.

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all the Lenders.

"Agreement" means this credit agreement, as it may be amended or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

"Applicable Fee Rate" means, at any time, the percentage rate per annum at which Facility Fees are accruing on the Aggregate Commitment (without regard to usage) or (as applicable) Non-Use Fees are accruing on the unused portion of the Aggregate Commitment at such time, determined by reference to the lower of the two Unsecured Debt Ratings of the Borrower (i.e., higher pricing) set forth below:

Standard & Poor's Ratings Services Rating or a Substitute Rating Agency Equivalent Rating	Moody's Investors Services, Inc. Rating or a Substitute Rating Agency Equivalent Rating	Facility Fee	Non-Use Fee
A- or higher	A3 or higher	0.15%	Not Applicable
BBB+	Baa1	0.175%	Not Applicable
BBB	Baa2	0.20%	Not Applicable
BBB-	Baa3	0.25%	Not Applicable
BB+ or lower	Ba1 or lower	Not Applicable	0.30%
If no Rating Agency or Substitute Rating Agency assigns a rating to the Borrower for whatever reason		Not Applicable	0.30%

The Facility Fee and the Non-Use Fee shall be determined by reference to the lower of the two Unsecured Debt Ratings of the Borrower in effect from time to time, and each change in the Facility Fee and Non-Use Fee shall be effective as of the date such Unsecured Debt Rating is announced.

"Applicable Laws" means 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 the Borrower, any Consolidated Entity 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.

"Applicable Margin" means, with respect to Ratable Advances of any Type at any time, the percentage rate per annum determined by reference to the lower of the two Unsecured Debt Ratings of the Borrower (i.e., higher pricing) set forth below:

Standard & Poor's Ratings Services Rating or a Substitute Rating Agency Equivalent Rating	Moody's Investors Services, Inc. Rating or a Substitute Rating Agency Equivalent Rating	Applicable Margin for Eurodollar Ratable Loans	Applicable Margin for Floating Rate Loans
A- or higher	A3 or higher	0.70%	-0-
BBB+	Baa1	0.775%	-0-
BBB	Baa2	0.85%	-0-
BBB-	Baa3	1.00%	-0-
BB+ or lower	Ba1 or lower	1.55%	0.55
If no Rating Agency or Substitute Rating Agency assigns a rating to the Borrower for whatever reason		1.55%	0.55

The Applicable Margin for each Eurodollar Ratable Advance shall be determined by reference to the lower of the two Unsecured Debt Ratings of Borrower in effect on the first day of the related Interest Period. The Applicable Margin for each Floating Rate Advance shall be determined by reference to the lower of the two Unsecured Debt Ratings of the Borrower in effect from time to time, and each change in such Applicable Margin shall be effective as of the date such Unsecured Debt Rating is announced.

"Approved Fund" means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as Lead Arranger and Sole Book Runner.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Assets" of any Person means all assets of such Person that would, in accordance with Agreement Accounting Principles, 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.

"Authorized Officer" means any of the President or Chief Financial Officer of the REIT, acting singly.

"Bank One" means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"Base Period" is defined in Section_6.16(i).

"Best" means A.M. Best Company, Inc.

"Book Value" means, with respect to any Assets of a Person, the book value of such Assets that is reflected on such Person's consolidated financial statements (adding back adjustments or allowances for depreciation and amortization) and calculated and prepared in accordance with Agreement Accounting Principles.

"Borrower" means Sun Communities Operating Limited Partnership, a Michigan limited partnership, and its successors and assigns.

"Borrower's Partnership Agreement" means the Second Amended and Restated Limited Partnership Agreement of Sun Communities Operating Limited Partnership dated as of April 30, 1996, as amended.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" means a Competitive Bid Borrowing Notice or a Ratable Borrowing Notice, as the context may require.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago, Los Angeles and New York City for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Change in Control" means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of the REIT or OP Units of the Borrower.

"Closing Date" means the date of this Agreement.

"Code" means 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 Shortfall Amount" is defined in Section 8.1.

"Commitment" means, for each Lender, the obligation of such Lender to make Ratable Loans to, and to participate in Facility LCs upon the application of, the Borrower in an aggregate amount not exceeding the amount set forth in Schedule 13 hereto or in any Commitment and Acceptance delivered pursuant to Section 2.5.4(iii), as it may be modified as a result of any assignment that has become effective pursuant to Section 12.3.2 or as otherwise modified from time to time pursuant to the terms hereof.

"Commitment and Acceptance" is defined in Section 2.5.4(ii).

"Common OP Units" has the meaning provided in the Borrower's Partnership Agreement.

"Competitive Bid Advance" means a borrowing hereunder made by some or all of the Lenders on the same Borrowing Date and consisting of the aggregate amount of the several Competitive Bid Loans of the same Type and for the same Interest Period.

"Competitive Bid Borrowing Notice" is defined in Section 2.3.6.

"Competitive Bid Loan" means a Eurodollar Bid Rate Loan or an Absolute Rate Loan, or both, as the case may be.

"Competitive Bid Margin" means the margin above or below the applicable Eurodollar Base Rate (adjusted for reserve costs, if applicable) offered for a Eurodollar Bid Rate Loan, expressed as a percentage (rounded to the nearest 1/100 of 1%) to be added or subtracted from such Eurodollar Base Rate.

"Competitive Bid Note" means any promissory note issued at the request of a Lender pursuant to Section 2.11 to evidence its Competitive Bid Loans in the form of Exhibit E-2 hereto.

"Competitive Bid Quote" means a Competitive Bid Quote substantially in the form of Exhibit H hereto completed and delivered by a Lender to the Agent in accordance with Section 2.3.4.

"Competitive Bid Quote Request" means a Competitive Bid Quote Request substantially in the form of Exhibit F hereto completed and delivered by the Borrower to the Agent in accordance with Section 2.3.2.

"Consolidated EBITDA" means Consolidated Net Income plus, to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization and (v) extraordinary losses incurred other than in the ordinary course of business, minus, to the extent included in Consolidated Net Income, extraordinary gains realized other than in the ordinary course of

business, all calculated for the Borrower, the REIT and their Consolidated Subsidiaries on a consolidated basis; provided, however, Consolidated EBITDA shall exclude earnings or losses resulting from (a) cumulative changes in accounting practices, (b) discontinued operations, (c) net income of any entity acquired in a pooling of interest transaction for the period prior to the acquisition, (d) net income of an Affiliate or any other Consolidated Entity that is unavailable to the Borrower or the REIT, (e) net income not readily convertible into Dollars or remittable to the United States, (f) gains and losses from the sale of assets, and (g) 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 the Borrower, the REIT or their Affiliate has Control, except to the extent actually received.

"Consolidated Entity" means each of the Borrower, the REIT, the Operating Partnerships, the Borrower's Consolidated Subsidiaries, and the REIT's Consolidated Subsidiaries.

"Consolidated Indebtedness" means at any time the Indebtedness of the Borrower, the REIT and their Consolidated Subsidiaries calculated on a consolidated basis as of such time. "Consolidated Indebtedness" shall include a pro rata portion of the Indebtedness of any Joint Venture or other Person in which the Borrower, the REIT or any of their Consolidated Subsidiaries holds an equity or ownership interest, which Indebtedness is not otherwise included in Consolidated Indebtedness; such pro rata portion shall be in the proportion of such equity or ownership interest in such Joint Venture or other Person.

"Consolidated Interest Expense" means, for any period, the interest expense of the Borrower, the REIT and their Consolidated Subsidiaries calculated on a consolidated basis for such period, taking into account any Hedge Agreement. "Consolidated Interest Expense" shall include (without duplication) interest on the pro rata portion of any Indebtedness of any Joint Venture or other Person that is included in Consolidated Indebtedness.

"Consolidated Net Income" means, for any period, the net income (or loss) of the Borrower, the REIT and their Consolidated Subsidiaries calculated on a consolidated basis for such period.

"Consolidated Net Worth" means at any time the consolidated stockholders' equity of the REIT and its Consolidated Subsidiaries (including the Borrower) calculated on a consolidated basis as of such time (adding back adjustments or allowances for accumulated depreciation) as calculated in accordance with Agreement Accounting Principles.

"Consolidated Secured Indebtedness" means at any time all Consolidated Indebtedness that is Secured Debt.

"Consolidated Subsidiaries" means those Persons (including the Borrower and any Operating Partnership) set forth on Schedule 3 hereof, and any other Persons required to be consolidated with the Borrower or the REIT under Agreement Accounting Principles in the 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 the Borrower or the REIT under Agreement Accounting Principles in the Borrower's or the REIT's consolidated financial

statements or (ii) none of the events described in Section 7.5 have occurred with respect to any such Persons.

"Consolidated Unsecured Indebtedness" means at any time all Consolidated Indebtedness that is Unsecured Debt.

"Construction in Progress" means 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 means 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 Agreement Accounting Principles to be disclosed as liabilities or footnoted on such Person's financial statement and provided, further, that, in the case of the Borrower, the term Contingent Obligations shall not include a guaranty by the Borrower or the REIT of the obligations of SHS under its \$15,000,000 secured facility with Bank One. The amount of any accrued or accruable Contingent Obligation shall be determined in accordance with Agreement Accounting Principles.

"Control" means in (i) 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 (ii) 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, (iii) 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."

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.2.4.

"Credit Extension" means the making of an Advance or the issuance of a Facility LC hereunder.

"Credit Extension Date" means the Borrowing Date for an Advance or the issuance date for a Facility LC.

"Debt Service" means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period plus (ii) scheduled principal amortization of any Consolidated Indebtedness and any unscheduled principal amortization payments actually made or required to be made during such period pursuant to a settlement of Indebtedness (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) for such period (whether or not such payments are made), all determined on a consolidated basis for the Borrower, the REIT and their Consolidated Subsidiaries. For purposes of Section 6.16(iii), the foregoing definition shall be modified to exclude therefrom payments in respect of any Indebtedness that does not constitute Unsecured Debt.

"Default" means an event described in Article VII.

"Designated Lender" means any Person who has been designated by a Lender to fund Competitive Bid Loans pursuant to Section 2.3.9.

"Designating Lender" is defined in Section 2.3.10.

"Designation Agreement" means a designation agreement entered into by a Lender (other than a Designated Lender) and a Designated Lender, and accepted by the Agent and the Borrower, in substantially the form of Exhibit A hereto.

"Distribution" means any dividends (other than a 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.

"Engineering Reports" means written engineering reports with respect to any Real Property Asset, prepared by licensed engineers acceptable to the 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" means that certain environmental indemnity agreement dated the date hereof given by the Borrower and the REIT to the Agent for the benefit of the Lenders, as the same may be supplemented or amended from time to time.

"Environmental Laws" means any and all applicable federal, state and local statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmental Reports" means written environmental site assessments, prepared by independent qualified environmental professionals acceptable to the Agent, on any Real Property Assets in form and substance satisfactory to the 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 the Borrower, the REIT, any other Consolidated Entity or any Affiliate thereof), and (iv) such further site assessments that the Agent may require or request due to the results obtained in an assessment or survey described in clauses (i), (ii) or (iii) above or in its reasonable discretion.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means a Eurodollar Ratable Advance or a Eurodollar Bid Rate Advance, as the context may require.

"Eurodollar Auction" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Margins pursuant to Section 2.3.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, the applicable British Bankers' Association LIBOR rate for deposits in U.S. dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period, and having a maturity equal to such Eurodollar Interest Period, provided that, if no such British

Bankers' Association LIBOR rate is available to the Agent, the applicable Eurodollar Base Rate for the relevant Eurodollar Interest Period shall instead be the rate determined by the Agent to be the rate at which Bank One or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period, in the approximate amount of Bank One's relevant Eurodollar Ratable Loan, or, in the case of a Eurodollar Bid Rate Advance, the amount of the Eurodollar Bid Rate Advance requested by the Borrower, and having a maturity equal to such Eurodollar Interest Period.

"Eurodollar Bid Rate" means, with respect to a Eurodollar Bid Rate Loan made by a given Lender for the relevant Eurodollar Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate (or, if such Lender is subject to Reserve Requirements, the Adjusted Eurodollar Base Rate), applicable to such Eurodollar Interest Period (expressed as a decimal) plus (ii) the Competitive Bid Margin offered by such Lender and accepted by the Borrower.

"Eurodollar Bid Rate Advance" means a Competitive Bid Advance which bears interest at a Eurodollar Bid Rate.

"Eurodollar Bid Rate Loan" means a Loan which bears interest at a Eurodollar Bid Rate.

"Eurodollar Interest Period" means, (i) with respect to a Eurodollar Ratable Advance, a period of one, two, three, six (or, subject to availability and to agreement of all Lenders in their sole discretion) nine months commencing on a Business Day selected by the Borrower pursuant to this Agreement and (ii) with respect to a Eurodollar Bid Rate Advance, a period of one, two or three months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Eurodollar Interest Period shall end on the day which corresponds numerically to such date one, two, three, six or nine months (as applicable) thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third, sixth or ninth succeeding month (as applicable), such Eurodollar Interest Period shall end on the last Business Day of such next, second, third, sixth or ninth succeeding month (as applicable). If a Eurodollar Interest Period would otherwise end on a day which is not a Business Day, such Eurodollar Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Eurodollar Interest Period shall end on the immediately preceding Business Day. If requested by the Borrower and agreed to by all Lenders in their sole discretion, a Eurodollar Interest Period may be a period of less than one month.

"Eurodollar Loan" means a Eurodollar Ratable Loan or a Eurodollar Bid Rate Loan, as the context may require.

"Eurodollar Ratable Advance" means a Ratable Advance which bears interest at a Eurodollar Rate requested by the Borrower pursuant to Section 2.2.

"Eurodollar Ratable Loan" means a Ratable Loan which bears interest at a Eurodollar Rate requested by the Borrower pursuant to Section 2.2.

"Eurodollar Rate" means, with respect to a Eurodollar Ratable Advance for the relevant Eurodollar Interest Period, the sum of (i) the Eurodollar Base Rate (or, if any Lender is subject to

Reserve Requirements, the Adjusted Eurodollar Base Rate) applicable to such Eurodollar Interest Period (expressed as a decimal) plus (ii) the Applicable Margin.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Agent is incorporated or organized or (ii) the jurisdiction in which the Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Extension Fee" is defined in Section 2.17.

"Extension Request" is defined in Section 2.17.

"Facility Fee" is defined in Section 2.5.1.

"Facility LC" is defined in Section 2.19.1.

"Facility LC Application" is defined in Section 2.19.3.

"Facility LC Collateral Account" is defined in Section 2.19.11.

"Facility Termination Date" means July 2, 2005 or any later date as may be specified as the Facility Termination Date in accordance with Section 2.17 or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"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 partnership interests of such Person (including, in the case of the Borrower, the Preferred OP Units).

"Fixed Rate" means the Eurodollar Rate, the Eurodollar Bid Rate or the Absolute Rate.

"Fixed Rate Advance" means an Advance which bears interest at a Fixed Rate.

"Fixed Rate Loan" means a Loan which bears interest at a Fixed Rate.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.9, bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan which, except as otherwise provided in Section 2.9, bears interest at the Floating Rate.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Funds from Operations" means consolidated net income (loss) before extraordinary items, computed in accordance with Agreement Accounting Principles, 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.

"Guarantors" means the REIT and those Wholly-Owned Subsidiaries of the Borrower or of the REIT identified on Schedule 11, together with any other Wholly-Owned Subsidiary of the Borrower or of the REIT which now or hereafter (i) owns an Unencumbered Asset or an interest in another Guarantor which now or hereafter owns an Unencumbered Asset or (ii) is a property manager of an Unencumbered Asset.

"Guaranty" means that certain Guaranty dated the date hereof made by the REIT and the Guarantors in favor of Agent for the ratable benefit of the Lenders, as it may be amended or modified and in effect from time to time.

"Hazardous Substances" has the meaning provided in the Environmental Indemnity.

"Hedge Agreement" means 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 the Agent and the Required Lenders.

"Improvements" means any building, structure, fixture, addition, enlargement, extension, modification, repair, replacement or improvement now or hereafter located or erected on any Real Property Asset.

"Increase Date" is defined in Section 2.5.4(iii).

"Indebtedness" of any Person shall mean, without duplication, (i) all obligations of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all obligations 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 obligations of any other Person secured by any Lien on any property owned by such Person, whether or not such obligations have been assumed, (v) all Contingent Obligations of such Person, (vi) all Unfunded Liabilities of such Person, (vii) all Rate Management Obligations of such Person, (viii) all obligations 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 Capitalized Lease Obligations of such Person, (xi) all final, nonappealable judgments or decrees by a court or courts or competent jurisdiction entered against such Person to the extent not covered by insurance, (xii) all obligations (of the kind described in clauses (i) through (xi) above) 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 Agreement Accounting Principles, but excluding all general contingency reserves and reserves for deferred income taxes and investment credit.

"Interest Period" means a Eurodollar Interest Period or an Absolute Rate Interest Period.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"Invitation for Competitive Bid Quotes" means an Invitation for Competitive Bid Quotes substantially in the form of Exhibit G hereto, completed and delivered by the Agent to the Lenders in accordance with Section 2.3.3.

"Joint Venture" means any corporation, partnership or limited liability company in which the Borrower or the REIT owns singly or together, directly or indirectly, an economic interest but which is not an Operating Partnership or a Wholly-Owned Subsidiary. The term "Joint Venture" shall not include SHS.

"LC Fee" is defined in Section 2.19.4.

"LC Issuer" means Bank One (or any subsidiary or affiliate of Bank One designated by Bank One) in its capacity as issuer of Facility LCs hereunder.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"LC Payment Date" is defined in Section 2.19.5.

"Leases" means 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.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Agent, the office, branch, subsidiary or affiliate of such Lender or the Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Agent pursuant to Section 2.15.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's loan made pursuant to Article II (or, in the case of a Loan made pursuant to Section 2.2, any conversion or continuation thereof).

"Loan Documents" means this Agreement, the Facility LC Applications, any Notes issued pursuant to Section 2.11, the Guaranty, the Environmental Indemnity, the Subordination of Management Agreement and any other documents or instruments evidencing, securing or guaranteeing the Loans or LC Obligations.

"Management Agreement" means the Management Agreement identified in the Subordination of Management Agreement or any replacement thereof entered into in accordance with the provisions of Section 6.19.

"Market Capitalization Rate" means the appropriate capitalization rate for manufactured housing communities, as determined by the Agent, which shall be subject to the approval of the Required Lenders, which rate shall in no event be less than 8 1/2% or greater than 11%. The 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 the Borrower. If the Borrower has not submitted reasonably satisfactory evidence to the Agent and the Required Lenders that a different rate is appropriate, the rate chosen by the Agent shall be effective as of the end of such sixty (60) day period. If the 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 8.75%. The determination by the Agent and Required Lenders of the Market Capitalization Rate after review of any evidence submitted by the Borrower as provided above shall be final.

"Market Value" means, with respect to any Asset, a value determined by the Agent equal to (i) with respect to any Real Property Asset other than a Non-Income Producing Asset, the quotient of Net Operating Income for the twelve-month period immediately preceding the determination of the value of such Real Property Asset divided by the Market Capitalization Rate and (ii) with respect to Non-Income Producing Assets and any Other Assets, the Book Value thereof.

"Material Adverse Effect" means any condition which causes or continues the occurrence of a Default or has a material adverse effect upon (i) the business, operations, properties, assets, prospects, corporate structure or condition (financial or otherwise) of the Borrower, the REIT or any of the Consolidated Entities, taken as a whole, (ii) the ability of the Borrower, the REIT or the Consolidated Entities to perform any of the Obligations, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent, the LC Issuer or the Lenders thereunder.

"Minimum Capital Expenditure Reserves" means, for any Real Property Asset other than a Non-Income Producing Asset, an amount equal to \$100.00 per Unit pad or site located on such Real Property Asset for the twelve (12) month period preceding the calculation that the Borrower or the appropriate Consolidated Entity shall reserve for capital expenditures on such Real Property Asset.

"Modify" and "Modification" are defined in Section 2.19.1.

"Monthly Payment Date" means the first day of each calendar month.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Net Operating Income" means, 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 Agreement Accounting Principles, 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 Agreement Accounting Principles, and Operating Expenses actually paid or payable on an accrual basis in accordance with Agreement Accounting Principles attributable to such Real Property Asset 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 the Agent. Notwithstanding the foregoing, for purposes of calculating Market Value, Net Operating Income will be based on the

twelve (12) month period immediately preceding the date of calculation. If a Real Property Asset was not owned by the Borrower or a Consolidated Entity during all of such twelve-month period or was a Non-Income Producing Asset during a part of such twelve-month period, the Net Operating Income for the applicable portion of such twelve-month period shall be annualized in a manner reasonably satisfactory to the Agent. 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 (other than 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 the Borrower or a Consolidated Entity or its agents or representatives.

"New Lender" means a Person, approved by the Borrower and the Agent, that becomes a Lender hereunder pursuant to the provisions of Section 2.5.4.

"Non-Income Producing Assets" means any Real Property Asset which, at the time such definition is utilized pursuant to any provision of this Agreement is (i) comprised of vacant land or (ii) under construction and not, either wholly or partially, open for business and operational.

"Non-Recourse Debt" means any Secured Debt with respect to which the liability of the Borrower, the REIT and the other Consolidated Entities is limited to (i) the Assets that secure such Secured Debt and (ii) liability for customary "non-recourse exceptions," such as fraud, the misapplication of funds, environmental liabilities, bankruptcy and unpermitted transfers of properties or ownership interests.

"Non-Use Fee" is defined in Section 2.5.2.

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Notes" means, collectively, all of the Competitive Bid Notes and all of the Ratable Notes that may be issued hereunder, and "Note" means any one of the Notes.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all Reimbursement Obligations, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Agent, the LC Issuer or any indemnified party arising under the Loan Documents.

"Operating Expenses" means, 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 Agreement Accounting Principles, by the Borrower, the REIT or the applicable Consolidated Entity 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 the Borrower's, the REIT's or other Consolidated Entity'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 the Borrower, the REIT or the applicable Consolidated Entity;

(iii) management fees pursuant to the Management Agreement providing for fees not exceeding market and approved by the 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 (other than concessions reflected in reduced Rent) or tenant improvements (unless otherwise reserved for) payable by the Borrower, the REIT or any Consolidated Entity 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 Agreement Accounting Principles, 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) seven (7) 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 Agreement Accounting Principles;

(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 the Borrower or the applicable Consolidated Entity, with approval by the 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 the Borrower's or the applicable Consolidated Entity's capital budget and (b) \$100.00 per Unit pad or site.

Notwithstanding the foregoing, Operating Expenses shall not include (1) depreciation or amortization or any other non-cash item of expense unless otherwise determined by the Agent (2) interest, principal, fees, costs and expense reimbursements of the Agent and Lenders in administering the Loan but not in exercising any of its rights under this Agreement or the Loan Documents; or (3) any expenditure (other than leasing commissions, tenant concessions and improvements, and replacement reserves) which is properly treatable as a capital item under Agreement Accounting Principles.

"Operating Partnership" means those partnerships and limited liability companies set forth on Schedule 3, as such Schedule may be amended or supplemented from time to time, and any partnership or limited liability company in which the Borrower or the REIT owns, singly or together, directly or indirectly, a majority or all of the economic interest and either the Borrower or the REIT, either directly or indirectly, is the sole managing general partner, manager or sole member as applicable. The term "Operating Partnership" does not include the Borrower.

"OP Units" means the Common OP Units and the Preferred OP Units.

"Origen" means Origen Financial, LLC.

"Original Loan Agreement" means that certain Amended and Restated Senior Unsecured Line of Credit Agreement dated as of July 1, 1999 among the Borrower, the REIT, Bank One (formerly, The First National Bank of Chicago), as Agent and the Co-Lenders party thereto.

"Other Assets" means all Assets of a Person that are not Real Property Assets.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Loans outstanding at such time, plus (ii) an amount equal to its Pro Rata Share of the LC Obligations at such time.

"Participants" is defined in Section 12.2.1.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Investments" means, at any time, (i) the Permitted Origen Investment, (ii) the existing Investments described in Schedule 12, (iii) Investments in Operating Partnerships that are wholly owned and controlled by the Borrower or the REIT, either directly or indirectly, and (iv) the Investments identified below (the term "Investments" shall, for purposes hereof, include any ownership of any of the categories of Assets identified below), provided that (a) the aggregate amount of all of the Investments identified below shall at all times be less than 25% of the Market Value of all of the Borrower's Assets as of the date of calculation and (b) the aggregate amount of each of the categories of Investments identified below shall be less than the specified percentage of the Market Value of all of the Borrower's Assets as of the date of calculation:

Permitted Investment -----	Maximum of Market Value of all of ----- Borrower's Assets -----
Investments in Undeveloped Land and Construction in Progress:	15%
Investments in Qualified Secured Receivables:	10%
Investments in (1) Operating Partnerships in which the Borrower and the REIT own, singly or together, a majority of the (but not the entire) economic interest and either the Borrower or the REIT, either directly or indirectly, is the sole managing general partner or manager, (2) SHS and (3) SunChamp, LLC:	10%
Investments in Joint Ventures, including any Investment in Origen, whether directly or indirectly and including SHS's investments in Origen except for its \$15,000,000 equity Investment in Origen:	5%
Investments in 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%
Other Investments relating to Borrower's core business of developing, constructing, owning, leasing to consumers, operating and selling or otherwise disposing of manufactured home communities:	2%

For purposes of calculating the foregoing, the amount of each Permitted Investment will be deemed to be (A) in the case of SHS, the Book Value of such Investments less SHS's Investments in Origen (but not less than zero), (B) in the case of an Investment (other than an Investment in a Joint Venture) acquired from a third party, the original acquisition price of such Investment, verified by the Borrower to the satisfaction of the Agent, (C) in the case of a Joint Venture, the sum of (x) the Book Value of such Investment plus (y) an amount equal to the maximum additional amounts (if any) that the Borrower, the REIT or any other Consolidated Entity may be obligated (without its consent) to invest therein (whether as a mandatory capital contribution or otherwise), without regard to whether such additional amounts have actually been invested, and (D) in the case of any other Investment, its Book Value. All Permitted Investments shall be subject to the requirements of Section 6.3. An Investment in a Joint Venture pursuant to which the Borrower, the REIT or a Consolidated Entity may be obligated (without its consent) to invest unlimited additional amounts (whether as a capital contribution or otherwise) shall not be a Permitted Investment.

"Permitted Liens" is defined in Section 6.25.

"Permitted Mortgage Debt" means any Secured Debt of the Borrower, the REIT or any Consolidated Entity that is permitted under this Agreement.

"Permitted Origen Investment" means any Investment by Borrower in Origen, whether directly or indirectly and including SHS's Investments in Origen, provided that (a) the maximum aggregate amount of any equity Investment in Origen, whether directly or indirectly and including SHS's equity Investments in Origen, shall not exceed \$20,000,000 and (b) all Investments in Origen, whether directly or indirectly and including SHS's Investments in Origen in excess of \$15,000,000, shall be subject to the limitations set forth in clause (iv) of the definition of "Permitted Investments."

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"Preferred OP Units" means the class of convertible preferred OP Units as defined in the Borrower's Partnership Agreement.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Commitment and the denominator of which is the Aggregate Commitment.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Purchasers" is defined in Section 12.3.1.

"Qualified Secured Receivables" means receivables that are evidenced by a note or bond and secured by a mortgage, deed of trust, security agreement or other similar instrument that encumbers either (i) fee interests in real property used principally for manufactured housing communities or (ii) manufactured houses.

"Quarterly Payment Date" means the first day of each January, April, July and October.

"Rating Agencies" means both Standard & Poor's Ratings Services and Moody's Investor Service, Inc. If either of such agencies discontinues its rating of the Borrower or its ratings of real estate investment trusts generally, the Agent and the Required Lenders shall, within six (6) months of such discontinuance, determine another nationally recognized statistical

ratings agency that assigns a rating to the Borrower (a "Substitute Rating Agency"), and the term Rating Agencies shall include such Substitute Rating Agency. During any time that only one Rating Agency is assigning a rating to the Borrower, that Rating Agency's rating shall be used for all calculations under this Agreement.

"Ratable Advance" means a borrowing hereunder (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Ratable Loans of the same Type and, in the case of Eurodollar Ratable Loans, for the same Interest Period.

"Ratable Borrowing Notice" is defined in Section 2.2.3.

"Ratable Loan" means a Loan made by a Lender pursuant to Section 2.2 hereof.

"Ratable Note" means any promissory note issued at the request of a Lender pursuant to Section 2.11 to evidence its Ratable Loans in the form of Exhibit E-1 hereto.

"Rate Management Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered by the Borrower (including any Hedge Agreement) which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Real Property Assets" means 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 the Borrower, the REIT, or any other Consolidated Entity.

"Recourse Debt" means any Secured Debt that is not Non-Recourse Debt.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official

interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.19 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

"REIT" means Sun Communities, Inc., a Maryland corporation.

"Rents" means 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" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Reports" is defined in Section 9.6.

"Required Lenders" means Lenders in the aggregate having at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 66-2/3% of the aggregate unpaid principal amount of the Aggregate Outstanding Credit Exposure, but in no event shall Required Lenders be less than two (2) Lenders.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Response Date" is defined in Section 2.17.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Seasonal RV Sites" is defined in Section 6.33.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Secured Debt" means, with respect to any Person, all Indebtedness that is secured, in whole or in part, by any Assets of such Person and shall include, as applicable, Permitted Mortgage Debt.

"Selling Lender" is defined in Section 2.5.4(iii).

"Settlement Date" is defined in Section 2.5.4(iii).

"SHS" means Sun Home Services, Inc., a corporation in which the Borrower owns 100% of the preferred stock, entitling the Borrower to 95% of the operating cash flow of SHS.

"Significant Consolidated Entity" means (i) any Consolidated Entity that has Assets having an aggregate Market Value in excess of \$5,000,000 or (ii) Consolidated Entities that, over the term of this Agreement, are the subject of a proceeding or other event described in Section 7.5 or 7.6 and that have, in the aggregate, Assets having an aggregate Market Value in excess of \$5,000,000.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Subordination of Management Agreement" means a Subordination of Management Agreement substantially in the form set forth as Exhibit I hereto.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Substantial Assets" means Real Property Assets (other than "Replaced Assets," as defined below) of the Borrower, the REIT and any other Consolidated Entity which, in the aggregate over any period of 36 consecutive months, either (i) have a Market Value that exceeds 15% of the Market Value of all Real Property Assets or (ii) contributed more than 15% of the consolidated Net Operating Income of the Borrower, the REIT and the other Consolidated Entities derived from all Real Property Assets. The determinations in clauses (i) and (ii) above of the Market Value or Net Operating Income of any Real Property Asset that is sold, transferred, leased or otherwise disposed of shall be made at the time of such sale, lease, transfer or other disposition based upon the then most recently available financial statements. The determination in clauses (i) and (ii) above of the Market Value of all Real Property Assets and Net Operating Income of the Borrower, the REIT and the other Consolidated Entities from all Real Property Assets shall be made at the time that the determination of "Substantial Assets" is made hereunder, based upon the most recently available financial assets. For purposes of the foregoing, a "Replaced Asset" means any Real Property Asset that is sold, leased, transferred or otherwise disposed of within the applicable 36-month period if and to the extent that, within the six (6) month period following the consummation of such sale, lease, transfer or other

disposition, the Borrower, the REIT or any Consolidated Entity acquires one or more similar Real Property Assets; in such event, the Real Property Asset so sold, leased, transferred or otherwise disposed of shall be deemed a "Replaced Asset" to the extent of the Market Value and Net Operating Income of the replacement Real Property Asset acquired during such six-month period, as determined at the time that any determination of "Substantial Assets" is made hereunder, based upon the most recently available financial statements.

"Substantial Portion" means, with respect to the Assets of the Borrower, the REIT and the Consolidated Entities, Assets which represent more than 15% of the Market Value of the Assets of the Borrower, the REIT and the Consolidated Entities or which are responsible for more than 15% of Consolidated Net Income, in each case, as would be shown in the consolidated financial statements of the Borrower, the REIT and the Consolidated Entities, as at the beginning of the twelve-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for that month which begins the twelve-month period, then the financial statements delivered hereunder for the quarter ending immediately prior to that month).

"Substitute Rating Agency" is defined in the definition of "Rating Agencies."

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

"Title Searches" is defined in Section 6.13.

"Total Unencumbered Assets" means, at any date, without duplication, the sum of the following wholly-owned Assets of the Borrower and the Guarantors, provided such Assets are free and clear of all Liens except for those described in Sections 6.25(ii), (iii) and (iv), all as determined at such date: (i) the Market Value of all Unencumbered Assets; (ii) all cash on hand and the Book Value of all Investments described in clauses (i) through (vii) of Section 6.32; (iii) the Book Value of all Qualified Secured Receivables, but only to the extent fully secured by first mortgages or deeds of trust on manufactured housing communities or manufactured homes; (iv) the Book Value of any Undeveloped Land that does not constitute an Unencumbered Asset; and (v) the Book Value of all Other Assets not described in clauses (i), (ii) and (iii) above, except (a) Investments (whether equity or loans or advances) in or to any Person (other than those Investments described in clauses (ii) and (iii) above) and (b) receivables (whether secured or otherwise) (other than those described in clauses (ii) and (iii) above); provided, however, that in no event shall Total Unencumbered Assets exceed the quotient obtained by dividing (1) the sum of the amounts under clauses (i) and (ii) above by (2) seventy percent (70%).

"Transferee" is defined in Section 12.4.

"Type" means an Absolute Rate Advance, a Eurodollar Bid Rate Advance or a Eurodollar Ratable Advance.

"UCC Searches" is defined in Section 4.1.4.

"Undeveloped Land" means any vacant or unimproved non-income producing Real Property Asset.

"Unencumbered Assets" means 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 the Borrower has complied with the applicable requirements of Section 4.1, (iii) with respect to which the Borrower, the REIT or a Guarantor (individually or collectively) is the sole owner, both of record and beneficially, (iv) which do not constitute Undeveloped Land, unless such Undeveloped Land is intended for development as expansion of another improved Unencumbered Asset, and (v) which the Agent and the Required Lenders have agreed in writing are to be deemed Unencumbered Assets for purposes of this Agreement pursuant to Section 2.21. The Borrower, the REIT or the other Consolidated Entities may own other Real Property Assets against which there are no liens or encumbrances, but Real Property Assets shall constitute Unencumbered Assets only as provided in the preceding sentence.

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans using PBGC actuarial assumptions for single employer plan terminations.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Unit" means any mobile home units or manufactured housing units.

"Unsecured Debt" means, with respect to a Person, all Indebtedness (including, in the case of the Borrower, the Obligations hereunder) that is not Secured Debt.

"Unsecured Debt Rating" means with respect to a Person, the rating assigned by the Rating Agencies to such Person's long term unsecured debt obligations.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, (a) by such Person or one or more Wholly-Owned Subsidiaries of such Person, (b) by such Person and one or more Wholly-Owned Subsidiaries of such Person or (c) if such Person is the Borrower or the REIT, collectively by the Borrower or the REIT, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDITS

2.1. The Facility.

2.1.1 Description of Facility. The Lenders grant to the Borrower a revolving credit facility pursuant to which, and upon the terms and subject to the conditions herein set forth:

(i) each Lender severally agrees to make Ratable Loans to the Borrower in accordance with Section 2.2;

(ii) the LC Issuer will issue, and each Lender will participate in, Facility LCs in accordance with Section 2.19; and

(iii) each Lender may, in its sole discretion, make bids to make Competitive Bid Loans to the Borrower in accordance with Section 2.3.

2.1.2 Amount of Facility. In no event may the aggregate principal amount of all outstanding Credit Extensions (including Ratable Advances, Competitive Bid Advances and LC Obligations) exceed the Aggregate Commitment.

2.1.3 Availability of Facility. Subject to the terms of this Agreement, the facility is available from the date hereof to the Facility Termination Date, and the Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date. The Commitments to lend hereunder shall expire on the Facility Termination Date.

2.1.4 Repayment of Facility. The Aggregate Outstanding Credit Exposure and all other unpaid Obligations shall be paid in full by the Borrower on the Facility Termination Date.

2.2. Ratable Advances.

2.2.1 Ratable Advances. Each Ratable Advance hereunder shall consist of Loans made from the several Lenders ratably according to their Pro Rata Shares. The aggregate outstanding amount of Competitive Bid Advances shall reduce each Lender's Commitment ratably in the proportion such Lender's Commitment bears to the Aggregate Commitment regardless of which Lender or Lenders make such Competitive Bid Advances.

2.2.2 Types of Ratable Advances. The Ratable Advances may be Floating Rate Advances or Eurodollar Ratable Advances, or a combination thereof, selected by the Borrower in accordance with Section 2.2.3.

2.2.3 Method of Selecting Types and Interest Periods for Ratable Advances. The Borrower shall select the Type of Ratable Advance and, in the case of each Eurodollar Ratable Advance, the Interest Period applicable thereto, from time to time. The Borrower

shall give the Agent irrevocable notice (a "Ratable Borrowing Notice") not later than 10:00 a.m. (Chicago time) at least one Business Day before the Borrowing Date of each Floating Rate Advance and at least three Business Days before the Borrowing Date for each Eurodollar Ratable Advance. Notwithstanding the foregoing, a Ratable Borrowing Notice for a Floating Rate Advance may be given not later than 15 minutes after the time which the Borrower is required to reject one or more bids offered in connection with an Absolute Rate Auction pursuant to Section 2.3.6 and a Ratable Borrowing Notice for a Eurodollar Ratable Advance may be given not later than 15 minutes after the time the Borrower is required to reject one or more bids offered in connection with a Eurodollar Auction pursuant to Section 2.3.6. A Ratable Borrowing Notice shall specify:

- (i) the Borrowing Date, which shall be a Business Day, of such Ratable Advance,
- (ii) the aggregate amount of such Ratable Advance,
- (iii) the Type of Ratable Advance selected, and
- (iv) in the case of each Eurodollar Ratable Advance, the Interest Period applicable thereto (which may not end after the Facility Termination Date).

2.2.4 Conversion and Continuation of Outstanding Ratable Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are either converted into Eurodollar Ratable Advances in accordance with this Section 2.2.4 or are repaid in accordance with Section 2.7. Each Eurodollar Ratable Advance shall continue as a Eurodollar Ratable Advance until the end of the then applicable Eurodollar Interest Period therefor, at which time such Eurodollar Ratable Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Ratable Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice requesting that, at the end of such Eurodollar Interest Period, such Eurodollar Ratable Advance continue as a Eurodollar Ratable Advance for the same or another Eurodollar Interest Period. Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Ratable Advance. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Ratable Advance, or continuation of a Eurodollar Ratable Advance, not later than 10:00 a.m. (Chicago time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

- (i) the requested date, which shall be a Business Day, of such conversion or continuation,
- (ii) the aggregate amount and Type of the Ratable Advance which is to be converted or continued, and

(iii) the amount of such Ratable Advance(s) which is to be converted or continued as a Eurodollar Ratable Advance and the duration of the Eurodollar Interest Period applicable thereto.

2.3. Competitive Bid Advances.

2.3.1 Competitive Bid Option. In addition to Ratable Advances pursuant to Section 2.2, but subject to the terms and conditions of this Agreement (including, without limitation, the limitation set forth in Section 2.1.2 as to the maximum aggregate principal amount of all outstanding Credit Extensions hereunder), and provided further that the Borrower's Unsecured Debt Rating is at least BBB- or greater or Baa3 or greater, as assigned by the applicable Rating Agencies, the Borrower may, as set forth in this Section 2.3, request the Lenders, prior to the Facility Termination Date, to make offers to make Competitive Bid Advances to the Borrower. Each Lender may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.3. Competitive Bid Loans shall be evidenced by the Competitive Bid Notes. In no event shall the aggregate of all Competitive Bid Loans outstanding at any time exceed fifty percent (50%) of the Aggregate Commitment. Each Competitive Bid Advance shall be repaid by the Borrower on the last day of the Interest Period applicable thereto.

2.3.2 Competitive Bid Quote Request. When the Borrower wishes to request offers to make Competitive Bid Loans under this Section 2.3, it shall transmit to the Agent by telecopy a Competitive Bid Quote Request so as to be received no later than (a) 10:00 a.m. (Chicago time) at least five Business Days prior to the Borrowing Date proposed therein, in the case of a Eurodollar Auction, or (b) 9:00 a.m. (Chicago time) at least one Business Day prior to the Borrowing Date proposed therein, in the case of an Absolute Rate Auction, specifying:

(i) the proposed Borrowing Date, which shall be a Business Day, for such Competitive Bid Advance,

(ii) the aggregate principal amount of such Competitive Bid Advance,

(iii) whether the Competitive Bid Quotes requested are to set forth a Competitive Bid Margin or an Absolute Rate, or both, and

(iv) the Interest Period applicable thereto (which may not end after the Facility Termination Date).

The Borrower may request offers to make Competitive Bid Loans for more than one Interest Period and for a Eurodollar Auction and an Absolute Rate Auction in a single Competitive Bid Quote Request. No Competitive Bid Quote Request shall be given within five (5) Business Days (or such other number of days as the Borrower and the Agent may agree) of any other Competitive Bid Quote Request. A Competitive Bid Quote Request that does not conform substantially to the format of Exhibit F hereto shall be rejected, and the Agent shall promptly notify the Borrower of such rejection.

2.3.3 Invitation for Competitive Bid Quotes. Promptly and in any event before the close of business on the same Business Day of receipt of a Competitive Bid Quote Request that is not rejected pursuant to Section 2.3.2, the Agent shall send to each of the Lenders by telecopy an Invitation for Competitive Bid Quotes substantially in the form of Exhibit G hereto, which shall constitute an invitation by the Borrower to each Lender to submit Competitive Bid Quotes offering to make the Competitive Bid Loans to which such Competitive Bid Quote Request relates in accordance with this Section 2.3.

2.3.4 Submission and Contents of Competitive Bid Quotes.

(i) Each Lender may, in its sole discretion, submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Invitation for Competitive Bid Quotes. Each Competitive Bid Quote must comply with the requirements of this Section 2.3.4 and must be submitted to the Agent by telecopy at its offices specified in or pursuant to Article XIII not later than (a) 2:00 p.m. (Chicago time) at least four Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction or (b) 9:00 a.m. (Chicago time) on the proposed Borrowing Date, in the case of an Absolute Rate Auction (or, in either case upon reasonable prior notice to the Lenders, such other time and date as the Borrower and the Agent may agree); provided that Competitive Bid Quotes submitted by Bank One may only be submitted if the Agent or Bank One notifies the Borrower of the terms of the offer or offers contained therein not later than 15 minutes prior to the latest time at which the relevant Competitive Bid Quotes must be submitted by the other Lenders. Subject to Articles IV and VIII, any Competitive Bid Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Borrower.

(ii) Each Competitive Bid Quote shall be in substantially the form of Exhibit H hereto and shall in any case specify:

(a) the proposed Borrowing Date, which shall be the same as that set forth in the applicable Invitation for Competitive Bid Quotes,

(b) the principal amount of the Competitive Bid Loan for which each such offer is being made, which principal amount (1) may be greater than, less than or equal to the Commitment of the quoting Lender, (2) must be at least \$10,000,000 and an integral multiple of \$1,000,000, and (3) may not exceed the principal amount of Competitive Bid Loans for which offers were requested,

(c) in the case of a Eurodollar Auction, the Competitive Bid Margin offered for each such Competitive Bid Loan,

(d) the minimum amount, if any, of the Competitive Bid Loan which may be accepted by the Borrower,

(e) in the case of an Absolute Rate Auction, the Absolute Rate offered for each such Competitive Bid Loan,

(f) the maximum aggregate amount, if any, of Competitive Bid Loans offered by the quoting Lender which may be accepted by the Borrower, and

(g) the identity of the quoting Lender, provided that such Competitive Bid Loan may be funded by such Lender's Designated Lender as provided in Section 2.3.9, regardless of whether that is specified in the Competitive Bid Quote.

(iii) The Agent shall reject any Competitive Bid Quote that:

(a) is not substantially in the form of Exhibit H hereto or does not specify all of the information required by Section 2.3.4(ii),

(b) contains qualifying, conditional or similar language, other than any such language contained in Exhibit H hereto,

(c) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes, or

(d) arrives after the time set forth in Section 2.3.4(i).

If any Competitive Bid Quote shall be rejected pursuant to this Section 2.3.4(iii), then the Agent shall notify the relevant Lender of such rejection as soon as practical.

2.3.5 Notice to Borrower. The Agent shall promptly notify the Borrower of the terms (i) of any Competitive Bid Quote submitted by a Lender that is in accordance with Section 2.3.4 and (ii) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Lender with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Agent unless such subsequent Competitive Bid Quote specifically states that it is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Agent's notice to the Borrower shall specify the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Quote Request and the respective principal amounts and Eurodollar Bid Rates or Absolute Rates, as the case may be, so offered.

2.3.6 Acceptance and Notice by Borrower. Not later than (i) 6:00 p.m. (Chicago time) at least four Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction or (ii) 11:00 a.m. (Chicago time) on the proposed Borrowing Date, in the case of an Absolute Rate Auction (or, in either case upon reasonable prior notice to the Lenders, such other time and date as the Borrower and the Agent may agree), the Borrower shall notify the Agent of its acceptance or rejection of the offers so notified to it pursuant to Section 2.3.5; provided, however, that the failure by the Borrower to give such notice to the Agent shall be deemed to be a rejection of all such offers. In the case of acceptance, such notice (a "Competitive Bid Borrowing Notice") shall specify the aggregate principal amount

of offers for each Interest Period that are accepted. The Borrower may accept any Competitive Bid Quote in whole or in part (subject to the terms of Section 2.3.4(ii)(d)); provided that:

(i) the aggregate principal amount of each Competitive Bid Advance may not exceed the applicable amount set forth in the related Competitive Bid Quote Request,

(ii) acceptance of offers may only be made on the basis of ascending Eurodollar Bid Rates or Absolute Rates, as the case may be, and

(iii) the Borrower may not accept any offer that is described in Section 2.3.4(iii) or that otherwise fails to comply with the requirements of this Agreement.

2.3.7 Allocation by Agent. If offers are made by two or more Lenders with the same Eurodollar Bid Rates or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Agent among such Lenders as nearly as possible (in such multiples, not greater than \$1,000,000, as the Agent may deem appropriate) in proportion to the aggregate principal amount of such offers; provided, however, that no Lender shall be allocated a portion of any Competitive Bid Advance which is less than the minimum amount which such Lender has indicated that it is willing to accept. Allocations by the Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error. The Agent shall promptly, but in any event on the same Business Day, notify each Lender of its receipt of a Competitive Bid Borrowing Notice and the aggregate principal amount of such Competitive Bid Advance allocated to each participating Lender.

2.3.8 Administration Fee. The Borrower hereby agrees to pay to the Agent an administration fee of \$1,500 for each Competitive Bid Quote Request transmitted by the Borrower to the Agent pursuant to Section 2.3.2. Such administration fee shall be payable in arrears on each Monthly Payment Date hereafter and on the Facility Termination Date (or such earlier date on which the Aggregate Commitment shall terminate or be cancelled) for any period then ending for which such fee, if any, shall not have been theretofore paid.

2.3.9 Designated Lenders. A Lender may designate one or more Designated Lenders to fund a Competitive Bid Loan on its behalf as described in Section 2.3.4(ii)(g). Any Designated Lender which funds a Competitive Bid Loan shall on and after the time of such funding become the obligee under such Competitive Bid Loan and be entitled to receive payment thereof when due. No Lender shall be relieved of its obligations to fund a Competitive Bid Loan, and no Designated Lender shall assume such obligations, prior to the time such Competitive Bid Loan is funded.

2.3.10 Designation of Lender to Make Competitive Bid Loans. Any Lender (each a "Designating Lender") may at any time designate one or more Designated Lenders to fund Competitive Bid Loans which the Designating Lender is required to fund, subject to the terms of this Section 2.3.10. The provisions in Section 12.3.1 and 12.3.2 shall not apply to such designation. No Lender shall be entitled to make more than two such designations. The parties to each such designation shall execute and deliver to the Agent a Designation Agreement in the form of Exhibit A. From and after the effective date specified in the Designation Agreement, the Designated Lender shall become a party to this Agreement with a right to make Competitive Bid Loans on behalf of its Designating Lender pursuant to this Section 2.3.10 after the Borrower has accepted a Competitive Bid (or a portion thereof) of the Designating Lender. Each Designating Lender shall serve as the agent for the Designated Lender and shall on behalf of the Designated Lender give and receive all communications and notices and take all actions hereunder, including without limitation votes, approvals, waivers, consents and amendments under or relating to this Agreement or the other Loan Documents. Any such notice, communications, vote approval, waiver, consent or amendment shall be signed by the Designating Lender as agent for the Designated Lender and shall not be signed by the Designated Lender. The Borrower, the Agent, the LC Issuer and the Lenders may rely thereon without any requirement that the Designated Lender sign or acknowledge the same, and without any specific designation that the Designating Lender is signing in agency capacity. This Section 2.3.10 shall survive the termination of this Agreement.

2.4. Method of Borrowing. Not later than 1:00 p.m. (Chicago time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available in Chicago to the Agent at its address specified pursuant to Article XIII. The Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address.

2.5. Fees; Reductions/Increases of Aggregate Commitment.

2.5.1 Facility Fee. The Borrower agrees to pay to the Agent for the account of each Lender a fee ("Facility Fee"), if applicable, at a per annum rate equal to the Applicable Fee Rate on the average daily amount of such Lender's Commitment (whether used or unused) from the date hereof to and including the Facility Termination Date, payable quarterly in arrears on each Quarterly Payment Date hereafter and on the Facility Termination Date.

2.5.2 Non-Use Fee. The Borrower agrees to pay to the Agent for the account of each Lender a fee ("Non-Use Fee"), if applicable, at a per annum rate equal to the Applicable Fee Rate on the daily average unused portion of such Lender's Commitment from the date hereof to and including the Facility Termination Date, payable quarterly in arrears on each Quarterly Payment Date hereafter and on the Facility Termination Date. For purposes of determining the Non-Use Fee, Competitive Bid Loans shall not be deemed to be use of any Lender's Commitment, but Facility LCs shall be deemed to be use of each Lender's Commitment.

2.5.3 Reductions in Aggregate Commitment. The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in a minimum amount of \$5,000,000 and in integral multiples of \$1,000,000 if in excess thereof upon at least three Business Days' written notice to the Agent, which notice shall specify the amount of any such reduction, provided, however, that the amount of the Aggregate Commitment may not be reduced below the aggregate principal amount of the outstanding Credit Extensions and may not in any event be reduced below \$50,000,000 unless reduced to zero (0). All accrued Facility Fees and Non-Use Fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

2.5.4 Increases in Aggregate Commitment.

(i) The Borrower may, at any time and from time to time, by notice to the Agent, request an increase in the Aggregate Commitment within the limitations hereafter described, which notice shall set forth the amount of such increase. The Aggregate Commitment may be so increased either by having one or more New Lenders become Lenders and/or by having any one or more of the then existing Lenders (at their respective election in their sole discretion) that have been approved by the Borrower and the Agent (any such Lender or any New Lender being herein referred to as an "Additional Lender") increase the amount of their Commitments, provided that (a) unless otherwise approved by the Agent, the Commitment of any New Lender shall be in an amount not less than \$5,000,000 (and, if in excess thereof, in an integral multiple of \$1,000,000); (b) unless otherwise approved by the Agent, any single increase in the Aggregate Commitment shall be in an aggregate amount of not less than \$5,000,000 (and, if in excess thereof, in an integral multiple of \$1,000,000); and (c) the Aggregate Commitment shall not exceed \$125,000,000.

(ii) As a condition to any increase in the Aggregate Commitment, (a) the Borrower and each Additional Lender shall have executed and delivered a commitment and acceptance (the "Commitment and Acceptance") substantially in the form of Exhibit J hereto, and the Agent shall have accepted and executed the same; (b) if requested by an Additional Lender, the Borrower shall have executed and delivered to the Agent a Ratable Note and/or Competitive Bid Note payable to the order of such Additional Lender; (c) the Guarantors shall have consented in writing to the increase in the Aggregate Commitment and shall have reaffirmed their Guaranties; (d) the Borrower and each Additional Lender shall otherwise have executed and delivered such other instruments and documents as the Agent shall have reasonably requested in connection with such increase in the Aggregate Commitment; and (e) the Borrower shall have delivered to the Agent an opinion of counsel (substantially similar to the form of opinion provided for in Section 4.1.9, modified to apply to the increase in the Aggregate Commitment and to each Note, Commitment and Acceptance, consent of Guarantors, and other documents executed and delivered in connection with such increase in the Aggregate Commitment). The form and substance of the documents required under clauses (a) through (e) above shall be fully acceptable to the Agent. The Agent shall

provide written notice to all of the Lenders hereunder of any increase in the Aggregate Commitment hereunder and shall furnish to any Lender copies of the documents required under clauses (a) through (e) above.

(iii) Upon the effective date of any increase in the Aggregate Commitment pursuant to the provisions hereof (the "Increase Date"), which Increase Date shall be mutually agreed upon by the Borrower, each Additional Lender and the Agent, each Lender that is not an Additional Lender ("Selling Lender") hereby sells, grants, assigns and conveys to each Additional Lender, without recourse, warranty, or representation of any kind, except as specifically provided herein, an undivided percentage in such Selling Lender's right, title and interest in and to its outstanding Ratable Loans and participations in Facility LCs in the respective dollar amounts and percentages necessary so that, from and after such sale, each such Selling Lender's outstanding Ratable Loans shall equal such Selling Lender's Pro Rata Share (calculated based upon the Increased Aggregate Commitment) of the outstanding Ratable Loans under this Agreement and such Selling Lender shall hold a participation interest in each Facility LC equal to its Pro Rata Share thereof. Effective on the Increase Date, each Additional Lender hereby purchases and accepts such grant, assignment and conveyance from the Selling Lenders. Each Additional Lender hereby agrees that its respective purchase price for the portion of the outstanding Ratable Loans and participations in Facility LCs purchased hereby shall equal the respective dollar amount necessary so that, from and after such payments, each Additional Lender's outstanding Ratable Loans shall equal such Additional Lender's Pro Rata Share (calculated based upon the increased Aggregate Commitment) of the outstanding Ratable Loans; no additional purchase price shall be payable in respect of the participations in Facility LCs granted, assigned and conveyed hereunder. The purchase price in respect of the interests in Ratable Loans granted, assigned and conveyed hereunder shall be payable as follows: (a) with respect to all Floating Rate Loans, on the Increase Date by wire transfer of immediately available funds to the Agent and (b) with respect to all Eurodollar Ratable Loans, unless otherwise agreed to among the Additional Lenders, the Selling Lenders, the Borrower and the Agent, on the earlier of (i) the last day of the then current Interest Period by wire transfer of immediately available funds to the Agent and (ii) the date on which any such Eurodollar Ratable Loan either becomes due (by acceleration or otherwise) or is prepaid (such earlier date being hereinafter referred to as the "Settlement Date") and, for purposes of calculating interest due and payable with respect to the Eurodollar Ratable Loans, the Lenders' Pro Rata Shares of each such outstanding Eurodollar Ratable Loan shall not be adjusted by virtue of the applicable increase until such Settlement Date. The Agent, in turn, shall wire transfer any such funds received to the Selling Lenders, in same day funds, for the sole account of the Selling Lenders. Each Selling Lender hereby represents and warrants to each Additional Lender that such Selling Lender owns the Ratable Loans and participations in Facility LCs being sold and assigned hereby for its own account and has not sold, transferred or encumbered any or all of its interest in such Ratable Loans, except for participations which will be extinguished upon payment to such Selling Lender of an amount equal to the

portion of the outstanding Ratable Loans being sold by such Selling Lender. Each Additional Lender hereby acknowledges and agrees that, except for each Selling Lender's representations and warranties contained in the foregoing sentence, each such Additional Lender has entered into its Commitment and Acceptance with respect to such increase on the basis of its own independent investigation and has not relied upon, and will not rely upon, any explicit or implicit written or oral representation, warranty or other statement of the Lenders or the Agent concerning the authorization, execution, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the other Loan Documents. The Borrower hereby agrees to compensate each Selling Lender for all losses, expenses and liabilities incurred by each Lender in connection with the sale and assignment of any Eurodollar Ratable Loan hereunder on the terms and in the manner as set forth in Section 3.4.

(iv) Nothing contained herein shall constitute, or otherwise be deemed to be, a commitment or agreement on the part of any Lender to increase its Commitment hereunder at any time or a commitment or agreement on the part of the Borrower or the Agent to give or grant any Lender the right to increase its Commitment hereunder at any time.

2.6. Minimum Amount of Each Advance. Each Eurodollar Ratable Advance shall be in the minimum amount of \$1,000,000 and in multiples of \$100,000 if in excess thereof), and each Floating Rate Advance shall be in the minimum amount of \$1,000,000 and in multiples of \$100,000 if in excess thereof), provided, however, that any Floating Rate Advance may be in the amount of the unused Aggregate Commitment. Each Competitive Bid Advance shall be in the minimum amount of \$10,000,000 (and in multiples of \$1,000,000 if in excess thereof). The Borrower shall not request a Eurodollar Ratable Advance if, after giving effect to the requested Eurodollar Ratable Advance, more than six separate Eurodollar Ratable Advances would be outstanding.

2.7. Optional Principal Payments. The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances, or, in a minimum aggregate amount of \$500,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Floating Rate Advances upon three Business Days' prior notice to the Agent. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurodollar Ratable Advances or, in a minimum aggregate amount of \$500,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Eurodollar Ratable Advances upon three Business Days' prior notice to the Agent. A Competitive Bid Loan may not be paid prior to the last day of the applicable Interest Period without the prior consent of the applicable Lender.

2.8. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a Eurodollar Ratable Advance into a Floating Rate Advance pursuant to Section 2.2.4 to but excluding the date it becomes due or is converted into a Eurodollar Ratable Advance pursuant to Section 2.2.4 hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance

maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Fixed Rate Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Fixed Rate Advance. No Interest Period may end after the Facility Termination Date.

2.9. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.2.3, Section 2.2.4 or 2.8, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Ratable Advance may be made as, converted into or continued as a Eurodollar Ratable Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Fixed Rate Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus four percent (4%) per annum, (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate otherwise applicable to the Floating Rate Advance plus four percent (4%) per annum, and (iii) the LC Fee shall be increased by four percent (4%) per annum, provided that, during the continuance of a Default under Section 7.5 or 7.6, the interest rates set forth in clauses (i), (ii) and (iii) above shall be applicable to all Credit Extensions without any election or action on the part of the Agent or any Lender.

2.10. Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (local time) on the date when due and shall (except (a) in the case of payments of principal and interest on a Competitive Bid Loans which shall be applied ratably to the Lender or Lenders that make such Competitive Bid Loans, (b) in the case of payments of Reimbursement Obligations for which the LC Issuer has not been fully reimbursed by the Lenders, which payments shall be paid to the LC Issuer, or (c) as otherwise specifically provided hereunder) be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. If the Agent fails to deliver to any Lender, within one Business Day of the Agent's receipt thereof, funds received by Agent for the account of such Lender, the Agent shall pay to such Lender interest on such funds, at the Federal Funds Effective Rate for each day thereafter until such funds are delivered to such Lender. The Agent is hereby authorized to charge the account of the Borrower maintained with Bank One for each payment of principal, interest, Reimbursement Obligations and fees as it becomes due hereunder. Each reference to the Agent in this Section 2.10 shall also be deemed to refer, and shall apply equally, to the LC Issuer, in the case of payments required to be made by the Borrower pursuant to Section 2.19.6.

2.11. Noteless Agreement; Evidence of Indebtedness.

- (i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.
- (ii) The Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (c) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time and (d) the amount of any sum received by the Agent hereunder from the Borrower and each Lender's share thereof.
- (iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.
- (iv) Any Lender may request that its Ratable Loans or its Competitive Bid Loans be evidenced by Ratable Notes or Competitive Bid Notes, respectively. In such event, the Borrower shall prepare, execute and deliver to such Lender a Ratable Note or a Competitive Bid Note, as the case may be, payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (prior to any assignment pursuant to Section 12.3) be represented by a Note payable to the order of the payee named therein, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (i) and (ii) above.

2.12. Telephonic Notices. The Borrower hereby authorizes the Lenders and the Agent to extend, convert or continue Advances, effect selections of Types of Advances, submit Competitive Bid Quotes and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices, Conversion/Continuation Notices and Competitive Bid Quote Requests to be given telephonically. The Borrower agrees to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error.

2.13. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on each Monthly Payment Date, commencing with the first such date to occur after the date hereof, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Ratable Advance on a day other than a Monthly Payment Date shall be payable on the date of conversion. Interest accrued on each Fixed Rate Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Fixed Rate Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Fixed Rate Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest and fees hereunder shall be calculated on the basis of a 360-day year, based on twelve 30-day months, except that interest or fees 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 such 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on an Advance, or any payments of fees, shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.14. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Ratable Borrowing Notice, Conversion/Continuation Notice, Competitive Bid Borrowing Notice, and repayment notice received by it hereunder. Promptly after notice from the LC Issuer, the Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Agent will notify each Lender of the interest rate applicable to each Fixed Rate Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.15. Lending Installations. Each Lender may book its Loans and participations in Facility LCs at any Lending Installation selected by such Lender or the LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation, and the Loans, Facility LCs, participations in LC Obligations and any Notes issued hereunder shall be deemed held by each Lender or the LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender may, by written notice to the Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs issued by it and for whose account Loan payments are to be made or payments with respect to Facility LCs are to be made.

2.16. Non-Receipt of Funds by the Agent. Unless the Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The

Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.17. Extension of Facility Termination Date. Provided no Default has occurred that is continuing, the Borrower shall have a one-time only option to extend the Facility Termination Date to July 2, 2006 by giving notice (the "Extension Notice") to the Agent not more than 90 nor less than 60 days prior to the Facility Termination Date and paying to the Agent at the time of delivery of such Extension Notice, for the account of the Lenders, a fee ("Extension Fee") equal to 0.15% of the Aggregate Commitment. Promptly upon receipt of an Extension Notice and the Extension Fee, the Agent shall give each Lender notice of the Extension Notice and shall pay to each Lender its Pro Rata Share of the Extension Fee.

2.18. Replacement of Lender. If the Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Ratable Advances shall be suspended pursuant to Section 3.3 (any Lender so affected an "Affected Lender"), the Borrower may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, provided that no Default or Unmatured Default shall have occurred and be continuing at the time of such replacement, and provided further that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Agent shall agree, as of such date, to purchase for cash the Advances and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit C and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender. At the request of the Borrower, the Agent will assist the Borrower in identifying a bank or other entity to replace an Affected Lender.

2.19. Facility LCs.

2.19.1 Issuance. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby and commercial letters of credit (each, a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action a "Modification"), from time to time from and

including the date of this Agreement and prior to the Facility Termination Date upon the request of the Borrower; provided that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed \$10,000,000 and (ii) the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. No Facility LC shall have an expiry date later than the fifth Business Day prior to the Facility Termination Date.

2.19.2 Participations. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this Section 2.19, the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

2.19.3 Notice. Subject to Section 2.19.1, the Borrower shall give the LC Issuer notice prior to 10:00 a.m. (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Agent, and the Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which the LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each, a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

2.19.4 LC Fees. The Borrower shall pay to the Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, a letter of credit fee (the "LC Fee") at a per annum rate equal to the Applicable Margin for Eurodollar Ratable Loans in effect from time to time on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on each Quarterly Payment Date. The Borrower shall also pay to the LC Issuer for its own account (x) an issuance fee at the rate of 0.125% per annum on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on each Quarterly Payment Date, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

2.19.5 Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the

LC Issuer shall notify the Agent and the Agent shall promptly notify the Borrower and each other Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.19.6 below, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Chicago time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances.

2.19.6 Reimbursement by Borrower. The Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amounts to be paid by the LC Issuer upon any drawing under any Facility LC, without presentment, demand, protest or other formalities of any kind; provided that neither the Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the rate applicable to Floating Rate Advances for such day if such day falls on or before the applicable LC Payment Date and (y) the sum of four percent (4%) plus the rate applicable to Floating Rate Advances for such day if such day falls after such LC Payment Date. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.19.5. Subject to the terms and conditions of this Agreement (including without limitation the submission of a Borrowing Notice in compliance with Section 2.8 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Borrower may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

2.19.7 Obligations Absolute. The Borrower's obligations under this Section 2.19 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrower further agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and the Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrower and shall not put the LC Issuer or any Lender under any liability to the Borrower. Nothing in this Section 2.19.7 is intended to limit the right of the Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.19.6.

2.19.8 Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.19, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

2.19.9 Indemnification. The Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, the LC Issuer or the Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses,

liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that the Borrower shall not be required to indemnify any Lender, the LC Issuer or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.19.9 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

2.19.10 Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.19 or any action taken or omitted by such indemnitees hereunder.

2.19.11 Facility LC Collateral Account. The Borrower agrees that it will, upon the request of the Agent or the Required Lenders and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuer or the Lenders in respect of any Facility LC, maintain a special collateral account pursuant to arrangements satisfactory to the Agent (the "Facility LC Collateral Account") at the Agent's office at the address specified pursuant to Article XIII, in the name of such Borrower but under the sole dominion and control of the Agent, for the benefit of the Lenders and in which such Borrower shall have no interest other than as set forth in Section 8.1. The Borrower hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Lenders and the LC Issuer, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of Bank One having a maturity not exceeding 30 days. Nothing in this Section 2.19.11 shall either require the Borrower to deposit any funds in the Facility LC Collateral Account or limit the right of the Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 8.1.

2.19.12 Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

2.20. Use of Proceeds and Limitations on Advances.

(i) The Borrower shall use the proceeds of the Loans solely to provide short-term financing for (a) in the case of the Initial Advance, the repayment of all obligations outstanding under the Original Agreement, (b) the acquisition of fee interests in Real Property Assets which are utilized principally for manufactured housing communities, (c) capital improvements, expansion or additional development (subject to Section 6.32) to Real Property Assets owned by the Borrower or any Consolidated Entity, (d) working capital, provided that the principal amount outstanding at any time hereunder which has been advanced for working capital (including the payment of Distributions) shall not exceed \$15,000,000, (e) the acquisition of (1) Undeveloped Land that is non-income producing or (2) Real Property Assets that 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), provided that (in the case of both (1) and (2)) such Assets constitute Permitted Investments and subject (in the case of both (1) and (2)) to the limitations of Section 6.32, (f) to pay other Indebtedness subject to the terms of Section 6.29, (g) to pay various costs and expenses in connection with the transactions under this Agreement and (h) the redemption of OP Units, provided that no more than \$5,000,000 of Advances in the aggregate over the term of this Agreement shall be used for such redemption.

(ii) The aggregate amount of any single Advance made hereunder shall not exceed, with respect to an acquisition by the Borrower, the REIT or any Consolidated Entity of a Real Property Asset, an amount equal to the acquisition cost of such Real Property Asset, as verified by the Borrower to the satisfaction of the Agent, less the amount of any mortgage indebtedness secured by such Real Property Asset that will remain outstanding following such acquisition.

2.21. Additional Unencumbered Assets. If the Borrower desires to add an Unencumbered Asset for purposes of this Agreement, it shall notify the Agent and together with such notification, deliver to the Agent, with respect to such Asset such items as the Agent and the Lenders may reasonably request. If such Asset is owned by a Consolidated Entity other than a Guarantor or the Borrower, such Consolidated Entity and any other Consolidated Entity that owns an interest in such Consolidated Entity (and that is not then a Guarantor) shall execute and deliver a Supplemental Guaranty in the form attached to and provided for in the Guaranty, together with the items required in Sections 4.1.2, 4.1.3 and 4.1.9 with respect to such Consolidated Entity and Guaranty. If such Asset is subject to no Liens or encumbrances other than Permitted Liens and is otherwise satisfactory to the Agent and the Required Lenders, the Agent shall confirm to the 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 the

Agent) shall be paid by the Agent and the Lenders based on each Lender's Pro Rata Share, provided, however, that if the request for and review of such documentation is made by and solely for the benefit of one or more Lenders, the cost of review of such documentation shall be paid by such Lenders, and Lenders not requesting the Agent's review of such documentation will not be required to reimburse the Agent for the cost of the Agent's and/or Lender's review of such documentation.

ARTICLE III

YIELD PROTECTION; TAXES

3.1. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation or the LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

- (i) subjects any Lender or any applicable Lending Installation or the LC Issuer to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender or the LC Issuer in respect of its Fixed Rate Loans, Facility LCs or participations therein, or
- (ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or the LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or
- (iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation or the LC Issuer of making, funding or maintaining its Fixed Rate Loans, or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or the LC Issuer in connection with its Fixed Rate Loans, Facility LCs or participations therein, or requires any Lender or any applicable Lending Installation or the LC Issuer to make any payment calculated by reference to the amount of Fixed Rate Loans, Facility LCs or participations therein held or interest or LC Fees received by it, by an amount deemed material by such Lender or the LC Issuer as the case may be,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation or the LC Issuer, as the case may be, of making or maintaining its Fixed Rate Loans or Commitment or of issuing or participating in Facility LCs or to reduce the return received by such Lender or applicable Lending Installation or the LC Issuer, as the case may be, in connection with such Fixed Rate Loans, Commitment, or Facility LCs or participations therein, then, within 15 days of demand by such Lender or the LC Issuer, as the case may be, the

Borrower shall pay such Lender or the LC Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the LC Issuer, as the case may be, for such increased cost or reduction in amount received.

3.2. Changes in Capital Adequacy Regulations. If any Lender or the LC Issuer determines the amount of capital required or expected to be maintained by such Lender or the LC Issuer, any Lending Installation of such Lender or the LC Issuer, or any corporation controlling such Lender or the LC Issuer is increased as a result of a Change, then, within 15 days of demand by such Lender or the LC Issuer, the Borrower shall pay such Lender or the LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or the LC Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Facility LCs, as the case may be, hereunder (after taking into account such Lender's or the LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or the LC Issuer or any Lending Installation or any corporation controlling any Lender or the LC Issuer. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If (a) any Lender determines that maintenance of its Eurodollar Ratable Loans or Eurodollar Bid Rate Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if (b) the Required Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Ratable Advances are not available or (ii) the interest rate applicable to Eurodollar Ratable Advances does not accurately reflect the cost of making or maintaining Eurodollar Ratable Advances, then the Agent shall, in the case of clause (a) above, suspend the availability of Eurodollar Ratable Advances and Eurodollar Bid Rate Advances and require any affected Eurodollar Ratable Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4, and, in the case of clause (b) above, suspend the availability of Eurodollar Ratable Advances and require any affected Eurodollar Ratable Advances to be repaid or converted to Floating Rate Advances, subject to payment of any funding indemnification amounts required by Section 3.4.

3.4. Funding Indemnification. If any payment of a Fixed Rate Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Fixed Rate Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any

loss or cost in liquidating or employing deposits acquired to fund or maintain such Fixed Rate Advance.

3.5. Taxes.

- (i) All payments by the Borrower to or for the account of any Lender, the LC Issuer or the Agent hereunder or under any Note or Facility LC Application shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, the LC Issuer or the Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, the LC Issuer or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.
- (ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Facility LC Application or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note or Facility LC Application ("Other Taxes").
- (iii) The Borrower hereby agrees to indemnify the Agent, the LC Issuer and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Agent, the LC Issuer or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Agent, the LC Issuer or such Lender makes demand therefor pursuant to Section 3.6.
- (iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement, (a) deliver to the Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (b) deliver to the Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Agent (x) renewals or additional copies of such form (or any successor form) on or

before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless 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 Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

- (v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to paragraph (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under paragraph (iv), above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.
- (vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.
- (vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent). The

obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Ratable Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate or Eurodollar Bid Rate, as the case may be, applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Conditions Precedent to the Initial Advance. The obligation of the Lenders to make the initial Credit Extension on the Closing Date is subject to the satisfaction by the Borrower on the Closing Date of the following conditions precedent:

4.1.1 Loan Documents.

(i) Agreement. The Borrower and the REIT shall have executed and delivered this Agreement to the Agent.

(ii) The Note. The Borrower shall have executed and delivered to the Agent any Note(s) requested by a Lender pursuant to Section 2.11.

(iii) Guaranty. The REIT and the other Guarantors shall have executed and delivered to the Agent the Guaranty.

(iv) Environmental Indemnity. The Borrower and the REIT shall have executed and delivered to the Agent the Environmental Indemnity.

(v) Subordination of Management Agreement. The Borrower and the Manager shall have executed and delivered to the Agent the Subordination of Management Agreement.

4.1.2 Organizational Documents. The Agent shall have received (i) with respect to the REIT and each of the Guarantors which is a corporation, the certificate of incorporation of the REIT and such Guarantor, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or the equivalent thereof) 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 (or the equivalent thereof) and a good standing certificate from the Secretaries of State (or the equivalent thereof) of each other State in which such Guarantor 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 the Borrower and each of the Guarantors 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 Person, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or the equivalent thereof) 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 (or the equivalent thereof) 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 each of the Guarantors which is a general partnership, the agreement of general partnership of such Guarantor, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by a general partner of such Guarantor, together with a copy of such Guarantor'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 Agent, (iv) with respect to each of the Guarantors that is a limited liability company, the certificate of formation or organization of such Guarantor, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or the equivalent thereof) as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from the Secretary of State (or the equivalent thereof) of each other state in which such Guarantor 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 and (v) evidence satisfactory to the Agent 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.

4.1.3 Certified Resolutions, etc. The Agent shall have received (i) a certificate of the secretary or assistant secretary of the REIT and each of the Guarantors which is a corporation and dated the Closing Date, certifying (a) the names and true signatures of the incumbent officers of such Person authorized to sign the applicable Loan Documents, (b) the by-laws of such Person as in effect on the Closing Date, (c) 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 either in its own capacity or as a partner or member of another Guarantor, and (d) 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 and (ii) with respect to each Guarantor that is not a corporation, comparable certificates evidencing appropriate approvals, consents and authority with respect to the execution and delivery of the Loan Documents by such Guarantor.

4.1.4 Lien Search Results. The Agent shall have received satisfactory (i.e., showing no Liens other than Permitted Liens) UCC searches, together with tax lien searches conducted in the Secretary of State's office in the State of Michigan and the County of Oakland in the State of Michigan, by a search firm acceptable to the Agent with respect to Borrower and the REIT (collectively, the "UCC Searches").

4.1.5 Rating Agencies. The Borrower shall have delivered evidence satisfactory to the Agent that the 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.

4.1.6 Financial Statements. The Agent shall have received the consolidated audited financial statements of the Borrower and the REIT and their Consolidated Subsidiaries for the most recently ended fiscal year of the Borrower and the REIT and the unaudited consolidated financial statements of the Borrower and the REIT and their Consolidated Subsidiaries for each fiscal quarter of the Borrower and the REIT and their Consolidated Subsidiaries ending since the end of such entity's most recent fiscal year. Such financial statements shall be reasonably acceptable to the Agent and all of the Lenders in their sole discretion, and each such statement shall be certified by a general partner or senior executive officer of the Borrower and the REIT that, as of the Closing Date, there has been no material adverse change in the financial condition of the Borrower, the REIT or the respective Consolidated Subsidiaries since the date thereof.

4.1.7 Money Transfer Instructions. The Agent shall have received written money transfer instructions, in substantially the form of Exhibit D, addressed to the Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Agent may have reasonably requested.

4.1.8 Insurance. The Agent shall have received the insurance certificate described in Section 5.19.

4.1.9 Opinion. The Agent shall have received an opinion of the Borrower's and Guarantors' counsel substantially in the form of Exhibit K hereto.

4.1.10 Fees. The Agent shall have received the fees provided for in the fee letter dated May 3, 2002 among the Borrower, the Agent and the Arranger.

4.1.11 Additional Matters. The Agent shall have received such other certificates, opinions, documents and instruments relating to the transactions under this Agreement as

may have been reasonably requested by the Agent or any of the Lenders, and all corporate and other proceedings and all other documents (including, without limitation, evidence of zoning compliance, leases, contracts and agreements relating to the ownership, management, leasing and operation of the Unencumbered Assets and all other documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with this Agreement shall be reasonably satisfactory in form and substance to the Agent and all of the Lenders.

4.2. Each Credit Extension. The Lenders will not be required to make any Credit Extension (including the Credit Extension on the Closing Date) unless on the applicable Credit Extension Date:

4.2.1 No Default. There exists no Default or Unmatured Default.

4.2.2 Representations and Warranties. The representations and warranties contained in Article V are true and correct as of such Credit Extension Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

4.2.3 Legal Matters. All legal matters incident to the making of such Credit Extension shall be satisfactory to the Lenders and their counsel.

4.2.4 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 the Agent would enjoin, prohibit or restrain, or impose or result in the imposition of any material adverse condition upon, the making of the Credit Extensions or the Borrower's obligation to pay (or the Agent or any Lender's rights to receive payment of) the Loan and the other Obligations or the consummation of the transactions under this Agreement.

4.2.5 No Material Adverse Change. No event, act or condition shall have occurred after the Closing Date which, in the reasonable judgment of the Agent, has had or would have a Material Adverse Effect.

4.2.6 Notice of Borrowing/Facility L/Cs. The 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 and, in the case of the issuance of any Facility L/C, the applicable conditions set forth in Section 2.19 shall have been satisfied.

4.2.7 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, the Borrower or any of the other Consolidated Entities, 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.

4.2.8 Title Insurance Searches. The Agent may elect, in its sole discretion and as a condition of any Credit Extension, to have performed Title Searches with respect to some or all of the Unencumbered Assets at the Borrower's sole cost and expense. Provided that no Default has occurred and is continuing, the Borrower will be required to pay for only one Title Search per Real Property Asset in any period of twelve (12) consecutive months, unless a Title Search indicates a Lien other than a Permitted Lien or another state of facts not reasonably satisfactory to the Agent and the Required Lenders, in which case the 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 the Agent in its reasonable discretion.

4.2.9 UCC and Tax Searches. The Agent may elect, in its sole discretion and as a condition of any Credit Extension, to have performed UCC searches and tax lien searches in the jurisdictions requested by the Agent performed by a search firm acceptable to the Agent with respect to the Unencumbered Assets, the Borrower and each of the Guarantors. The results of such searches shall be satisfactory to the Agent in its reasonable discretion.

4.2.10 Additional Matters. The Agent shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by the Agent or any of the 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 the Agent and the Required Lenders.

Each Ratable Borrowing Notice, Competitive Bid Borrowing Notice and request for issuance of a Facility LC shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2.1 and 4.2.2 have been satisfied. Any Lender may require a duly completed compliance certificate in substantially the form of Exhibit B as a condition to making an Credit Extension.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

In order to induce the Agent and the Lenders to enter into this Agreement and to make the Credit Extensions hereunder, the Borrower and the REIT make the following representations and warranties, which shall survive the execution and delivery of this Agreement and the Notes and the making of each Credit Extension:

5.1. Existence and Standing. Each of the Borrower, the REIT and the other Consolidated Entities is a corporation, partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2. Authorization and Validity. Each of the Borrower, the REIT and the other Consolidated Entities has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each of the Borrower, the REIT and the other Consolidated Entities of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate or other appropriate proceedings, and the Loan Documents to which each of the Borrower, the REIT and the other Consolidated Entities is a party constitute its legal, valid and binding obligations enforceable against it in accordance with the terms thereof, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Borrower, the REIT or any of the Consolidated Entities of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower, the REIT or any of the Consolidated Entities or (ii) the articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement of the Borrower, the REIT or any of the Consolidated Entities or (iii) the provisions of any indenture, instrument or agreement to which the Borrower, the REIT or any of the Consolidated Entities is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower, the REIT or any of the Consolidated Entities, is required to be obtained by the Borrower, the REIT or any of the other Consolidated Entities in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements; Financial Condition; etc. The financial statements delivered pursuant to Section 4.1.6 were prepared in accordance with Agreement Accounting Principles consistently applied and fairly present the financial condition and the results of operations of the 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 the 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 the Borrower's or the REIT's ability to perform its obligations under this Agreement.

5.5. Material Adverse Change. Since December 31, 2001 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the

Borrower, the REIT or any of the other Consolidated Entities that could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. Each of the Borrower, the REIT and the other Consolidated Entities has filed all United States federal tax returns and all other tax returns which are required to be filed and has paid all taxes (if any) due pursuant to said returns or pursuant to any assessment received by them, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Borrower, the REIT and the other Consolidated Entities in respect of any taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. Except as set forth on Schedule 4, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower, the REIT or any of the other Consolidated Entities that could reasonably be expected to have a Material Adverse Effect or that seeks to prevent, enjoin or delay the making of any Credit Extension. Other than any liability incident to any litigation, arbitration or proceeding that could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor the REIT has any material Contingent Obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. ERISA. The Unfunded Liabilities of all Single Employer Plans do not in the aggregate exceed \$1,000,000. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Borrower nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to reorganize or terminate any Plan.

5.9. Accuracy of Information. No information, exhibit or report furnished by the Borrower, the REIT or any of the other Consolidated Entities to the Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.10. Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Borrower, the REIT or any of the other Consolidated Entities which are subject to any limitation on sale, pledge, or other restriction hereunder.

5.11. Material Agreements. Neither the Borrower nor the REIT nor any of the other Consolidated Entities is a party to any agreement or instrument or subject to any charter or other corporate, partnership or other restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor the REIT nor any of the other Consolidated Entities is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

5.12. Compliance With Laws. Each of the Borrower, the REIT and the other Consolidated Entities has complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.13. Ownership of Real Property; Existing Security Instruments. The 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. The 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, other than with respect to Unencumbered Assets, Permitted Mortgage Debt.

5.14. No Default. No Default or Unmatured Default exists under or with respect to any Loan Document. Neither the Borrower, the REIT or any other Consolidated Entity 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.

5.15. Plan Assets; Prohibited Transactions. The Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Credit Extensions hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.16. Environmental Matters. In the ordinary course of its business, the officers of the REIT consider the effect of Environmental Laws on the business of the Borrower, the REIT and their Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities accruing due to Environmental Laws. On the basis of this consideration, the Borrower and the REIT have concluded that Environmental Laws cannot reasonably be expected to have a Material Adverse Effect.

5.17. Investment Company Act. Neither the Borrower nor the REIT nor any of the other Consolidated Entities is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

5.18. Public Utility Holding Company Act. Neither the Borrower nor the REIT nor any of the other Consolidated Entities is a "holding company" or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a

"holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. Insurance. The certificate signed by an officer of the REIT, that attests to the existence and adequacy of, and summarizes, the insurance carried by the Borrower with respect to itself, the REIT and their Subsidiaries in accordance with the requirements of Section 6.5, and that has been furnished by the Borrower to the Agent, is complete and accurate. This summary includes the insurer's or insurers' name(s), policy number(s), expiration date(s), amount(s) of coverage, type(s) of coverage, and deductibles.

5.20. Property Manager or an Affiliate. As of the date hereof, the manager of the Real Property Assets is the Borrower or an Affiliate of the Borrower.

5.21. Assets of the REIT. The sole Assets of the REIT are (i) its general partnership interest in the Borrower, (ii) such other Assets as are incidental to or required in connection with the ownership of such general partnership interest, and (iii) as set forth on Schedule 6. The aggregate value of the Assets described in clauses (ii) and (iii) above do not exceed \$5,000,000. The REIT is the sole general partner of the Borrower.

5.22. REIT Status. The "REIT" is a "qualified real estate investment trust" as defined in Section 856 of the Code.

5.23. Operations. The REIT conducts its business directly only through the Borrower, except as described on Schedule 7, and the Borrower conducts its business only in its own name, except as described on Schedule 8.

5.24. Stock. The REIT lists all of its outstanding shares of stock on the New York Stock Exchange.

5.25. Ground Leases. With respect to those Real Property Assets in which the Borrower or any other Consolidated Entity holds a leasehold estate under a Ground Lease, with respect to each such Ground Lease (i) the Borrower or the respective Consolidated Entity 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 ten (10) years after the Facility Termination Date; (v) the Borrower or the respective Consolidated Entity enjoys the quiet and peaceful possession of the estate demised thereby, subject to any sublease; (vi) the Borrower or the respective Consolidated Entity 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 9 lists all the Ground Leases to which any of the Real Property Assets is subject and all amendments and modifications thereto; and (x) the lessor identified on Schedule 9 for each Ground Lease is the current lessor under the related Ground Lease.

5.26. Single Purpose. Except as set forth in Schedule 10, each Operating Partnership is 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, the Borrower and/or the REIT. The principal place of business of each Operating Partnership is, and will continue to be, the location of the Borrower's principal place of business.

5.27. Status of Property. With respect to each Real Property Asset, except as set forth on Schedule 10:

(i) 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, the Borrower or the respective Consolidated Entity has obtained and will maintain the insurance prescribed in clause (y) of Section 6.5(ii)(a) hereof.

(ii) To the best knowledge of the Borrower and the REIT, the Borrower or the respective Consolidated Entity 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.

(iii) To the best knowledge of the 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.

(iv) 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.

(v) 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.

(vi) 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 comply in all material respects with, all Applicable Laws.

(vii) Neither the Borrower nor any Consolidated Entity 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 the Borrower, the REIT or the respective Consolidated Entity, threatened condemnation proceedings affecting the Real Property Asset, or any part thereof.

(viii) To the best knowledge of the 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 (a) been paid in full, (b) not yet due and payable, or (c) are being contested in good faith by Borrower, the REIT or the applicable Consolidated Entity. Subject to the Borrower's or the respective Consolidated Entity'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.

(ix) To the best knowledge of the Borrower and the REIT, the Borrower or the respective Consolidated Entity 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.

(x) To the best knowledge of the 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.

(xi) 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 the Borrower or the respective Consolidated Entity, 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.

(xii) 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.

(xiii) To the best knowledge of the 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.

(xiv) To the best knowledge of the 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 are assessed and taxed together with the Real Property Asset or any portion thereof.

(xv) (a) The Borrower or the respective Consolidated Entity is the sole owner of the entire lessor's interest in the Leases; (b) the Leases are valid and enforceable; (c) the terms of all alterations, modifications and amendments to the Leases are reflected in the certified occupancy statement delivered to and approved by the Agent; (d) with respect to Unencumbered Assets, none of the rents reserved in the Leases have been assigned or otherwise pledged or hypothecated; (e) none of the rents have been collected for more than one (1) month in advance (other than rents in connection with Seasonal RV Sites); (f) 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; (g) there exist no offsets or defenses to the payment of any portion of the rents; (h) with respect to Unencumbered Assets no Lease contains an option to purchase, right of first refusal to purchase, or any other similar provision; (i) no person or entity has any possessory interest in, or right to occupy, the Real Property Asset except under and pursuant to a Lease; (j) 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 (k) the Real Property Asset is not subject to any Lease other than the Leases described in the rent rolls delivered pursuant to Section 6.1.1, none of which is a lease for commercial use (other than laundry, cable television, vending and other similar commercial leases for services).

(xvi) No portion of the Real Property Asset has been or will be purchased with proceeds of any illegal activity.

(xvii) To the best knowledge of the 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 Consolidated Entity is a party to be delivered to the Agent pursuant to any of the provisions hereof are valid and enforceable against the Borrower and such Consolidated Entity 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 the 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.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting.

6.1.1 Financial Statements and Other Reports. The Borrower will furnish to the Agent: (i) annual audited consolidated financial statements of the REIT and its Consolidated Subsidiaries prepared in accordance with Agreement Accounting Principles within 90 days of the end of the REIT's fiscal year certified 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 the 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 Agreement Accounting Principles; (iii) annual audited statements of the Borrower and its Consolidated Subsidiaries prepared in accordance with Agreement Accounting Principles within 90 days of the end of the Borrower's fiscal year, certified 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 the 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 Agreement Accounting Principles; and (v) copies of all of the REIT's, the Borrower's and the Consolidated Entities' quarterly and annual filings with the Securities and Exchange Commission and all other publicly released information promptly after their filing or mailing. The Borrower and the REIT will furnish such additional reports or data, but no more often than on a quarterly basis, as the Agent may reasonably request including, without limitation, monthly operating statements, a certified rent roll, and leasing and management reports for each Unencumbered Asset. The Borrower and the REIT shall maintain a system of accounting capable of furnishing all such information and data, and shall maintain their 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 Agreement Accounting Principles consolidated financial statements of the Borrower. Financial reports requested by the Agent of the Borrower shall be provided to the Agent no later than (a) the later of (x) 15 days after such request and (y) 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.

6.1.2 Officer's Certificate; Comfort Letters. (i) At the time of the delivery of the financial statements under Section 6.1.1 above, the Borrower and the REIT shall provide a certificate of the REIT for itself and as general partner of the Borrower that (x) such financial statements have been prepared in accordance with Agreement Accounting Principles (unless such financial statements are not required to be prepared in accordance with Agreement Accounting Principles pursuant to this Agreement) and fairly present the consolidated financial condition and the results of operations of the REIT and its Consolidated Subsidiaries, the Borrower and 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 the Borrower and the REIT, no Default or Unmatured Default has occurred that is continuing on the date of such certificate or, if any Default or Unmatured Default has occurred and is continuing on such date, specifying the nature and extent thereof and the action the Borrower and the REIT propose to take in respect thereof, and (z) since the date of the prior financial statements delivered pursuant to such clause no change has occurred in the financial position of the 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, the Borrower and the REIT shall provide a certificate of the REIT for itself and as general partner of the Borrower certifying that no Default or Unmatured 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 6.14, 6.15, 6.16, and 6.18 and the provisions of Sections 6.28 and 6.33 and containing calculations verifying such compliance commencing with the calendar quarter ending on June 30, 2002, provided that the certificate for the last calendar quarter with respect to Sections 6.14, 6.15, 6.16 and 6.28 may be delivered within 90 days after the end of such fiscal year with the audited financial statements for the year then ended.

6.1.3 Notice of Default or Litigation. Promptly after a Responsible Officer obtains actual knowledge thereof, the Borrower and the REIT shall give Agent notice of (i) the occurrence of a Default or Unmatured Default, (ii) the occurrence of (x) any default that is not cured, or any event of default, under any partnership agreement of the Borrower or any Consolidated Entity, any mortgage, deed of trust, indenture or other debt or security instrument, covering any of the Assets of the Borrower, the REIT or any other Consolidated Entity or (y) any event of default under any other material agreement to which the Borrower or the REIT or any other Consolidated Entity 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 the Borrower, the REIT or any other Consolidated Entity 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 6.1.3 shall be accompanied by a certificate of the REIT for itself and as general partner of the Borrower setting forth the details of the occurrence

referred to therein and describing the actions the Borrower and the REIT propose to take with respect thereto.

6.1.4 ERISA Information. The Borrower shall furnish to the Agent (i) within 270 days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Single Employer Plan, certified as correct by an actuary enrolled under ERISA and (ii) as soon as possible and in any event within ten (10) days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.

6.1.5 Environmental Notices. The Borrower shall furnish to the Agent, as soon as possible and in any event within ten (10) days after receipt by the Borrower, a copy of (i) any notice or claim to the effect that the Borrower, the REIT or any of the Consolidated Entities is or may be liable to any Person as a result of the release by the Borrower, the REIT or any of the other Consolidated Entities, or any other Person of any toxic or hazardous waste or substance into the environment, and (ii) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrower, the REIT or any of the other Consolidated Entities.

6.1.6 Notice of Violation. The Borrower and the REIT will give prompt notice to the Agent of the receipt by the Borrower, the REIT or any other Consolidated Entity 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 that could result in a Material Adverse Effect.

6.1.7 Other Information. The Borrower and the REIT shall promptly furnish to the Agent such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request.

6.2. Use of Proceeds; Margin Regulations. All proceeds of each Advance will be used by the 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 the Borrower or the REIT to purchase or carry any margin stock (as defined in Regulation U) or to extend credit to others for the purpose of purchasing or carrying any margin stock.

6.3. Conduct of Business; Assets of the REIT.

- (i) The Borrower and the REIT will, and will cause each other Consolidated Entity to, do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.
- (ii) The Borrower will carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted.

- (iii) The REIT will carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted and will conduct substantially all of its business only through the Borrower, except as described in Schedule 7.
- (iv) The REIT shall not own any Assets other than (a) its general partnership interest in the Borrower, (b) such other Assets as are incidental to or required in connection with the ownership of such general partnership interest, and (c) as set forth on Schedule 6. The aggregate value of the Assets described in clauses (b) and (c) above shall not exceed \$5,000,000.

6.4. Taxes. The Borrower and the REIT will, and will cause each of the other Consolidated Entities to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

6.5. Insurance.

- (i) The Borrower and the REIT will, and will cause each of the other Consolidated Entities to maintain with financially sound and reputable insurance companies insurance on itself and its Other Assets in commercially reasonable amounts and furnish to the 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 the Agent may reasonably request.
- (ii) With respect to each Real Property Asset, the Borrower and the REIT will, and will cause each of the other Consolidated Entities to, obtain and maintain, or cause to be maintained, insurance providing at least the following coverages:

(a) insurance on the Real Property Assets insuring against such risks as are customarily insured against by owners of comparable properties, in each case in an amount equal to 100% of the "Full Replacement Cost," providing for no deductible in excess of \$50,000. In addition, the Borrower will obtain (1) 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" and (2) earthquake insurance in commercially reasonable amounts in the event the Real Property Asset is located in an area with a high degree of seismic activity;

(b) 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 (1) to be on the so-called "occurrence" form with a combined single limit of not less than \$1,000,000; (2) to continue at not less than the aforesaid limit until required to be changed by the Agent in writing by reason of changed conditions making such protection inadequate; and (3) to

cover at least the following hazards: (A) premises and operations; and (B) products and completed operations on an "if any" basis;

(c) business income and rent loss insurance (1) covering all risks required to be covered by the insurance provided for in subparagraph (a) above; (2) 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 not less than sixty (60) days from the date of the loss, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (3) in an amount equal to 100% of the projected gross income from the Real Property Asset for a period of not less than sixty (60) days;

(d) at all times during which structural construction, repairs or alterations are being made with respect to the Real Property Asset, builder's risk coverage with respect to such Real Property Asset (or blanket builder's risk coverage in an amount that Borrower reasonably deems adequate with respect to all Real Property Assets undergoing structured construction, repairs or alterations);

(e) comprehensive boiler and machinery insurance, if applicable, on terms consistent with the commercial general liability insurance policy required under subparagraph (b) above;

(f) 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 subparagraph (b) above; and

(g) such other insurance and in such amounts and 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.

- (iii) All insurance provided for hereunder shall be obtained under valid and enforceable policies, and 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. 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.
- (iv) The Borrower will furnish to the Agent, on or before thirty (30) days after the close of each of the Borrower's fiscal years, a statement certified by the Borrower or a duly authorized officer of the 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.

6.6. Compliance with Laws. The Borrower and the REIT will, and will cause each of the other Consolidated Entities to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, including, without limitation, all Environmental Laws. The Borrower and the REIT will, and will cause each of the other Consolidated Entities to, take appropriate measures to prevent, and will not engage in or knowingly permit, any illegal activities at any Real Property Asset.

6.7. Maintenance of Properties. The Borrower and the REIT will, and will cause each of the other Consolidated Entities to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

6.8. Inspection. The Borrower and the REIT will, and will cause each of the other Consolidated Entities to, permit the Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Borrower, the REIT and each of the other Consolidated Entities, to examine and make copies of the books of accounts and other financial records of the Borrower, the REIT and each of the other Consolidated Entities, to discuss the affairs, finances and accounts of the Borrower, the REIT and each of the other Consolidated Entities with, and to be advised as to the same by, their respective officers and to visit and inspect any of the Real Property Assets, all at such reasonable times and intervals as the Agent or any Lender may designate.

6.9. Stock. The REIT will cause all of its issued and outstanding shares of stock to be listed for trading on the New York Stock Exchange.

6.10. Change in Rating. The Borrower will promptly notify the Agent in writing of any change, downgrade or withdrawal, or threatened change, downgrade or withdrawal of the Borrower's Unsecured Debt Rating.

6.11. Settlement/Judgment Notice. The Borrower agrees that it will, within ten (10) days after a settlement of any claim, liability or obligation of the Borrower, the REIT or any Consolidated Entity in excess of \$1,000,000, provide written notice to the Agent of such settlement together with a certification signed by the REIT for itself and as general partner of the Borrower certifying that, based upon the most recent quarterly consolidated financial statements of the Borrower, the REIT and their Consolidated Subsidiaries, such settlement will not cause the Borrower or the REIT to violate the financial covenants set forth in Sections 6.14, 6.15 and 6.16 hereof. The Borrower further agrees that it will, within ten (10) days after entry of a final judgment against the Borrower, the REIT or any Consolidated Entity in excess of \$1,000,000 or final judgments against the Borrower, the REIT or any Consolidated Entity in excess of \$1,000,000 in the aggregate during the immediately preceding twelve (12) month period, provide written notice to the Agent of such judgment together with a certification signed by the REIT for itself and as general partner of the Borrower certifying based upon the most recent quarterly

consolidated financial statements of the Borrower, such judgment will not cause the Borrower to violate the financial covenants set forth in Sections 6.14 and 6.15 hereof.

6.12. Acceleration Notice. The Borrower agrees that it will, within ten (10) days after receipt of written notice that any Indebtedness of the Borrower, the REIT or any Consolidated Entity has been accelerated, provide written notice to the Agent of such acceleration.

6.13. Lien Searches; Title Searches. In addition to searches and endorsements that the Agent may require in connection with an Advance, the Borrower will, upon the Agent's request therefor given from time to time, but not more frequently than annually, unless a 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 the Agent, furnish to the Agent, at the Borrower's sole cost and expense, (a) copies of all owners title policies for each of the Unencumbered Assets (including copies of all endorsements and back-up documentation relating to each such policies), (b) a recent survey with respect to each Unencumbered Asset reasonably satisfactory in form and substance to the Agent or the Lender requesting such survey, (c) reports of UCC, tax lien, judgment and litigation searches with respect to the Borrower and each of the other Consolidated Entities, and (d) current 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 the Agent in each of the locations designated by the Agent.

6.14. Minimum Net Worth. Consolidated Net Worth shall not, at any time, be less than \$500,000,000, plus 85% of the net proceeds (after payment of underwriter and placement fees and other expenses directly related to such equity offering) and other consideration received from subsequent equity offerings by the REIT following the Closing Date, calculated in accordance with Agreement Accounting Principles.

6.15. Indebtedness.

(i) Consolidated Indebtedness shall not exceed at any time 50% of the total Market Value of all Assets of the Borrower, the REIT and their Consolidated Subsidiaries (including, for purposes of this subparagraph (i), a pro rata portion of the Book Value of the Assets of any Joint Venture or other Person in which the Borrower, the REIT or any of their Consolidated Subsidiaries holds an equity or ownership interest, to the extent that the same is not otherwise reflected in the amount of the Investment in such Joint Venture or other Person that is included in the determination of the Assets of the Borrower, the REIT and their Consolidated Subsidiaries; such pro rata portion shall be in the proportion of such equity or ownership interest in such Joint Venture or other Person). In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by the Agent and the Required Lenders, such breach shall not be deemed a Default unless the Borrower and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

(ii) Consolidated Unsecured Indebtedness shall not exceed at any time 50% of Total Unencumbered Assets. In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by the Agent and the Required

Lenders, such breach shall not be deemed a Default unless the Borrower and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

(iii) Consolidated Secured Indebtedness shall not exceed at any time 40% of the total Market Value of all Assets of the Borrower, the REIT and their Consolidated Subsidiaries (including, for purposes of this subparagraph (iii), a pro rata portion of the Book Value of the Assets of any Joint Venture or other Person in which the Borrower, the REIT or any of their Consolidated Subsidiaries holds an equity or ownership interest, to the extent that the same is not otherwise reflected in the amount of the Investment in such Joint Venture or other Person that is included in the determination of the Assets of the Borrower, the REIT and their Consolidated Subsidiaries; such pro rata portion shall be in the proportion of such equity or ownership interest in such Joint Venture or other Person). In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by the Agent and the Required Lenders, such breach shall not be deemed a Default unless the Borrower and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

(iv) Not more than 40% of the Consolidated Secured Indebtedness shall at any time be Recourse Debt. In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by the Agent and the Required Lenders, such breach shall not be deemed a Default unless the Borrower and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

6.16. Coverage Ratios.

(i) The ratio of (x) Consolidated EBITDA (less Minimum Capital Expenditure Reserves except to the extent such reserves have been taken into account in determining Consolidated EBITDA) for any period of twelve consecutive months ending on the last day of each of the Borrower's fiscal quarters (each such period, a "Base Period"), to (y) Debt Service of the Borrower, the REIT and their Consolidated Subsidiaries (without duplication) for such Base Period shall not at any time be less than 2.25 to 1.

(ii) The ratio of (x) Consolidated EBITDA (less Minimum Capital Expenditure Reserves except to the extent such reserves have been taken into account in determining Consolidated EBITDA) for any Base Period, to (y) the sum of Debt Service plus Fixed Charges of the Borrower, the REIT and their Consolidated Subsidiaries (without duplication) for such Base Period shall not at any time be less than 1.85 to 1.

(iii) The ratio of (x) Net Operating Income from the Unencumbered Assets (less Minimum Capital Expenditure Reserves, except to the extent such reserves have been taken into account in determining Net Operating Income) for any Base Period to (y) Debt Service with respect to all Consolidated Unsecured Indebtedness for such Base Period shall not at any time be less than 1.80 to 1.

6.17. 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 the Borrower.

6.18. Minimum Asset Value. The Market Value of all Unencumbered Assets shall at all times equal or exceed \$300,000,000.

6.19. Managers. The Real Property Assets shall at all times be managed by the Borrower or an Affiliate of the Borrower or the REIT. If (i) any manager shall become insolvent or (ii) a Default shall occur and be continuing, then the Agent and the Required Lenders, at their option, may require the Borrower to engage a bona-fide, independent third party management agent approved by the Agent and the Required Lenders in their sole discretion to manage the Real Property Assets. Such management agent shall (a) be engaged by the Borrower pursuant to a written management agreement that complies with the terms hereof and is otherwise satisfactory to the Agent and the Required Lenders in all respects and (b) execute and deliver a Subordination of Management Agreement.

6.20. Further Assurances. The Borrower will, at the Borrower's sole cost and expense, at any time and from time to time upon request of the 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 the Agent or any 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.

6.21. REIT Status. The REIT will at all times maintain its status as a "qualified real estate investment trust" under Section 856 of the Code.

6.22. Preparation of Environmental Reports. At the request of the Agent or the Required Lenders, from time to time, the Borrower will provide to the Agent, within thirty (30) days after such request, at the expense of the Borrower and the REIT, an Environmental Report for all Real Property Assets that have been acquired after the date hereof and with respect to any Real Property Asset for which the 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 with respect to a Real Property Asset owned on the Closing Date or there is a basis to believe that there may be Hazardous Materials or a threat of a release of Hazardous Materials with respect to such Real Property Asset) as described in such request. Without limiting the generality of the foregoing, if the Agent or the Required 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, the Agent may retain an environmental consulting firm to prepare such Environmental Report at the expense of the Borrower and the REIT, and the Borrower hereby grants, and agrees to cause any Consolidated Entity which owns any Real Property Asset described in such request to grant at the time of such request, to the Agent, such firm and any agents or 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.

6.23. Documentation following Acquisition of an Interest in Real Property Assets. The Borrower will provide to the Agent, not later than fifteen (15) days after the close of each quarterly accounting period in each fiscal year, the following information with respect to each acquisition of an interest in a Real Property Asset (which shall include only Permitted Investments) by the Borrower, the REIT or any Consolidated Entity during such prior quarter: (i) the location of the Real Property Asset; (ii) the Net Operating Income of the Real Property Asset; (iii) the number of units in the Real Property Asset; and (iv) the purchase price of the Real Property Asset. Within thirty (30) days following the delivery of such information, upon request of the Agent or any Lender, the Borrower shall provide, within thirty (30) days of such request, the following information: (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 the Agent, including any Environmental Reports prepared in accordance with Section 6.30.

6.24. Preparation of Engineering Reports. At the request of the Agent from time to time, the Borrower will provide to the Agent, within thirty (30) days after such request, at the expense of the 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 the 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.

6.25. Liens. The Borrower, the REIT and the other Consolidated Entities will 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"):

(i) Liens existing on the Closing Date and set forth on Schedule 5 hereto;

(ii) 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 Agreement Accounting Principles;

(iii) 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 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;

(iv) Easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the 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 the Borrower; and

(v) With respect to Real Property Assets that are not Unencumbered Assets, Permitted Mortgage Debt.

6.26. Restriction on Fundamental Changes.

(i) Without the prior written consent of the Agent and the Required Lenders, which consent may be withheld in the sole and absolute discretion of the Agent and the Required Lenders, the Borrower, the REIT and the other Consolidated Entities will not enter into any merger or consolidation with, or sell, lease, transfer or otherwise dispose of any Substantial Assets to, any Person other than the Borrower, the REIT or a Wholly-Owned Subsidiary of the Borrower or the REIT. Notwithstanding the foregoing, neither the Borrower, the REIT nor any Consolidated Entity shall enter into any arrangement, directly or indirectly, whereby the Borrower, the REIT or any Consolidated Entity 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.

(ii) Notwithstanding the foregoing, the Borrower and the other Consolidated Entities may enter into a merger or consolidation, provided that following such merger or consolidation, the 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 the Borrower, and (ii) owns at least a 51% economic ownership interest in the Borrower.

(iii) Gary Shiffman will, for so long as he is living, at all times own, in the aggregate, at least 350,000 OP Units in the Borrower and shares of common stock in the REIT.

6.27. Transactions with Affiliates. The Borrower, the REIT and the other Consolidated Entities will not enter into any material transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the 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 the Borrower.

6.28. Distributions. The REIT and the Borrower (without duplication) will not pay or declare Distributions (i) if a Default has occurred and is continuing or (ii) that in the aggregate exceed (a) ninety percent (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), (b) the amount necessary to maintain the REIT's status as a real estate investment trust under Section 856 of the Code, or (c) the amount necessary for the REIT to avoid the payment of any federal income or excise tax, whichever (a), (b) or (c) is greatest. 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 OP Units or Common OP Units.

6.29. Restriction on Prepayment of Indebtedness. Neither the Borrower nor the REIT will prepay the principal amount, in whole or in part, of any Unsecured Debt other than the Obligations after the occurrence of any Default.

6.30. Real Property Assets. Neither the Borrower, the REIT nor any other Consolidated Entity will acquire any Real Property Asset unless an Environmental Report for such Real Property Asset dated within six (6) months of the proposed acquisition date has been prepared and, if requested in the Agent's sole discretion, delivered to the Agent and such Environmental Report is satisfactory to the Agent in all material respects.

6.31. Organizational Documents. Neither the Borrower, the REIT nor any other Consolidated Entity will make any amendments or modifications to its partnership agreement, corporate charter, by-laws, certificate of incorporation, articles of organization, operating agreement or other organizational documents which would have a Material Adverse Effect without the prior approval of the Agent and the Required Lenders; notwithstanding the foregoing, the Agent will 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 partner is Gary Shiffman).

6.32. Restrictions on Investments. Neither the Borrower, the REIT or any Consolidated Entity will make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

(i) 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 Consolidated Entity;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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;

(vii) 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; and

(viii) Permitted Investments.

6.33. RV Sites. Not more than fifteen percent (15%) (in the aggregate) of the Unit pads or sites on the Real Property Assets that are actually available and capable of being leased or rented and that may be legally leased or rented pursuant to Applicable Laws will be designated, reserved for, or leased or rented as Seasonal RV Sites or parking areas. For purposes hereof, "Seasonal RV Sites" means 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.

6.34. Plans. The Borrower, the REIT and the other Consolidated Entities shall not, nor shall they permit any member of their respective Controlled Group to, (i) take any action which would (A) increase the aggregate present value of the Unfunded Liabilities under all Plans or withdrawal liability under a Multiemployer Plan for which the Borrower, the REIT or any other Consolidated Entity or any member of their respective Controlled Groups (determined without reference to Section 414(m) or (o) of the Code, if liabilities of entities in the Borrower's, the REIT's or the other Consolidated Entities' Controlled Group solely by reason of Section 414(m) or (o) of the Code could not result in liability to the Borrower, the REIT or any other Consolidated Entity) 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 if the taking of such action under this clause (i) has, or could reasonably be expected to have, a Material Adverse Effect, or (ii) engage in any transaction prohibited by Section 408 of ERISA or Section 4975 of the Code.

ARTICLE VII

DEFAULTS

Each of the following events, acts, occurrences or conditions shall constitute a 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:

7.1. Failure to Make Payments. The Borrower and the REIT shall (i) default in the payment when due of any principal of any Loan, or (ii) default in the payment within five (5) days after the due date of (x) any interest on any Loan or (y) any fees or other amounts owing hereunder.

7.2. Breach of Representation or Warranty. Any representation or warranty made by the Borrower, the REIT or any other Consolidated Entity 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 the Borrower shall have a period of thirty (30) days after delivery of notice from the Agent to cure any such breach.

7.3. Breach of Covenants.

(i) The Borrower, the REIT or any other Consolidated Entity shall fail to perform or observe any agreement, covenant or obligation arising under Sections 6.14, 6.15, 6.16, 6.18, 6.21, 6.25 (other than Liens which are placed on a Real Property Asset without the consent of the Borrower, the REIT or any Consolidated Entity), 6.26, 6.28, 6.29, 6.30 and 6.32.

(ii) The Borrower, the REIT or any of the other Consolidated Entities shall fail to perform or observe any agreement, covenant or obligation arising under this Agreement (except those described in Sections 7.1, 7.2 and 7.3(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 failure, provided that the Borrower has commenced and is diligently prosecuting the cure of such failure and cures it within ninety (90) days.

(iii) The Borrower, the REIT or any other Consolidated Entity 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.

7.4. Default Under Other Agreements. The Borrower, the REIT or any other Consolidated Entity 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 \$5,000,000 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 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.

7.5. Bankruptcy, etc. (i) The Borrower, the REIT or any Significant Consolidated Entity shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commenced against the Borrower, the REIT or any Significant Consolidated Entity 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 the Borrower, the REIT, any other Significant Consolidated Entity or the Borrower, the REIT or any Significant Consolidated Entity 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 the Borrower, the REIT or any Significant Consolidated Entity or there is commenced against the Borrower, the REIT or any Significant Consolidated Entity any such proceeding which remains undischarged 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) the Borrower, the REIT or any Significant Consolidated Entity is adjudicated insolvent or bankrupt; or (vi) the Borrower, the REIT or any Significant Consolidated Entity 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) the Borrower, the REIT or any Significant Consolidated Entity makes a general assignment for the benefit of creditors; or (viii) the Borrower, the REIT or any Significant Consolidated Entity 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) the Borrower, the REIT or any Significant Consolidated Entity shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debt; or (x) the Borrower, the REIT or any Significant Consolidated Entity shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate, partnership or limited liability company action is taken by the Borrower, the REIT or any Significant Consolidated Entity for the purpose of effecting any of the foregoing.

7.6. Receivership. Without the application, approval or consent of the Borrower, the REIT or any Significant Consolidated Entity, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower, the REIT or any Significant Consolidated Entity or any Substantial Portion of their Property, or a proceeding described in Section 7.5(iii) shall be instituted against the Borrower, the REIT or any Significant Consolidated Entity and such appointment continues undischarged or such proceeding continues undischarged or unstayed for a period of 30 consecutive days.

7.7. Condemnation. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower, the REIT or any Consolidated Entity which, when taken together with all other Property of the Borrower, the REIT or any Consolidated Entity so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.8. Unfunded Liabilities. The Unfunded Liabilities of all Single Employer Plans shall exceed in the aggregate \$1,000,000 or any Reportable Event shall occur in connection with any Plan.

7.9. Change in Control. Any Change in Control shall occur.

7.10. Guaranty. Any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of any Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect.

7.11. Judgments. One or more judgments or decrees (i) in an aggregate amount of \$5,000,000 or more are entered against the Borrower, the REIT or any other Consolidated Entity in any consecutive twelve (12) month period or (ii) which, with respect to the Borrower, the REIT and the other Consolidated Entities, 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.

7.12. 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.

7.13. Material Adverse Effect. If any Material Adverse Effect shall occur (other than a down grade, withdrawal or termination of the Borrower's or the REIT's Unsecured Debt Rating).

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration; Facility LC Collateral Account.

(i) If any Default described in Section 7.5 or 7.6 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent, the LC Issuer or any Lender and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount on deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default occurs, the Required Lenders (or the Agent with the consent of the

Required Lenders) may (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives, and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

- (ii) If at any time while any Default is continuing, the Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Agent may make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.
- (iii) The Agent may, at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Obligations and any other amounts as shall from time to time have become due and payable by the Borrower to the Lenders or the LC Issuer under the Loan Documents.
- (iv) At any time while any Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Commitment has been terminated, any funds remaining in the Facility LC Collateral Account shall be returned by the Agent to the Borrower or paid to whomever may be legally entitled thereto at such time.
- (v) If, within 45 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligation and power of the LC Issuer to issue Facility LCs hereunder as a result of any Default (other than any Default as described in Section 7.5 or 7.6 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Section 8.2, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower

hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of all of the Lenders:

- (i) Extend the final maturity of any Loan, or extend the expiry date of any Facility LC to a date after the Facility Termination Date or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto.
- (ii) Reduce the percentage specified in the definition of Required Lenders.
- (iii) Extend the Facility Termination Date or (except as otherwise provided in Section 2.5.4) increase the amount of the Aggregate Commitment, the Commitment of any Lender hereunder or the commitment to issue Facility LCs, or permit the Borrower to assign its rights under this Agreement.
- (iv) Reduce the Commitment of any Lender except for (a) reductions of the Aggregate Commitment provided for in Section 2.5.3, (b) reductions of a Lender's Commitment as a result of the assignment of all or a portion thereof to a Purchaser in accordance with Section 12.3 and (c) replacement of a Lender in accordance with Section 2.18.
- (v) Amend this Section 8.2.
- (vi) Release any Guarantor except as provided in Section 9.15.
- (vii) Provide for a Eurodollar Interest Period of less than one month or greater than six months.
- (viii) Subject any Lender to any additional obligation.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent, and no amendment of any provision relating to the LC Issuer shall be effective without the written consent of the LC Issuer. The Agent may waive payment of the fee required under Section 12.3.2.

8.3. Preservation of Rights. No delay or omission of the Lenders, the LC Issuer or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent, the LC Issuer and the Lenders until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent, the LC Issuer and the Lenders and supersede all prior agreements and understandings among the Borrower, the Agent, the LC Issuer and the Lenders relating to the subject matter thereof other than those contained in the fee letter described in Section 10.13 which is the subject of this Agreement, all of which shall survive and remain in full force and effect during the term of this Agreement.

9.5. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6. Expenses; Indemnification.

- (i) The Borrower shall reimburse the Agent and the Arranger for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Agent, the Arranger, the LC Issuer and the Lenders for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, the Arranger, the LC Issuer and the Lenders, which attorneys may

be employees of the Agent, the Arranger, the LC Issuer or the Lenders) paid or incurred by the Agent, the Arranger, the LC Issuer or any Lender in connection with the collection and enforcement of the Loan Documents. Expenses being reimbursed by the Borrower under this Section include, without limitation, costs and expenses incurred by the Agent under Sections 4.1.4, 4.2.8, 4.2.9, 6.13 and 6.22 and costs and expenses incurred in connection with the Reports described in the following sentence. The Borrower acknowledges that from time to time Bank One may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrower's assets for internal use by Bank One from information furnished to it by or on behalf of the Borrower, after Bank One has exercised its rights of inspection pursuant to this Agreement.

- (ii) The Borrower hereby further agrees to indemnify the Agent, the Arranger, the LC Issuer, each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent, the Arranger, the LC Issuer, any Lender or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.6 shall survive the termination of this Agreement.

9.7. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

9.8. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles.

9.9. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10. Nonliability of Lenders. The relationship between the Borrower on the one hand and the Lenders, the LC Issuer and the Agent on the other hand shall be solely that of borrower and lender. Neither the Agent, the Arranger, the LC Issuer nor any Lender shall have any fiduciary responsibilities to the Borrower or the REIT. Neither the Agent, the Arranger, the LC Issuer nor any Lender undertakes any responsibility to the Borrower or the REIT to review or inform them of any matter in connection with any phase of the business or operations of the

Borrower or the REIT. The Borrower and the REIT agree that neither the Agent, the Arranger, the LC Issuer nor any Lender shall have liability to the Borrower or the REIT (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower or the REIT in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Agent, the Arranger, the LC Issuer nor any Lender shall have any liability with respect to, and the Borrower or the REIT hereby waive, release and agree not to sue for, any special, indirect or consequential damages suffered by the Borrower or the REIT in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11. Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrower or the REIT pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, (vii) permitted by Section 12.4 and (viii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances hereunder.

9.12. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Loans provided for herein.

9.13. Disclosure. The Borrower, the REIT and each Lender hereby acknowledge and agree that Bank One and/or its Affiliates and each Lender and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower, the REIT and their Affiliates.

9.14. Recourse. The Loans, the Facility LC Obligations and all other Obligations shall be full recourse to the Borrower. The REIT shall have no liability with respect to the Loans, the Facility LC Obligations or any other Obligations except as set forth in the Guaranty.

9.15. Release of Certain Guarantors. The Agent shall, upon written request of the Borrower, release from its Guaranty any Guarantor (other than the REIT) that ceases to own any Unencumbered Assets, provided that (i) no Default has occurred that is continuing and (ii) upon such release, the Borrower shall be in compliance with its covenants hereunder.

ARTICLE X

THE AGENT

10.1. Appointment; Nature of Relationship. Bank One, NA is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of the term "secured party" as defined in the Illinois Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2. Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

10.3. General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, the REIT, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4. No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation,

perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrower, the REIT or any other Consolidated Entity of any of the Obligations or of any of the Borrower's, the REIT's or any such Consolidated Entity's respective Subsidiaries. The Agent shall with reasonable promptness deliver to the Lenders (unless the Borrower has furnished the same directly to the Lenders) copies of any materials furnished to the Agent by the Borrower pursuant to the requirements of this Agreement, including without limitation those provided for in Sections 6.1, 6.10, 6.11 and 6.12, but the Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower or the REIT to the Agent at such time, but is voluntarily furnished by the Borrower or the REIT to the Agent (either in its capacity as the Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Agents and Counsel. The Agent may execute any of its duties as the Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8. Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders (and not reimbursed by the Borrower), in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments,

suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents (but only to the extent not reimbursed by the Borrower), provided that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder (other than a failure to pay any or all of the Obligations from time to time payable hereunder) unless the Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

10.10. Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower, the REIT or any of their Subsidiaries in which the Borrower, the REIT or such Subsidiary is not restricted hereby from engaging with any other Person.

10.11. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such

removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrower, the REIT and the Lenders, a successor Agent, which appointment shall (as long as no Default has occurred that is continuing) be subject to the prior written approval of the Borrower, not to be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrower, the REIT and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Borrower, the REIT or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower and the REIT shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Agent, the provisions of this Article X shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Agent by merger, or the Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Agent.

10.13. Agent and Arranger Fees. The Borrower agrees to pay to the Agent and the Arranger, for their respective accounts, the fees agreed to by the Borrower, the REIT, the Agent and the Arranger pursuant to that certain letter agreement dated May 3, 2002, or as otherwise agreed from time to time.

10.14. Delegation to Affiliates. The Borrower, the REIT and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles IX and X.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender

or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5 or payments of principal or interest on Competitive Bid Loans at a time when no Default is continuing) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower, the REIT and the Lenders and their respective successors and assigns permitted hereby, except that (i) neither the Borrower nor the REIT shall have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by Participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 12.3.2. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; provided, however, that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making

such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2. Participations.

12.2.1 Permitted Participants; Effect. Any Lender may at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower, the REIT and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Exposure or Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2 or of any other Loan Document.

12.2.3. Benefit of Certain Provisions. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3, provided that (i) a Participant shall not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower, and (ii) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender.

12.3. Assignments.

12.3.1 Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit C or in such other form as may be agreed to by the parties thereto. The consent of the Borrower, and the Agent and the LC Issuer shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof; provided, however, that if a Default has occurred and is continuing, the consent of the Borrower shall not be required. Such consents shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate thereof shall (unless each of the Borrower and the Agent otherwise consents) be in an amount not less than the lesser of (i) \$10,000,000 or (ii) the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment) or outstanding Loans (if the applicable Commitment has been terminated).

12.3.2 Notice of Assignment. Upon (i) delivery to the Agent of a notice of assignment, substantially in the form attached as Exhibit I to Exhibit C (a "Notice of Assignment"), together with any consents required by Section 12.3.1, and (ii) payment of a \$4,000 fee to the Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Outstanding Credit Exposure under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the REIT, the Lenders or the Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Outstanding Credit Exposure assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

12.3.3 Register. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Chicago, Illinois a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Agent

and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

12.4. Dissemination of Information. The Borrower and the REIT hereby authorize each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower, the REIT and their Subsidiaries, including without limitation any information contained in any Reports; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII

NOTICES

13.1. Notices. Except as otherwise permitted by Section 2.12 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower, the REIT or the Agent, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any Lender, at its address or facsimile number set forth below its signature hereto or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Agent under Article II shall not be effective until received.

13.2. Change of Address. The Borrower, the REIT, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the REIT, the Agent, the LC Issuer and the Lenders and each party has notified the Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, 735 ILCS SECTION 105/5-1 ET SEQ, BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2. CONSENT TO JURISDICTION. THE BORROWER AND THE REIT HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER AND THE REIT HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION THEY MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT, THE LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER OR THE REIT IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER OR THE REIT AGAINST THE AGENT, THE LC ISSUER OR ANY LENDER OR ANY AFFILIATE OF THE AGENT, THE LC ISSUER OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

15.3. WAIVER OF JURY TRIAL. THE BORROWER, THE REIT, THE AGENT, THE LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY

WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

IN WITNESS WHEREOF, the Borrower, the Lenders and the Agent have executed this Agreement as of the date first above written.

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP

By: Sun Communities, Inc., its general partner

By: /s/ Jeffrey P. Jorissen

Title: Chief Financial Officer

Sun Communities Operating Limited Partnership
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Telecopier Number: (810) 932-3072
Attention: Jeffrey P. Jorissen

With a copy to:

Jaffe, Raitt, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Telecopier Number: (313) 961-8358
Attention: Arthur A. Weiss, Esq.

SUN COMMUNITIES, INC.

By: /s/ Jeffrey P. Jorissen

Title: Chief Financial Officer

Sun Communities, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Telecopier Number: (810) 932-3072
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One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Telecopier Number: (313) 961-8358
Attention: Arthur A. Weiss, Esq.

BANK ONE, NA,
Individually and as Agent

By: /s/ Patricia Leung

Title: Director of Capital Markets, Inc.

Bank One, NA
1 Bank One Plaza
Chicago, Illinois 60670
Telecopier Number: (312) 732-5939
Attention: Patricia Leung

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: /s/ Mark Neibch

Title: Vice President

Wells Fargo Bank, National Association
225 West Wacker Drive
Suite 2550
Chicago, IL 60606
Telecopier No.: (312) 782-0969
Attention: Mark Neibch

AMSOUTH BANK

By: /s/ Brian Coffee

Title: Senior Vice President

AmSouth Bank
1900 5th Avenue No.
Commercial Real Estate 9th Floor
Birmingham, AL 35203
Telecopier No.: (205) 326-4075
Attention: Robert W. Blair

THE HUNTINGTON NATIONAL BANK

By: /s/ Michael S. Vieregge

Title: Vice President

The Huntington National Bank
803 West Big Beaver Road -- Suite 202
Troy, MI 48084
Telecopier No.: (248) 244-3504
Attention: Michael S. Vieregge

STANDARD FEDERAL BANK, N.A.

By: /s/ Carol Ann Arvan

Title: First Vice President

Standard Federal Bank, N.A.
2600 West Big Beaver Road -- 4th Floor
Troy, MI 48084
Telecopier No.: (248) 816-4860
Attention: Carol Ann Arvan