

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, 2004.

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.)

27777 Franklin Rd.
Suite 200
Southfield, Michigan 48034
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (248) 208-2500

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

Indicate by check mark whether the Registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act). 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 June 30, 2004: 18,989,572

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2004 and DECEMBER 31, 2003
(AMOUNTS IN THOUSANDS)

	(UNAUDITED) JUNE 30, 2004 -----	DECEMBER 31, 2003 -----
ASSETS		
Investment in rental property, net	\$ 1,076,884	\$ 1,010,484
Cash and cash equivalents	106,117	24,058
Inventory of manufactured homes	18,599	17,236
Investment in and advances to affiliate	50,160	50,667
Notes and other receivables	41,586	74,828
Other assets	51,837	44,301
	-----	-----
Total assets	\$ 1,345,183 =====	\$ 1,221,574 =====
LIABILITIES		
Line of credit	\$ -	\$ 99,000
Debt	976,816	674,328
Other liabilities	26,207	24,833
	-----	-----
Total liabilities	1,003,023 -----	798,161 -----
Minority interests	86,871 -----	96,803 -----
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value, 10,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 100,000 shares authorized, 19,461 and 19,192 issued in 2004 and 2003, respectively	195	192
Paid-in capital	454,734	446,211
Officer's notes	(10,136)	(10,299)
Unearned compensation	(13,717)	(7,337)
Accumulated comprehensive earnings	80	(1,294)
Distributions in excess of accumulated earnings	(160,196)	(94,479)
Treasury stock, at cost, 472 and 202 shares in 2004 and 2003, respectively	(15,671)	(6,384)
	-----	-----
Total stockholders' equity	255,289 -----	326,610 -----
Total liabilities and stockholders' equity	\$ 1,345,183 =====	\$ 1,221,574 =====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE PERIODS ENDED JUNE 30, 2004 AND 2003
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
REVENUES				
Income from rental property	\$ 40,501	\$ 39,361	\$ 83,369	\$ 80,374
Revenue from home sales	6,082	5,601	10,056	9,715
Ancillary revenues, net	519	435	1,116	876
Interest and other income	1,685	3,164	3,807	5,562
	-----	-----	-----	-----
Total revenues	48,787	48,561	98,348	96,527
	-----	-----	-----	-----
COSTS AND EXPENSES				
Property operating and maintenance	10,068	9,447	20,296	19,549
Cost of home sales	5,137	3,543	8,262	6,186
Real estate taxes	3,353	2,932	6,519	5,869
General and administrative - rental property	2,640	2,504	5,446	4,877
General and administrative - home sales	1,631	1,598	3,061	3,011
Depreciation and amortization	10,806	10,838	22,089	21,450
Extinguishment of debt	51,643	-	51,643	-
Deferred financing costs related to extinguished debt	5,557	-	5,557	-
Interest	10,100	10,484	19,365	19,307
	-----	-----	-----	-----
Total expenses	100,935	41,346	142,238	80,249
	-----	-----	-----	-----
Income (loss) before equity income (loss) from affiliate, discontinued operations, and minority interests	(52,148)	7,215	(43,890)	16,278
Equity income (loss) from affiliate	100	(251)	300	(314)
	-----	-----	-----	-----
Income (loss) from continuing operations before minority interests	(52,048)	6,964	(43,590)	15,964
Less income (loss) allocated to minority interests:				
Preferred OP Units	2,184	2,133	4,363	4,261
Common OP Units	(6,331)	605	(5,622)	1,468
	-----	-----	-----	-----
Income (loss) from continuing operations	(47,901)	4,226	(42,331)	10,235
Income from discontinued operations	-	313	-	647
	-----	-----	-----	-----
Net income (loss)	\$ (47,901)	\$ 4,539	\$ (42,331)	\$ 10,882
	=====	=====	=====	=====
Weighted average common shares outstanding:				
Basic	18,639	17,902	18,670	17,846
	=====	=====	=====	=====
Diluted	18,639	18,091	18,670	18,000
	=====	=====	=====	=====
Basic earnings (loss) per share:				
Continuing operations	\$ (2.57)	\$ 0.23	\$ (2.27)	\$ 0.57
Discontinued operations	-	0.02	-	0.04
	-----	-----	-----	-----
Net income (loss)	\$ (2.57)	\$ 0.25	\$ (2.27)	\$ 0.61
	=====	=====	=====	=====
Diluted earnings (loss) per share:				
Continuing operations	\$ (2.57)	\$ 0.23	\$ (2.27)	\$ 0.56
Discontinued operations	-	0.02	-	0.04
	-----	-----	-----	-----
Net income (loss)	\$ (2.57)	\$ 0.25	\$ (2.27)	\$ 0.60
	=====	=====	=====	=====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE PERIODS ENDED JUNE 30, 2004 AND 2003
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Net income (loss)	\$(47,901)	\$ 4,539	\$(42,331)	\$ 10,882
Unrealized income (loss) on interest rate swaps	2,857	(1,942)	1,374	(2,381)
Comprehensive income (loss)	\$ (45,044)	\$ 2,597	\$ (40,957)	\$ 8,501

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, 2004 AND 2003
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	2004	2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (42,331)	\$ 10,882
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Income (loss) allocated to minority interests	(5,622)	1,468
Income from discontinued operations allocated to minority interests	-	92
Depreciation and amortization	22,732	21,450
Depreciation allocated to income from discontinued operations	-	315
Amortization of deferred financing costs	804	699
Extinguishment of debt	51,643	-
Write off of deferred financing costs related to extinguished debt	5,557	-
Equity (income) loss from affiliate	(300)	314
Increase in inventory and other assets	(11,550)	(4,347)
Increase in accounts payable and other liabilities	1,374	1,016
	-----	-----
Net cash provided by operating activities	22,307	31,889
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in rental properties	(90,996)	(14,139)
Investment in and advances to affiliate	689	(21,815)
Proceeds from sale of installment loans on manufactured homes	12,325	-
Decrease (increase) in notes receivable and officers' notes, net	21,280	(707)
	-----	-----
Net cash used in investing activities	(56,702)	(36,661)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock and OP units, net	7,487	6,300
Borrowings (repayments) on line of credit, net	(99,000)	12,000
Payments to redeem notes payable and other debt	(423,081)	(137,931)
Proceeds from notes payable and other debt	673,580	150,000
Payments for deferred financing costs	(6,895)	(1,953)
Treasury stock purchases	(9,287)	-
Distributions	(26,350)	(24,605)
	-----	-----
Net cash provided by financing activities	116,454	3,811
	-----	-----
Net (decrease) increase in cash and cash equivalents	82,059	(961)
Cash and cash equivalents, beginning of period	24,058	2,664
	-----	-----
Cash and cash equivalents, end of period	\$ 106,117	\$ 1,703
	=====	=====
SUPPLEMENTAL INFORMATION:		
Cash paid for interest including capitalized amounts of \$294 and \$1,029 for the six months ended June 30, 2004 and 2003, respectively	\$ 23,289	\$ 16,453
Noncash investing and financing activities:		
Debt assumed for rental properties	\$ 30	\$ -
Issuance of partnership units to retire capitalized lease obligations	\$ 4,725	\$ 4,170
Unrealized gains (losses) on interest rate swaps	\$ 1,374	\$ (2,381)

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

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION:

These unaudited condensed consolidated financial statements of Sun Communities, Inc., a Maryland corporation, (the "Company") and all majority-owned and controlled subsidiaries including Sun Communities Operating Limited Partnership (the "Operating Partnership"), SunChamp LLC ("SunChamp"), and Sun Home Services, Inc. ("SHS"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the consolidated financial statements and notes thereto of the Company included in the Annual Report on Form 10-K for the year ended December 31, 2003. 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. Certain reclassifications have been made to prior periods' financial statements in order to conform with current period presentation.

2. RENTAL PROPERTY:

The following summarizes rental property (amounts in thousands):

	JUNE 30, 2004	DECEMBER 31, 2003
	-----	-----
Land	\$ 110,354	\$ 104,541
Land improvements and buildings	1,125,521	1,048,576
Furniture, fixtures, and equipment	32,670	33,080
Land held for future development	34,318	31,409
Property under development	1,959	2,799
	-----	-----
	1,304,822	1,220,405
Less accumulated depreciation	(227,938)	(209,921)
	-----	-----
Rental property, net	\$ 1,076,884	\$ 1,010,484
	=====	=====

The Company acquired 5 properties for \$66 million during the second quarter of 2004 consisting of 1,414 developed sites and an additional 570 sites available for development. The properties were acquired for cash and the assumption of \$23 million of debt, which was immediately retired.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

3. NOTES AND OTHER RECEIVABLES:

The following table sets forth certain information regarding notes and other receivables (amounts in thousands):

	JUNE 30, 2004	DECEMBER 31, 2003
	-----	-----
Mortgage and other notes receivable, with interest payable at a weighted average interest rate of 6.72%, maturing at various dates through August 2008, substantially collateralized by manufactured home communities	\$18,500	\$41,736
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 7.28% and 10 years, respectively.	14,052	24,802
Other receivables	9,034	8,290
	-----	-----
	\$41,586	\$74,828
	=====	=====

At June 30, 2004, the maturities of mortgages and other notes receivable are approximately as follows: 2006-\$3.8 million; 2008-\$14.7 million. In February 2004, \$12.3 million of the installment loans collateralized by manufactured homes were sold at book value (which approximated fair value) to Origen Financial, Inc. ("Origen, Inc."). Mortgage and other notes receivable of \$24.0 million were repaid during the second quarter of 2004.

Officer's 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 352,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse. The notes become due in three equal installments on each of December 2008, 2009 and 2010.

4. INVESTMENT IN AND ADVANCES TO AFFILIATE:

Origen, Inc. is a real estate investment trust in the business of originating, acquiring and servicing manufactured home loans. In October 2003, the Company purchased 5,000,000 shares of common stock of Origen, Inc. for \$50 million. The Company owns 19.9% of Origen, Inc. at June 30, 2004 and its investment is accounted for using the equity method of accounting. Equity earnings recorded through June 30, 2004 are an estimate of the Company's portion of the anticipated earnings of Origen, Inc. through June 30, 2004, based on publicly available information.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

5. DEBT:

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

	JUNE 30, 2004	DECEMBER 31, 2003
	-----	-----
Collateralized term loan, 7.010%, due September 9, 2007	\$ 41,195	\$ 41,547
Collateralized term loans - CMBS, 4.931-5.32%, due July 1, 2011-2016	496,030	-
Collateralized term loans - FNMA, of which \$77.4M is variable, due 2014 at the Company's option, interest at 3.22 - 5.37% and 3.244% at June 30, 2004 and December 31, 2003, respectively	329,612	152,363
Redeemable preferred OP units, average interest 7.046%, redeemable at various dates through January 2, 2014	62,873	58,148
Senior notes, 6.770%, due May 14, 2005	5,017	350,000
Capitalized lease obligation, 5.510%, matured in January, 2004	-	9,606
Mortgage notes, other	42,089	62,664
	-----	-----
	\$976,816	\$674,328
	=====	=====

The collateralized term loans totaling \$866.8 million at June 30, 2004 are secured by 93 properties comprising approximately 34,921 sites. The mortgage notes are collateralized by 12 communities comprising approximately 3,863 sites. A capitalized lease obligation matured as of January 1, 2004 and was paid by the issuance of 47,250 Preferred OP Units, cash of approximately \$1.2 and the assumption of approximately \$4.2 million of debt, which was immediately retired.

On April 15, 2004, the Company tendered for its \$350 million of outstanding unsecured notes, of which 98.6% were tendered and extinguished. This transaction resulted in the payment of \$51.6 million of debt extinguishment costs including pre-payment penalties and fees associated with the tender offer. The purchase of these notes and payment of the related costs was funded through secured financing transactions, as noted below.

During the quarter, the Company completed financings totaling \$733 million consisting of Collateralized Mortgaged Back Securities (CMBS) of \$496 million and additional FNMA financing of \$237 million. As of June 30, 2004, \$60 million of the additional FNMA financing was undrawn. The \$673 million of new debt has a weighted average interest rate of 4.99% and a duration slightly in excess of 10 years. The proceeds from the financings were used to redeem \$345 million of unsecured debt, payoff the Company's \$99 million unsecured line of credit, pay debt extinguishment costs of \$51.6 million and repay approximately \$20 million of mortgage notes.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

6. INTEREST AND OTHER INCOME:

The components of other income are as follows for the periods ended June 30, 2004 and 2003 (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Interest income	\$ 1,470	\$2,938	\$3,249	\$ 5,191
Brokerage commissions	235	198	508	412
Other income (loss)	(20)	28	50	(41)
	<u>\$ 1,685</u>	<u>\$3,164</u>	<u>\$3,807</u>	<u>\$ 5,562</u>

7. SEGMENT REPORTING (AMOUNTS IN THOUSANDS):

The consolidated operations of the Company can be segmented into manufactured home sales and property operations segments. Following is a presentation of selected financial information:

	THREE MONTHS ENDED JUNE 30, 2004			SIX MONTHS ENDED JUNE 30, 2004		
	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED
Revenues	\$ 40,501	\$ 6,082	\$ 46,583	\$ 83,369	\$ 10,056	\$ 93,425
Operating expenses/Cost of sales	13,421	5,137	18,558	26,815	8,262	35,077
Net operating income (1)/Gross profit	27,080	945	28,025	56,554	1,794	58,348
Adjustments to arrive at net loss:						
Other revenues	1,682	522	2,204	3,616	1,307	4,923
Selling, general and administrative	(2,640)	(1,631)	(4,271)	(5,446)	(3,061)	(8,507)
Depreciation and amortization	(10,506)	(300)	(10,806)	(21,449)	(640)	(22,089)
Interest expense	(10,071)	(29)	(10,100)	(19,313)	(52)	(19,365)
Debt extinguishment costs	(51,643)	-	(51,643)	(51,643)	-	(51,643)
Deferred financing costs related to extinguished debt	(5,557)	-	(5,557)	(5,557)	-	(5,557)
Equity income from affiliate	100	-	100	300	-	300
(Income) loss allocated to minority interest	4,147	-	4,147	1,259	-	1,259
Net loss	<u>\$ (47,408)</u>	<u>\$ (493)</u>	<u>\$ (47,901)</u>	<u>\$ (41,679)</u>	<u>\$ (652)</u>	<u>\$ (42,331)</u>

	THREE MONTHS ENDED JUNE 30, 2003			SIX MONTHS ENDED JUNE 30, 2003		
	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED
Revenues	\$ 39,361	\$ 5,601	\$ 44,962	\$ 80,374	\$ 9,715	\$ 90,089
Operating expenses	12,379	3,543	15,922	25,418	6,186	31,604
Net operating income (1)/Gross profit	26,982	2,058	29,040	54,956	3,529	58,485
Adjustments to arrive at net loss:						
Other revenues	1,911	1,688	3,599	3,096	3,342	6,438
Selling, general and administrative	(2,504)	(1,598)	(4,102)	(4,877)	(3,011)	(7,888)
Depreciation and amortization	(10,613)	(225)	(10,838)	(20,999)	(451)	(21,450)
Interest expense	(10,446)	(38)	(10,484)	(19,206)	(101)	(19,307)
Equity loss from affiliate	(251)	-	(251)	(314)	-	(314)
Income allocated to minority interest	(2,738)	-	(2,738)	(5,729)	-	(5,729)
Income from discontinued operations	313	-	313	647	-	647
Net income	<u>\$ 2,654</u>	<u>\$ 1,885</u>	<u>\$ 4,539</u>	<u>\$ 7,574</u>	<u>\$ 3,308</u>	<u>\$ 10,882</u>

(1) Investors in and analysts following the real estate industry utilize net operating income ("NOI") as a supplemental performance measure. The Company considers NOI, given its wide use by and relevance to investors and analysts, an appropriate supplemental measure to net income because NOI provides a measure of rental operations and does not factor in depreciation/amortization and non-property specific expenses such as general and administrative expenses.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

7. SEGMENT REPORTING (AMOUNTS IN THOUSANDS), CONTINUED:

SELECTED BALANCE SHEET DATA	JUNE 30, 2004			DECEMBER 31, 2003		
	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED
Identifiable assets:						
Investment in rental property, net	\$1,038,286	\$ 38,598	\$1,076,884	\$ 980,149	\$30,335	\$1,010,484
Cash and cash equivalents	106,264	(147)	106,117	24,043	15	24,058
Inventory of manufactured homes	-	18,599	18,599	-	17,236	17,236
Investments in and advances to affiliate	50,160	-	50,160	50,667	-	50,667
Notes and other receivables	39,690	1,896	41,586	61,534	13,294	74,828
Other assets	49,206	2,631	51,837	41,613	2,688	44,301
Total assets	\$1,283,606	\$ 61,577	\$1,345,183	\$1,158,006	\$63,568	\$1,221,574

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (IN THOUSANDS):

The Company has entered into four derivative contracts consisting of three interest rate swap agreements and an interest rate cap agreement. The Company's primary strategy in entering into derivative contracts is to minimize the variability that changes in interest rates could have on its future cash flows. The Company generally employs derivative instruments that effectively convert a portion of its variable rate debt to fixed rate debt and to cap the maximum interest rate on its variable rate borrowings. The Company does not enter into derivative instruments for speculative purposes.

The swap agreements have the effect of fixing interest rates relative to a portion of a collateralized term loan due to FNMA. One swap matures in July 2009, with an effective fixed rate of 4.93 percent. A second swap matures in July 2012, with an effective fixed rate of 5.37 percent. The third swap matures in July 2007, with an effective fixed rate of 3.97 percent. The third swap is effective as long as 90-day LIBOR is 7 percent or lower. The three swaps have an aggregate notional amount of \$75.0 million. The interest rate cap agreement has a cap rate of 9.49 percent, a notional amount of \$152.4 million and a termination date of April 03, 2006. Each of the Company's derivative contracts is based upon 90-day LIBOR.

The Company has designated the first two swaps and the interest rate cap as cash flow hedges for accounting purposes. These three hedges were highly effective and had minimal effect on income. The third swap does not qualify as a hedge for accounting purposes and, accordingly, the entire change in valuation, whether positive or negative, is reflected as a component of interest expense. The valuation adjustment for the six month period ended June 30, 2004 totals a negative \$0.5 million.

SFAS No. 133, the "Accounting for Derivative Instruments and Hedging Activities," requires all derivative instruments to be carried at fair value on the balance sheet. The fair value of the instruments approximates zero at June 30, 2004 and a liability of \$0.9 million as of December 31, 2003.

These valuation adjustments will only be realized if the Company terminates the swaps prior to maturity. If held to maturity, the valuation adjustments will approximate zero.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

9. STOCK OPTIONS (IN THOUSANDS):

The Company accounts for its stock options using the intrinsic value method contained in APB Opinion No. 25. "Accounting for Stock Issued to Employees." If the Company had accounted for options using the methods contained in FASB Statement No. 123, "Accounting for Stock-Based Compensation", net income (loss) and earnings (loss) per share would have been presented as follows for the periods ended June 30, 2004 and 2003:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Net income (loss), as reported	\$ (47,901)	\$ 4,539	\$ (42,331)	\$ 10,882
Stock-based compensation expense under fair value method	(10)	(59)	(29)	(180)
Pro forma net income (loss)	\$ (47,911)	\$ 4,480	\$ (42,360)	\$ 10,702
Earnings (loss) per share (Basic), as reported	\$ (2.57)	\$ 0.25	\$ (2.27)	\$ 0.61
Earnings (loss) per share (Basic), pro forma	\$ (2.57)	\$ 0.25	\$ (2.27)	\$ 0.60
Earnings (loss) per share (Diluted), as reported	\$ (2.57)	\$ 0.25	\$ (2.27)	\$ 0.60
Earnings (loss) per share (Diluted), pro forma	\$ (2.57)	\$ 0.25	\$ (2.27)	\$ 0.59

Stock options issued during the second quarter of 2004 were valued using the Binomial model rather than the Black-Scholes-Merton formula. The difference in valuation between the two methods was not material .

10. EARNINGS (LOSS) PER SHARE (IN THOUSANDS):

For the periods ended June 30, 2004 and 2003:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Earnings (loss) used for basic and diluted earnings (loss) per share:				
Continuing operations	\$ (47,901)	\$ 4,226	\$ (42,331)	\$10,235
Discontinued operations	\$ -	\$ 313	\$ -	\$ 647
Weighted average shares used for basic earnings (loss) per share	18,639	17,902	18,670	17,846
Dilutive securities:				
Stock options and other	-	189	-	154
Diluted weighted average shares	18,639	18,091	18,670	18,000

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

10. 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 calculation of both basic and diluted earnings per share for the three and six month periods ending June 30, 2004 is based upon weighted average shares prior to dilution, as the effect of including potentially dilutive securities in the calculation during these periods would be anti-dilutive.

The Company also has the following potentially convertible securities which, if converted, may impact dilution:

CONVERTIBLE SECURITIES	NUMBER OF UNITS ISSUED	CONVERSION FEATURES
Series A Preferred OP Units	1,325,275	Convertible to common stock at \$68 per share/unit. Mandatorily redeemable on 01/02/2014
Series B Preferred OP Units	35,637	On each of May 1, 2003, 2004, 2005, and 2006, holder may exchange Units for shares of common stock at exchange rate of 2.272727 (\$44 per share) shares of common stock for each Series B Preferred Unit.
Series B-2 Preferred OP Units	100,000	Convertible into Common OP Units after 01/31/2005 at \$45 per share/unit.

11. RECENT ACCOUNTING PRONOUNCEMENTS:

On March 31, 2004, the Financial Accounting Standards Board (FASB) issued a proposed Statement, Share-Based Payment an Amendment of FASB Statements No. 123 and APB No. 95, that addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. Under the FASB's proposal, all forms of share-based payments to employees, including employee stock options, would be treated the same as other forms of compensation by recognizing the related cost in the income statement. The expense of the award would generally be measured at fair value at the grant date. Current accounting guidance requires that the expense relating to so-called fixed plan employee stock options only be disclosed in the footnotes to the financial statements. The proposed Statement would eliminate the ability to account for share-based compensation transactions using APB Opinion No. 25, Accounting for Stock Issued to Employees. The Company has not assessed the impact of the proposed statement on its financial statements.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

12. CONTINGENCIES:

On April 9, 2003, T.J. Holdings, LLC ("TJ Holdings"), a member of Sun/Forest, LLC ("Sun/Forest") (which, in turn, owns an equity interest in SunChamp LLC), filed a complaint against the Company, SunChamp LLC, certain other affiliates of the Company and two directors of Sun Communities, Inc. in the Superior Court of Guilford County, North Carolina. The complaint alleges that the defendants wrongfully deprived the plaintiff of economic opportunities that they took for themselves in contravention of duties allegedly owed to the plaintiff and purports to claim damages of \$13.0 million plus an unspecified amount for punitive damages. The Company believes the complaint and the claims threatened therein have no merit and will defend it vigorously.

The Company is involved in various other legal proceedings arising in the ordinary course of business. All such proceedings, taken together, are not expected to have a material adverse impact on its results of operations or financial condition.

ITEM 2. 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 judgments, 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 2003 Annual Report filed with the Securities and Exchange Commission on Form 10-K. During the six months ended June 30, 2004, 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, 2004 and 2003

For the three months ended June 30, 2004, income from continuing operations before minority interest decreased by \$59.0 million from \$7.0 million to a loss of \$52.0 million, when compared to the three months ended June 30, 2003. The decrease was due to increased expenses of \$2.4 million, debt extinguishment costs of \$51.6 million, and deferred financing costs related to the extinguished debt of \$5.6 million, offset by increased revenues of \$0.2 million and increased equity income from affiliates of \$0.4 million as described in more detail below.

Income from rental property increased by \$1.1 million from \$39.4 million to \$40.5 million, or 2.8 percent, due primarily to rent increases and other community revenues.

Interest and other income decreased by \$1.5 million from \$3.2 million to \$1.7 million, or 46.8 percent, due primarily to a decrease in interest earning notes and receivables.

The increase in revenue from home sales and increase in ancillary revenues relate to operations of the manufactured home sales segment which is discussed in detail below.

Property operating and maintenance expenses increased by \$0.7 million from \$9.4 million to \$10.1 million, or 7.4 percent. The increase was due to increases in utility costs (\$0.1 million), repair and maintenance expense (\$0.2 million), payroll expense (\$0.2 million), property and casualty insurance (\$0.1 million), and other miscellaneous expenses (\$0.1 million).

Real estate taxes increased by \$0.5 million from \$2.9 million to \$3.4 million, or 17.2 percent, due primarily to increases in assessments and tax rates.

SUN COMMUNITIES, INC.

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

RESULTS OF OPERATIONS, CONTINUED:

General and administrative expenses for rental property increased by \$0.1 million from \$2.5 million to \$2.6 million, or 4.0 percent, primarily due to an increase in systems training costs.

Debt extinguishment costs of \$51.6 million includes prepayment penalties, fees and other costs associated with redeeming \$345.0 million of unsecured notes. Deferred financing costs related to these notes and other debt repaid with the proceeds from \$733.0 million of new secured financing were expensed.

Interest expense decreased by \$0.4 million from \$10.5 million to \$10.1 million, or 3.8 percent, primarily due to a change in valuation of derivative contracts.

Equity income from affiliates of \$0.1 million represents an estimate of the Company's prorata interest in the operations of Origen, Inc. for the three months ended June 30, 2004.

The cost of home sales increase of \$1.6 million is discussed in detail below.

Sun Home Services

The following table summarizes certain financial and statistical data for Sun Home Services for the three months ended June 30, 2004 and 2003:

	THREE MONTHS ENDED JUNE 30, 2004	2003	INCREASE/ (DECREASE)	PERCENT CHANGE
	-----	-----	-----	-----
New home sales revenues	\$3,174	\$4,733	\$ (1,559)	-32.9%
Cost of sales	2,611	2,976	(365)	-12.3%
Gross profit	563	1,757	(1,194)	-68.0%
	=====	=====	=====	=====
Pre-owned home sales revenues	\$2,908	\$ 868	\$ 2,040	235.0%
Cost of sales	2,526	567	1,959	345.5%
Gross profit	382	301	81	26.9%
	=====	=====	=====	=====
Ancillary revenue, net	\$ 519	\$ 435	\$ 84	19.3%
	=====	=====	=====	=====
Home sales volumes:				
New homes	52	85	(33)	-38.8%
Pre-owned homes	126	50	76	152.0%

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

RESULTS OF OPERATIONS, CONTINUED:

Sun Home Services

The margin on new home sales has declined due to consumer demand shifting to pre-owned homes which are available in substantial quantities. This shift in demand was more than offset by the supply of pre-owned homes, thereby reducing margins.

The margin on pre-owned home sales has declined as a result of a management strategy to reduce the inventory of pre-owned homes and increase revenue producing sites.

The increase in ancillary revenue, net, is primarily due to increased activity in the Company's rental home program.

Comparison of the six months ended June 30, 2004 and 2003

For the six months ended June 30, 2004, income from continuing operations before minority interest decreased by \$59.6 million from \$16.0 million to a loss of \$43.6 million, when compared to the six months ended June 30, 2003. The decrease was due to increased expenses of \$4.8 million, debt extinguishment costs of \$51.6 million, and deferred financing costs related to the extinguished debt of \$5.6 million, offset by increased revenues of \$1.8 million and increased equity income from affiliates of \$0.6 million as described in more detail below.

Income from rental property increased by \$3.0 million from \$80.4 million to \$83.4 million, or 3.7 percent, due to rent increases and other community revenues, and an increase in seasonal recreational vehicle revenue during the first quarter of 2004.

Interest and other income decreased by \$1.8 million from \$5.6 million to \$3.8 million, or 32.1 percent, due primarily to a decrease in interest earning notes and receivables.

The increase in revenue from home sales and increase in ancillary revenues relate to operations of the manufactured home sales segment which is discussed in detail below.

Property operating and maintenance expenses increased by \$0.8 million from \$19.5 million to \$20.3 million, or 4.1 percent. The increase was due to increases in utility costs (\$0.2 million), repair and maintenance expense (\$0.2 million), payroll expense (\$0.2 million), and miscellaneous other expenses (\$0.2 million).

Real estate taxes increased by \$0.6 million from \$5.9 million to \$6.5 million, or 10.2 percent, due primarily to increases in assessments and tax rates.

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

RESULTS OF OPERATIONS, CONTINUED:

General and administrative expenses for rental property increased by \$0.5 million from \$4.9 million to \$5.4 million, primarily due to training costs related to the Company's systems conversion and costs related to compliance with the Sarbanes-Oxley Act.

Depreciation and amortization increased by \$0.6 million from \$21.5 million to \$22.1 million, or 2.8 percent, due to additional investment in rental property.

Debt extinguishment costs of \$51.6 million includes prepayment penalties, fees and other costs associated with extinguishing \$345.0 million of unsecured notes. Deferred financing costs related to these notes and other debt repaid with the proceeds from \$733.0 million of new secured financing were expensed.

Equity income from affiliates of \$0.3 million represents an estimate of the Company's prorata interest in the operations of Origen, Inc. for the six months ended June 30, 2004.

The remaining cost of home sales increase of \$2.1 million is discussed in detail below.

Sun Home Services

The following table summarizes certain financial and statistical data for Sun Home Services for the six months ended June 30, 2004 and 2003:

	SIX MONTHS ENDED 2004	JUNE 30, 2003	INCREASE/ (DECREASE)	PERCENT CHANGE
	-----	-----	-----	-----
New home sales revenues	\$5,537	\$8,213	\$ (2,676)	-32.6%
Cost of sales	4,420	5,282	(862)	-16.3%
	-----	-----	-----	-----
Gross profit	1,117	2,931	(1,814)	-61.9%
	=====	=====	=====	=====
Pre-owned home sales revenues	\$4,519	\$1,502	\$ 3,017	200.9%
Cost of sales	3,842	904	2,938	325.0%
	-----	-----	-----	-----
Gross profit	677	598	79	13.2%
	=====	=====	=====	=====
Ancillary revenue, net	\$1,116	\$ 876	\$ 240	27.4%
	=====	=====	=====	=====
Home sales volumes:				
New homes	97	157	(60)	-38.2%
Pre-owned homes	208	91	117	128.6%

The margin on new home sales has declined due to consumer demand shifting to pre-owned homes which are available in substantial quantities. This shift in demand was more than offset by the supply of pre-owned homes, thereby reducing margins.

The margin on pre-owned home sales has declined as a result of a management strategy to reduce the inventory of pre-owned homes and increase revenue producing sites.

The increase in ancillary revenue, net, is primarily due to increased activity in the Company's rental home program.

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

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the six months ended June 30, 2004 and 2003. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2003 and June 30, 2004. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The "Total Portfolio" column differs from the "Same Property" column by including financial and statistical information for new development and acquisition communities.

	SAME PROPERTY		TOTAL PORTFOLIO	
	2004	2003	2004	2003
	(in thousands)		(in thousands)	
Income from rental property	\$74,008	\$71,475	\$83,369	\$80,374
Property operating expenses:				
Property operating and maintenance	14,227	14,059	20,296	19,549
Real estate taxes	5,727	5,422	6,519	5,869
Property operating expenses	19,954	19,481	26,815	25,418
Property net operating income (2)	\$54,054	\$51,994	\$56,554	\$54,956
Number of properties	108	108	132	130
Developed sites	39,719	39,740	45,302	44,520
Occupied sites	34,873	35,613	38,371	38,714
Occupancy %	89.1% (3)	91.3% (3)	85.5% (3)	88.1% (3)
Weighted Average monthly rent per site	\$ 339 (3)	\$ 324 (3)	\$ 339 (3)	\$ 324 (3)
Sites available for development	1,529	2,001	7,409	7,050
Sites planned for development in next year	61	8	61	8

(2) Investors in and analysts following the real estate industry utilize net operating income ("NOI") as a supplemental performance measure. The Company considers NOI, given its wide use by and relevance to investors and analysts, an appropriate supplemental measure to net income because NOI provides a measure of rental operations and does not factor in depreciation/amortization and non-property specific expenses such as general and administrative expenses.

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

On a same property basis, property net operating income increased by \$2.1 million from \$52.0 million to \$54.1 million, or 4.0 percent. Income from property increased by \$2.5 million from \$71.5 million to \$74.0 million, or 3.5 percent, due primarily to increases in rents including water and property tax pass through. Property operating expenses increased by \$0.5 million from \$19.5 million to \$20.0 million, or 2.6 percent, due primarily to increases in real estate taxes and utility expenses.

ITEM 2. 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 unitholders of the Operating Partnership, 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 through a line of credit expected to close in the third quarter of 2004. The Company considers its ability to generate cash from operations (anticipated to be approximately \$50 to \$60 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 \$5 to \$10 million in developments consisting of expansions to existing communities and the development of new communities during 2004. 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 may invest substantial amounts in the acquisition of properties during the remainder of 2004, depending upon a number of factors. The Company will finance these investments using the proceeds from its secured financing transactions and through the assumption of existing debt on the properties.

Cash and cash equivalents increased by \$82.0 million to \$106.1 million at June 30, 2004 compared to \$24.1 million at December 31, 2003. Net cash provided by operating activities decreased by \$9.6 million to \$22.3 million for the six months ended June 30, 2004 compared to \$31.9 million for the six months ended June 30, 2003.

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 "Factors That May Affect Future Results" in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

ITEM 2. 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, and Operating Partnership unit redemptions through the collateralization of a significant portion of its Properties. From time to time, the Company may also issue shares of its capital stock, issue equity units in the Operating Partnership or sell selected assets. During the quarter the Company closed on \$733 million of secured financing, in two separate transactions, of which \$60.0 million remains undrawn. Proceeds from these transactions were used to retire \$345.0 million of unsecured notes, pay the related costs of the debt retirement, repay the Company's existing line of credit, acquire additional properties, and repurchase the Company's outstanding equity securities. 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 "Factors That May Affect Future Results" in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. If the Company is unable obtain additional debt or equity financing on acceptable terms, the Company's business, results of operations and financial condition will be adversely impacted.

At June 30, 2004, the Company's debt to total market capitalization approximated 53.2 percent (assuming conversion of all Common OP Units to shares of common stock). The debt has a weighted average maturity of approximately 9.2 years and a weighted average interest rate of 5.0 percent.

Capital expenditures for the six months ended June 30, 2004 and 2003 included recurring capital expenditures of \$3.0 million and \$2.7 million, respectively.

Net cash used in investing activities increased by \$20.0 million to \$56.7 million for the six months ended June 30, 2004 compared to \$36.7 million used in investing activities for the six months ended June 30, 2003. This increase was due to a \$12.3 million sale of notes receivable to Origen, Inc., a \$22.5 million decrease in investment in and advances to an affiliate, and a \$22.0 million decrease in notes receivable and officers' notes, net, offset by a \$76.8 million increase in rental property investment activities.

Net cash provided by financing activities increased by \$112.6 million to \$116.4 million for the six months ended June 30, 2004 from \$3.8 million for the six months ended June 30, 2003. This increase was primarily due to a \$238.4 million increase in proceeds from notes payable and other debt, net, a \$1.2 million increase of proceeds from issuance of common stock, offset by a \$111.0 million increase in repayments on the line of credit, a \$1.8 million increase in distributions, a \$4.9 million increase in payments for deferred financing costs, and a \$9.3 million increase in treasury stock purchase activities, representing 270,200 shares under a one million share buy back authorization.

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

SUPPLEMENTAL MEASURE:

Investors in and analysts following the real estate industry utilize funds from operations ("FFO") as a supplemental performance measure. While the Company believes net income (as defined by generally accepted accounting principles) is the most appropriate measure, it considers FFO, given its wide use by and relevance to investors and analysts, an appropriate supplemental measure. 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 reconciles net income to FFO for the periods ended June 30, 2004 and 2003 (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Net income (loss)	\$ (47,901)	\$ 4,539	\$ (42,331)	\$10,882
Adjustments:				
Depreciation and amortization	11,073	10,600	21,914	21,109
Valuation adjustment (4)	889	461	482	675
Allocation of SunChamp losses (5)	-	1,087	300	1,937
Income allocated to minority interest	(6,331)	650	(5,622)	1,560
Funds from operations	\$ (42,270)	\$17,337	\$ (25,257)	\$36,163
Weighted average common shares/OP Units outstanding:				
Basic	21,112	20,427	21,144	20,384
Diluted	21,112	20,616	21,144	20,538
FFO per weighted average Common Share/OP Unit - Basic	\$ (2.00)	\$ 0.85	\$ (1.19)	\$ 1.77
FFO per weighted average Common Share/OP Unit - Diluted	\$ (2.00)	\$ 0.84	\$ (1.19)	\$ 1.76

(4) The Company entered into three interest rate swaps and an interest rate cap agreement. The valuation adjustment reflects the theoretical noncash profit and loss were those hedging transactions terminated at the balance sheet date. As any imperfections related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments are excluded from funds from operations. The valuation adjustment is included in interest expense.

(5) The Company acquired the equity interest of another investor in SunChamp in December 2002. Consideration consisted of a long-term note payable at net book value. Although the adjustment for the allocation of the SunChamp losses is not reflected in the accompanying financial statements, management believes that it is appropriate to provide for this adjustment because the Company's payment obligations with respect to the note are subordinate in all respects to the return of the members' equity (including the gross book value of the acquired equity) plus a preferred return. As a result, the losses that are allocated to the Company under generally accepted accounting principles are effectively reallocated to the note for purposes of calculating funds from operations.

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

SAFE HARBOR STATEMENT

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 will be subject to the safe harbors created thereby. For this purpose, any statements contained in this filing that relate to prospective events or developments are deemed to be forward-looking statements. Words such as "believes," "forecasts," "anticipates," "intends," "plans," "expects," "may," "will" and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this filing. These risks and uncertainties may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward looking statements. Such risks and uncertainties include the national, regional and local economic climates, the ability to maintain rental rates and occupancy levels, competitive market forces, changes in market rates of interest, the ability of manufactured home buyers to obtain financing, the level of repossessions by manufactured home lenders and those referenced under the headings entitled "Factors That May Affect Future Results" or "Risk Factors" contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 and the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained in this Form 10-Q speak only as of the date hereof and the Company expressly disclaims any obligation to provide public updates, revisions or amendments to any forward-looking statements made herein to reflect changes in the Company's expectations of future events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's principal market risk exposure is interest rate risk. The Company mitigates this risk by maintaining prudent amounts of leverage, minimizing capital costs and interest expense while continuously evaluating all available debt and equity resources and following established risk management policies and procedures, which include the periodic use of derivatives. The Company's primary strategy in entering into derivative contracts is to minimize the variability that changes in interest rates could have on its future cash flows. The Company generally employs derivative instruments that effectively convert a portion of its variable rate debt to fixed rate debt. The Company does not enter into derivative instruments for speculative purposes.

The Company's variable rate debt totals \$81.2 million and \$176.1 million as of June 30, 2004 and 2003, respectively, which bears interest at various LIBOR/DMBS rates. If LIBOR/DMBS increased or decreased by 1.00 percent during the six months ended June 30, 2004 and 2003, the Company believes its interest expense would have increased or decreased by approximately \$2.5 million and \$2.5 million based on the \$245.9 million and \$246.7 million average balance outstanding under the Company's variable rate debt facilities for the six months ended June 30, 2004 and 2003, respectively.

Additionally, the Company had \$14.7 million and \$30.6 million LIBOR based variable rate mortgage and other notes receivables as of June 30, 2004 and 2003, respectively. If LIBOR increased or decreased by 1.0 percent during the six months ended June 30, 2004 and 2003, the Company believes interest income would have increased or decreased by approximately \$0.2 million and \$0.3 million based on the \$24.0 million and \$28.8 million average balance outstanding on all variable rate notes receivable for the six months ended June 30, 2004 and 2003, respectively.

The Company has entered into three separate interest rate swap agreements and an interest rate cap agreement. One of these swap agreements fixes \$25 million of variable rate borrowings at 4.93 percent for the period April 2003 through July 2009, another of these swap agreements fixes \$25 million of variable rate borrowings at 5.37 percent for the period April 2003 through July 2012 and the third swap agreement, which is only effective for so long as 90-day LIBOR is 7 percent or less, fixes \$25 million of variable rate borrowings at 3.97 percent for the period April 2003 through July 2007. The interest rate cap agreement has a cap rate of 9.49 percent, a notional amount of \$152.4 million and a termination date of April 13, 2006. Each of the Company's derivative contracts is based upon 90-day LIBOR.

ITEM 4. CONTROLS AND PROCEDURES

- (a) Under the supervision and with the participation of the Company's management, including the Chief Executive Officer, Gary A. Shiffman, and Chief Financial Officer, Jeffrey P. Jorissen, the Company evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this quarterly report, pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective to ensure that information the Company is required to disclose in its filings with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by the Company in the reports that it files under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.
- (b) There have been no significant changes in the Company's internal control over financial reporting during the quarterly period ended June 30, 2004, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SUN COMMUNITIES, INC.

PART II

ITEM 2. (e) - CHANGES IN SECURITIES AND USE OF PROCEEDS

The Company announced a program to purchase up to 1,000,000 shares of its common stock on January 2, 2003. The results of this stock repurchase program for the three months ended June 30, 2004 are as follows:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
04/01/04 to 04/30/04	-	-	-	1,000,000
05/01/04 to 05/31/04	264,100	\$ 35.20	264,100	735,900
06/01/04 to 06/30/04	6,100	\$ 37.04	6,100	729,800
Total	270,200	\$ 35.25	270,200	729,800

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

On May 20, 2004, 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 2007 Annual Meeting of Shareholders or until their respective successors shall be elected and shall qualify. The results of the election appear below:

NOMINEES	FOR	% OF SHARES VOTING	AGAINST	% OF SHARES VOTING	WITHHELD
Clunet R. Lewis	17,023,541	95.5	-0-	-0-	796,730
Arthur A. Weiss	17,127,286	96.1	-0-	-0-	692,985

(b) The approval of the Sun Communities, Inc., 2004 Non-Employee Director Option Plan. The results of the vote appear below:

FOR	% OF SHARES VOTING	AGAINST	% OF SHARES VOTING	NO VOTE	ABSTAIN
14,568,456	94.2	901,440	5.8	2,232,668	117,706

PART II, CONTINUED

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

Form 8-K, dated April 15, 2004, filed to report that the Company launched a tender offer to purchase any or all of the \$350 million principal amount of its outstanding unsecured notes.

Form 8-K, dated July 28, 2004, furnished for the purpose of reporting, under Item-12-Results of Operations and Financial Condition, the Company's 2004 second quarter earnings and results of operations.

SIGNATURES

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

Dated: August 6, 2004

SUN COMMUNITIES, INC.

BY: /s/ Jeffrey P. Jorissen

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

SUN COMMUNITIES, INC.
EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
10.1	Form of Loan Agreement dated June 9, 2004 by and among Sun Candlewick LLC, Sun Silver Star LLC and Aspen-Holland Estates, LLC, as Borrowers, and Bank of America, N.A., as Lender.
10.2	Schedule identifying substantially identical agreements to Exhibit 10.1.
10.3	Form of Loan Agreement dated June 9, 2004 by and between Sun Pool 8 LLC, as Borrower, and Bank of America, N.A., as Lender.
10.4	Schedule identifying substantially identical agreements to Exhibit 10.3.
10.5	Form of Loan Agreement dated June 9, 2004 by and between Sun Continental Estates LLC as Borrower, and Bank of America, N.A., as Lender.
10.6	Schedule identifying substantially identical agreements to Exhibit 10.5.
10.7	Form of Loan Agreement dated June 9, 2004 by and between Sun Indian Creek LLC, as Borrower, and Bank of America, N.A., as Lender.
10.8	Schedule identifying substantially identical agreements to Exhibit 10.8.
10.9	Amended And Restated Master Credit Facility Agreement dated April 28, 2004 by and among Sun Secured Financing LLC, Aspen Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership, Sun Communities Finance, LLC, Sun Holly Forest LLC, Sun Saddle Oak LLC, as Borrowers, and Arcs Commercial Mortgage Co., L.P., as Lender.
10.9.1	Appendix I (definitions) to Amended And Restated Master Credit Facility Agreement dated April 28, 2004 by and among Sun Secured Financing LLC, Aspen Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership, Sun Communities Finance, LLC, Sun Holly Forest LLC, Sun Saddle Oak LLC, as Borrowers, and Arcs Commercial Mortgage Co., L.P., as Lender.
10.10	Fixed Facility Note dated April 5, 2004 made by Sun Secured Financing LLC, Aspen - Ft. Collins Limited Partnership and Sun Secured Financing Houston Limited Partnership, in favor of Arcs Commercial Mortgage Co., L.P., in the original principal amount of \$77,362,500.
10.11	Fixed Facility Note dated April 28, 2004 made by Sun Secured Financing LLC, Sun Secured Financing Houston Limited Partnership, Aspen - Ft. Collins Limited Partnership, Sun Communities Finance LLC, Sun Holly Forest LLC and Sun Saddle Oak LLC, in favor of Arcs Commercial Mortgage Co., L.P., in the original principal amount of \$100,000,000.

SUN COMMUNITIES, INC.
EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
10.12	Variable Facility Note dated April 28, 2004 made by Sun Secured Financing LLC, Sun Secured Financing Houston Limited Partnership, Aspen - Ft. Collins Limited Partnership, Sun Communities Finance LLC, Sun Holly Forest LLC and Sun Saddle Oak LLC, in favor of Arcs Commercial Mortgage Co., L.P., in the original principal amount of \$60,275,000.
10.13	Fourth Amended and Restated Variable Facility Note dated April 28, 2004 made by Sun Secured Financing LLC, Sun Secured Financing Houston Limited Partnership, Aspen - Ft. Collins Limited Partnership, Sun Communities Finance LLC, Sun Holly Forest LLC and Sun Saddle Oak LLC, in favor of Arcs Commercial Mortgage Co., L.P., in the original principal amount of \$152,362,500.
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

LOAN AGREEMENT

Dated as of June 9, 2004

Between

SUN CANDLEWICK LLC,
SUN SILVER STAR LLC,
ASPEN-HOLLAND ESTATES, LLC,
as Borrower

and

BANK OF AMERICA, N.A.,
as Lender

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EXHIBIT A Borrower Equity Ownership Structure

SCHEDULE I Required Repairs

SCHEDULE II Allocated Loan Amounts

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 9, 2004 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "AGREEMENT"), between BANK OF AMERICA, N.A., a national banking association, having an address at Bank of America Corporate Center, 214 North Tryon Street, Charlotte, North Carolina 28255 (together with its successors and/or assigns, "LENDER") and SUN CANDLEWICK LLC, a Michigan limited liability company, SUN SILVER STAR LLC, a Michigan limited liability company, and ASPEN-HOLLAND ESTATES, LLC, a Michigan limited liability company, each having an address at The American Center, 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 (individually and/or collectively, as the case may be, together with its successors and/or assigns, "BORROWER").

RECITALS:

Borrower desires to obtain the Loan (defined below) from Lender.

Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (defined below).

In consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE I
DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1. DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"ACCEPTABLE ACCOUNTANT" shall mean a "Big Four" accounting firm or other independent certified public accountant reasonably acceptable to Lender (it being agreed that for purposes herein Grant Thornton LLP and any other accounting firm similar in size, expertise and reputation as Grant Thornton LLP are each deemed an Acceptable Accountant).

"ACQUIRED PROPERTY" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACQUIRED PROPERTY STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACT" shall have the meaning set forth in Section 6.1(c).

"ADDITIONAL REPLACEMENT" shall have the meaning set forth in Section 9.5(g) hereof.

"ADDITIONAL REQUIRED REPAIR" shall have the meaning set forth in Section 9.5(f) hereof.

"AFFILIATE" shall mean, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person or of an Affiliate of such Person.

"AFFILIATED MANAGER" shall have the meaning set forth in Section 7.1 hereof.

"ALLOCATED LOAN AMOUNT" shall mean the portion of the amount of the Loan allocated to each Parcel, as set forth in Schedule II attached hereto and made a part hereof.

"ALTA" shall mean American Land Title Association, or any successor thereto.

"ALTERATION THRESHOLD" means \$250,000.00.

"ANNEX" shall have the meaning set forth in Section 4.40 hereof.

"ANNUAL BUDGET" shall mean the operating budget consistent with the annual operating statements described in Section 5.11 of this Agreement for each Parcel, including all planned capital expenditures, for each Parcel, for the applicable calendar year or other period.

"APPRAISAL" shall mean an "as is" appraisal of the Property conforming to FIRREA and USPAP requirements and prepared at the Borrower's expense by a qualified appraiser designated by and reasonably satisfactory to the Lender, in accordance with written instructions from the Lender, dated as of a date reasonably acceptable to the Lender and otherwise reasonably satisfactory in form and substance to the Lender.

"ASSIGNMENT OF MANAGEMENT AGREEMENT" shall mean any Assignment and Subordination of Management Agreement entered into among Lender, Borrower and any Qualified Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"ASSUMED NOTE" shall have the meaning set forth in Section 7.6(b) hereof.

"AWARD" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of the Property.

"BORROWER PRINCIPAL" shall mean SCOLP and, solely with respect to the recourse carveouts set forth in Section 15.1(b)(viii) and (ix), SCI.

"BUSINESS DAY" shall mean a day on which Lender is open for the conduct of substantially all of its banking business at its office in the city in which the Note is payable (excluding Saturdays and Sundays).

"CASUALTY" shall have the meaning set forth in Section 8.2.

"CLOSING DATE" shall mean the date of the funding of the Loan.

"CONTROL" shall have the meaning set forth in Section 7.1 hereof.

"CONDEMNATION" shall mean a temporary or permanent taking by any Governmental Authority as the result, in lieu or in anticipation, of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof.

"CONDEMNATION PROCEEDS" shall have the meaning set forth in Section 8.4(b)

"CREDITORS RIGHTS LAWS" shall mean with respect to any Person any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

"DEBT" shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, this Agreement, the Mortgage or any other Loan Document.

"DEBT SERVICE" shall mean, with respect to any particular period of time, scheduled principal and/or interest payments under the Note.

"DEBT SERVICE COVERAGE RATIO" shall mean, as of any date of determination, for the applicable period of calculation, the ratio, as reasonably determined by Lender using the same standards and criteria used by Lender in underwriting the Loan, of (i) Net Operating Income to (ii) the aggregate amount of Debt Service which would be due for the same period based on the outstanding principal amount of the Loan. Unless otherwise expressly specified herein, the Debt Service Coverage Ratio shall be computed with respect to the Property and/or Remaining Property, as applicable, and not any individual Parcel.

"DEFAULT" shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would be an Event of Default.

"DEFAULT RATE" shall mean, with respect to the Loan, a rate per annum equal to the lesser of (a) the maximum rate permitted by applicable law, or (b) four percent (4%) above the Note Rate.

"DEFEASANCE COLLATERAL" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASANCE COLLATERAL ACCOUNT" shall have the meaning set forth in Section 2.4(h) hereof.

"DEFEASANCE SECURITY AGREEMENT" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASED NOTE" shall have the meaning set forth in Section 2.4(g) (i) (D) hereof.

"DISCLOSURE DOCUMENT" shall have the meaning set forth in Section 13.5 hereof.

"ELIGIBLE ACCOUNT" shall mean a separate and identifiable account from all other funds held by the holding institution that is either (a) an account or accounts maintained with a federal or state chartered depository institution or trust company which complies with the definition of Eligible Institution or (b) a segregated trust account or accounts maintained with a federal or state chartered depository institution or trust company acting in its fiduciary capacity which, in the case of a state chartered depository institution or trust company, is subject to regulations substantially similar to 12 C.F.R. Section 9.10(b), having in either case a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal and state authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"ELIGIBLE INSTITUTION" shall mean either Bank of America, N.A. or a depository institution or trust company insured by the Federal Deposit Insurance Corporation, the short term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by S&P, "P-1" by Moody's and "F-1+" by Fitch in the case of accounts in which funds are held for thirty (30) days or less (or, in the case of accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least "AA" by Fitch and S&P and "Aa2" by Moody's).

"EMBARGOED PERSON" shall the meaning set forth in Section 4.39.

"ENVIRONMENTAL LAW" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL LIENS" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL REPORT" shall have the meaning set forth in Section 12.5 hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statutes thereto and applicable regulations issued pursuant thereto in temporary or final form.

"EVENT OF DEFAULT" shall have the meaning set forth in Section 11.1 hereof.

"EXCHANGE ACT" shall mean the Securities and Exchange Act of 1934, as amended.

"EXCHANGE ACT FILING" shall have the meaning set forth in Section 5.11(c) hereof.

"FITCH" shall mean Fitch, Inc.

"GAAP" shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

"GOVERNMENTAL AUTHORITY" shall mean any court, board, agency, department, commission, office or other authority of any nature whatsoever for any governmental unit (federal, state, county, municipal, city, town, special district or otherwise) whether now or hereafter in existence.

"HAZARDOUS MATERIALS" shall have the meaning set forth in Section 12.5 hereof.

"IMPROVEMENTS" shall have the meaning set forth in the granting clause of the Mortgage.

"INDEMNIFIED PARTIES" shall mean (a) Lender, (b) any prior owner or holder of the Loan or Participations in the Loan, (c) any servicer or prior servicer of the Loan, (d) any Investor or any prior Investor in any Securities, (e) any trustees, custodians or other fiduciaries who hold or who have held a full or partial interest in the Loan for the benefit of any Investor or other third party, (f) any receiver or other fiduciary appointed in a foreclosure or other Creditors Rights Laws proceeding, (g) any officers, directors, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates or subsidiaries of any and all of the foregoing, and (h) the heirs, legal representatives, successors and assigns of any and all of the foregoing (including, without limitation, any successors by merger, consolidation or acquisition of all or a substantial portion of the Indemnified Parties' assets and business), in all cases whether during the term of the Loan or as part of or following a foreclosure of the Mortgage.

"INDEPENDENT DIRECTOR" shall mean a director of the SPE Component Entity who is not at the time of such individual's initial appointment, and shall not have been at any time during the preceding five (5) years, and shall not be at any time while serving as a director of such SPE Component Entity, either (a) a shareholder (or other equity owner) of, or an officer, director (with the exception of serving as the Independent Director of such SPE Component Entity), partner, manager, member (other than as a Special Member in the case of single member Delaware limited liability companies), employee, attorney or counsel of, Borrower, such SPE Component Entity or any Affiliate of either of them (other than a holder of interests in a mutual fund or other professionally managed fund of stocks, bonds, options, commodities, money market securities or other investments that pools the assets of individuals and/or organizations and is registered (if required) with the SEC, which may hold shares in SCI); (b) a customer or creditor of, or supplier to, Borrower who derives any of its purchases or revenue from its activities with Borrower or such SPE Component Entity or any Affiliate of any of them; (c) a Person who Controls or is under common Control with any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer; or (d) a member of the immediate family (by blood or marriage) of any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer.

A natural person who satisfies the foregoing definition of Independent Director other than clause (b) shall not be disqualified from serving as an Independent Director of such SPE Component Entity if such individual is an independent director provided by a nationally recognized company that provides professional independent directors and that also provides other corporate services in the ordinary course of its business.

A natural person who otherwise satisfies the foregoing definition other than clause (a) by reason of being the Independent Director of a "special purpose entity" Affiliated with the SPE Component Entity, the Borrower, or SCOLP, shall not be disqualified from serving as an Independent Director of the SPE Component Entity if either (i) such individual is a professional Independent Director, or (ii) the fees that such individual earns from serving as an Independent Director of the Affiliate of the SPE Component Entity or the Borrower constitute in the aggregate less than five percent (5%) of such individual's annual income. For purposes of this definition, "special purpose entity" means an entity whose organizational documents contain restrictions on its activities similar to those set forth in Section 6.1 hereof.

"INSURANCE PREMIUMS" shall have the meaning set forth in 8.1(b) hereof.

"INSURANCE PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"INVESTOR" shall have the meaning set forth in Section 13.3 hereof.

"IO MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest due on each IO Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"IO SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"ISSUER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

"ISSUER PERSON" shall have the meaning set forth in Section 13.5(b) hereof.

"LEASE" shall have the meaning set forth in the Mortgage.

"LEGAL REQUIREMENTS" shall mean all statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (a) require repairs, modifications or alterations in or to the Property or any part thereof, or (b) in any way limit the use and enjoyment thereof.

"LETTER OF CREDIT" shall mean an irrevocable, unconditional, transferable, clean sight draft letter of credit acceptable to Lender and the Rating Agencies (either an evergreen letter of credit or one which does not expire until at least thirty (30) Business Days after the Maturity Date) in favor of Lender and entitling Lender to draw thereon in New York, New York, issued by a domestic Eligible Institution or the U.S. agency or branch of a foreign Eligible

Institution and providing for no reimbursement or other obligations by Borrower or any SPE Component Entity. If at any time the bank issuing any such Letter of Credit shall cease to be an Eligible Institution, Lender shall have the right immediately to draw down the same in full and hold the proceeds of such draw in accordance with the applicable provisions hereof.

"LIEN" shall mean, with respect to any Parcel, any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or transfer of, on or affecting Borrower, the Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

"LLC AGREEMENT" shall have the meaning set forth in Section 6.1(c).

"LOAN" shall mean the loan made by Lender to Borrower pursuant to this Agreement.

"LOAN DOCUMENTS" shall mean, collectively, this Agreement, the Note, the Mortgage, the Assignment of Management Agreement, if any, and any and all other documents, agreements and certificates executed and/or delivered in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"LOCKOUT PERIOD" shall mean the period commencing on the date hereof and ending on the date which is six (6) months prior to the Maturity Date.

"LOSSES" shall mean any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments, awards, amounts paid in settlement of whatever kind or nature (including but not limited to legal fees and other costs of defense).

"MAJOR LEASE" shall mean as to the Property (i) any Lease which, individually or when aggregated with all other leases at the Property with the same Tenant or its Affiliate, either (A) accounts for five percent (5%) or more of the Property's aggregate Net Operating Income, or (B) demises 5,000 square feet or more of the Property's gross leasable area, (ii) any Lease which contains any option, offer, right of first refusal or other similar entitlement to acquire all or any portion of the Property, or (iii) any instrument guaranteeing or providing credit support for any Lease meeting the requirements of (i) or (ii) above.

"MANAGEMENT AGREEMENT" shall mean any management agreement entered into by and between Borrower and any Manager, pursuant to which such Manager is to provide management and other services with respect to the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified in accordance with the terms of this Agreement.

"MANAGER" shall mean any entity selected as the manager of the Property in accordance with the terms of this Agreement, which in all cases shall be required to be a Qualified Manager.

"MATERIAL ADVERSE EFFECT" shall mean any event, change, circumstance or effect that is, or that may, reasonably be expected to be, materially adverse to the operations, condition (financial or otherwise), assets, results of operations or liabilities of Borrower or the Property.

"MATURITY DATE" shall mean July 1, 2016.

"MAXIMUM LEGAL RATE" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"MEMBER" shall have the meaning set forth in Section 6.1(c).

"MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and/or principal due on each Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"MOODY'S" shall mean Moody's Investor Services, Inc.

"MORTGAGE" shall mean, individually, each of, and collectively, all of (i) that certain first priority Mortgage, dated the date hereof, executed and delivered by the related Borrower and encumbering the Candlewick Court Parcel, (ii) that certain first priority Mortgage, dated the date hereof, executed and delivered by the related Borrower and encumbering the Hawaiian Gardens/Holly Village Parcel, (iii) that certain first priority Mortgage, dated the date hereof, executed and delivered by the related Borrower and encumbering the Lincoln Estates Parcel, and (iv) that certain first priority Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated the date hereof, executed and delivered by the related Borrower and encumbering the Silver Star Parcel, each as security for the Loan and encumbering such Parcel, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NET OPERATING INCOME" shall mean, with respect to any period of time, the amount obtained by subtracting Operating Expenses from Operating Income, as such amount may be adjusted by Lender in its good faith discretion based on Lender's underwriting standards and consistent with the standards and criteria used by Lender in underwriting the Loan, including without limitation, adjustments for vacancy allowance not to exceed the greater of (x) actual vacancy or (y) five percent (5%).

"NET PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"NET PROCEEDS DEFICIENCY" shall have the meaning set forth in Section 8.4(b) (vi) hereof.

"NOTE" shall mean that certain promissory note of even date herewith in the principal amount of \$37,351,472.00, made by Borrower in favor of Lender, together with any Assumed Note, Defeased Note, Unassumed Note and Undefeased Note as may exist from time to time, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NOTE RATE" shall mean an interest rate equal to 5.32% per annum.

"OFFERING DOCUMENT DATE" shall have the meaning set forth in Section 5.11(c) (i) (D) hereof.

"OPERATING EXPENSES" shall mean, with respect to any period of time and any Parcel or the Property, as applicable, the total of all expenses actually paid or payable, computed in accordance with GAAP, of whatever kind relating to the operation, maintenance and management of the Property, including without limitation, utilities, ordinary repairs and maintenance, Insurance Premiums, license fees, Taxes and Other Charges, advertising expenses, payroll and related taxes, computer processing charges, management fees equal to the greater of 4% of the Operating Income and the management fees actually paid under the Management Agreement, operational equipment or other lease payments as approved by Lender, normalized capital expenditures equal to \$50.00 per homesite per annum, but specifically excluding depreciation and amortization, income taxes (or other payments due in lieu thereof), Debt Service, any incentive fees due under the Management Agreement, any item of expense that in accordance with GAAP should be capitalized but only to the extent the same would qualify for funding from the Reserve Accounts, any item of expense that would otherwise be covered by the provisions hereof but which is paid by any Tenant under such Tenant's Lease or other agreement, and deposits into the Reserve Accounts.

"OPERATING INCOME" shall mean, with respect to any period of time and any Parcel or the Property, as applicable, all income, computed in accordance with GAAP, derived from the ownership and operation of the Property from whatever source, including, but not limited to, Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, and other required pass-throughs but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, interest income from any source other than the escrow accounts, Reserve Accounts or other accounts required pursuant to the Loan Documents, Insurance Proceeds (other than business interruption or other loss of income insurance), Awards, percentage rents, unforfeited security deposits, utility and other similar deposits, non-recurring or extraordinary income, including, without limitation lease termination payments, and any disbursements to Borrower from the Reserve Funds.

"OTHER CHARGES" shall mean all ground rents, maintenance charges, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

"PARTIAL ASSUMPTION" shall have the meaning set forth in Section 7.6 hereof.

"PARTIAL ASSUMPTION AMOUNT" shall mean with respect to a Parcel, the Allocated Loan Amount for such Parcel, less the pro rata portion (calculated based on (x) the Allocated Loan Amount for such Parcel and (y) the original principal balance of the Loan) to the of any amortization payments made with respect to the Loan.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PARCEL" shall mean any of the parcels of real property, including the Improvements thereon and all Personal Property owned by Borrower thereon together with all rights pertaining to such property and Improvements, more particularly known as (i) Candlewick Court (the "CANDLEWICK COURT HILL PARCEL"), (ii) Hawaiian Gardens/Holly Village (the "HAWAIIAN GARDENS/HOLLY VILLAGE PARCEL"), (iii) Lincoln Estates (the "LINCOLN ESTATES PARCEL"), and (iv) Silver Star (the "SILVER STAR PARCEL").

"PARTIAL DEFEASANCE COLLATERAL" shall mean direct non-callable obligations of the United States of America (or any agency thereof to the extent acceptable to the applicable Rating Agencies) or, to the extent acceptable to the applicable Rating Agencies, other obligations which are "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 that provide for payments prior and as close as possible to (but in no event later than) all successive Scheduled Payment Dates occurring after the Partial Defeasance Date, with each such payment being equal to or greater than the amount of the corresponding Monthly Payment Amount required to be paid under the Defeased Note for the balance of the Lockout Period (including the amount necessary to pay the outstanding principal balance on the Loan on the first Scheduled Payment Date occurring after the expiration of the Lockout Period).

"PARTIAL DEFEASANCE DATE" shall have the meaning set forth in Section 2.4(g)(i)(A) hereof.

"PARTIAL DEFEASANCE EVENT" shall have the meaning set forth in Section 2.4(g)(i) hereof.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PATRIOT ACT" shall have the meaning set forth in Section 4.40 hereof.

"PERMITTED ENCUMBRANCES" shall mean collectively, (a) the Lien and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed in the Title Insurance Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent, and (d) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's sole discretion.

"PERMITTED INVESTMENTS" shall mean to the extent available from Lender or Lender's servicer for deposits in the Reserve Accounts, any one or more of the following obligations or securities acquired at a purchase price of not greater than par, including those issued by a servicer of the Loan, the trustee under any securitization or any of their respective Affiliates, payable on demand or having a maturity date not later than the Business Day immediately prior to the date on which the funds used to acquire such investment are required to be used under this Agreement and meeting one of the appropriate standards set forth below:

(a) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America including, without limitation, obligations of: the U.S. Treasury (all direct or fully

guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) be rated "AAA" or the equivalent by each of the Rating Agencies, (iii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iv) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (v) such investments must not be subject to liquidation prior to their maturity;

(b) Federal Housing Administration debentures;

(c) obligations of the following United States government sponsored agencies: Federal Home Loan Mortgage Corp. (debt obligations), the Farm Credit System (consolidated systemwide bonds and notes), the Federal Home Loan Banks (consolidated debt obligations), the Federal National Mortgage Association (debt obligations), the Financing Corp. (debt obligations), and the Resolution Funding Corp. (debt obligations); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(d) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements with maturities of not more than 365 days of any bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(e) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances with maturities of not more than 365 days and issued by, any bank or trust company, savings and loan association or savings bank, the short term obligations of which at all times are rated in

the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(f) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest long-term unsecured rating category; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(g) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days and that at all times is rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest short-term unsecured debt rating; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(h) units of taxable money market funds, with maturities of not more than 365 days and which funds are regulated investment companies, seek to maintain a constant net asset value per share and invest solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or

withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(i) any other security, obligation or investment which has been approved as a Permitted Investment in writing by (i) Lender and (ii) each Rating Agency, as evidenced by a written confirmation that the designation of such security, obligation or investment as a Permitted Investment will not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities by such Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments, (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of one hundred twenty percent (120%) of the yield to maturity at par of such underlying investment or (C) such obligation or security has a remaining term to maturity in excess of one (1) year.

"PERSON" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"PERSONAL PROPERTY" shall have the meaning set forth in the granting clause of the Mortgage.

"PHYSICAL CONDITIONS REPORT" shall mean a report prepared by a company satisfactory to Lender regarding the physical condition of the Property, satisfactory in form and substance to Lender in its sole discretion.

"POLICIES" shall have the meaning set forth in Section 8.1 hereof.

"PROHIBITED TRANSFER" shall have the meaning set forth in Section 7.2 hereof.

"PROPERTY" shall mean, collectively, all Parcels of real property, the Improvements thereon and all Personal Property owned by Borrower and encumbered by the Mortgage, together with all rights pertaining to such property and Improvements, as more particularly described in the granting clause of the Mortgage and referred to therein as the "Property".

"PROPERTY OPERATING ACCOUNT" shall have the meaning set forth in Section 10.1 hereof.

"PROPERTY OPERATING ACCOUNT BANK" shall have the meaning set forth in Section 10.1 hereof.

"PROVIDED INFORMATION" shall have the meaning set forth in Section 13.4(a) hereof.

"P&I MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and principal due on each P&I Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"P&I SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"QUALIFIED MANAGER" shall mean Manager or a reputable and experienced professional management organization (a) which manages, together with its affiliates, manufactured home communities of a type, quality and size similar to the Property, totaling in the aggregate no less than 1,000 home sites, exclusive of the Property and (b) approved by Lender, which approval shall not have been unreasonably withheld and for which Lender shall have received (i) written confirmation from the Rating Agencies that the employment of such manager will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, and (ii) with respect to any Affiliated Manager, a revised substantive non-consolidation opinion if one was delivered in connection with the closing of the Loan. For purposes hereof, Borrower Principal and any Affiliate of Borrower Principal which is Controlled by Borrower Principal or an Affiliate of Borrower Principal, shall be deemed a Qualified Manager.

"RATING AGENCIES" shall mean each of S&P, Moody's and Fitch, or any other nationally-recognized statistical rating agency which has been approved by Lender.

"REA" shall mean any construction, operation and reciprocal easement agreement or similar agreement (including any separate agreement or other agreement between Borrower and one or more other parties to an REA with respect to such REA) affecting the Property or portion thereof.

"RELEASE" shall have the meaning set forth in Section 12.5 hereof.

"RELEASE AMOUNT" shall mean the greater of (a) with respect to any Parcel, 110% of the Allocated Loan Amount for such Parcel, or (b) an amount which, if applied to the outstanding principal balance of the Loan, would cause the Remaining Properties to have a Debt Service Coverage Ratio of not less than 1.275 to 1.00 at the time of such calculation.

"REMAINING PROPERTY" each Parcel remaining subject to the Lien of the Mortgage after a Partial Defeasance Event or Partial Assumption (each Remaining Property being collectively referred to as the "REMAINING PROPERTIES").

"REMIC PROHIBITION PERIOD" shall have the meaning set forth in Section 2.4(b) (iv) hereof.

"REMIC TRUST" shall mean a "real estate mortgage investment conduit" (within the meaning of Section 860D, or applicable successor provisions, of the Code) that holds the Note.

"RENT ROLL" shall have the meaning set forth in Section 4.25 hereof.

"RENTS" shall have the meaning set forth in the Mortgage.

"REPLACEMENT RESERVE ACCOUNT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE FUNDS" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE MONTHLY DEPOSIT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENTS" shall have the meaning set forth in Section 9.2(a) hereof.

"REQUIRED REPAIR ACCOUNT" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIR FUNDS" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIRS" shall have the meaning set forth in Section 9.1(a) hereof.

"REQUIRED WORK" shall have the meaning set forth in Section 9.4 hereof.

"RESERVE ACCOUNTS" shall mean the following accounts: the Tax and Insurance Reserve Account, the Replacement Reserve Account, and the Required Repair Account, or any other escrow account established by the Loan Documents.

"RESERVE DSCR PERIOD" shall mean the period commencing upon the date that Lender determines that the Debt Service Coverage Ratio for the immediately preceding three (3) month period is less than 1.10 to 1.00, and continuing through the date that Lender determines that the Debt Service Coverage Ratio for the immediately preceding six (6) month period is not less than 1.10 to 1.00.

"RESERVE FUNDS" shall mean the Tax and Insurance Reserve Funds, the Replacement Reserve Funds, and the Required Repair Funds, or any other escrow funds established by the Loan Documents.

"RESTORATION" shall mean, following the occurrence of a Casualty or a Condemnation which is of a type necessitating the repair of the Property, the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such Casualty or Condemnation, with such alterations as may be reasonably approved by Lender.

"RESTORATION CONSULTANT" shall have the meaning set forth in Section 8.4(b) (iii) hereof.

"RESTORATION RETAINAGE" shall have the meaning set forth in Section 8.4(b) (iv) hereof.

"RESTRICTED PARTY" shall have the meaning set forth in Section 7.1 hereof.

"SALE OR PLEDGE" shall have the meaning set forth in Section 7.1 hereof.

"SCHEDULED DEFEASANCE PAYMENTS" shall mean scheduled payments of interest and/or principal under the under the Defeased Note in the case of a Partial Defeasance Event for all Scheduled Payment Dates occurring after the Partial Defeasance Date and up to and including the expiration of the Lockout Period (including the amount necessary to pay the outstanding principal balance on the Defeased Note on the first Scheduled Payment Date occurring after the expiration of the Lockout Period), and all payments required after the Partial Defeasance Date, if any, under the Loan Documents for servicing fees, any charges for rating surveillance services on any certificates issued in a Securitization and other similar charges.

"SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"SCI" shall mean Sun Communities, Inc., a Maryland corporation.

"SCOLP" shall mean Sun Communities Operating Limited Partnership, a Michigan limited partnership.

"SECURITIES" shall have the meaning set forth in Section 13.1 hereof.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SECURITIES LIABILITIES" shall have the meaning set forth in Section 13.5 hereof.

"SECURITIZATION" shall have the meaning set forth in Section 13.1 hereof.

"SPECIAL MEMBER" shall have the meaning set forth in Section 6.1(c).

"SPE COMPONENT ENTITY" shall have the meaning set forth in Section 6.1(b) hereof.

"STANDARD STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"STATE" shall mean the state in which the Property or any part thereof is located.

"SUCCESSOR BORROWER" shall have the meaning set forth in Section 2.4(b) (iii) hereof.

"TAX AND INSURANCE RESERVE FUNDS" shall have the meaning set forth in Section 9.6 hereof.

"TAX AND INSURANCE RESERVE ACCOUNT" shall have the meaning set forth in Section 9.6 hereof.

"TAXES" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against the Property or part thereof.

"TENANT" shall mean any Person leasing, subleasing or otherwise occupying any portion of the Property under a Lease or other occupancy agreement with Borrower.

"TITLE INSURANCE POLICY" shall mean that certain ALTA mortgagee title insurance policy issued with respect to the Property and insuring the lien of the Mortgage.

"TRANSFEREE" shall have the meaning set forth in Section 7.5 hereof.

"TRIBUNAL" shall mean any state, commonwealth, federal, foreign, territorial or other court or governmental department, commission, board, bureau, district, authority, agency, central bank, or instrumentality, or any arbitration authority.

"UCC" or "UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the State where the applicable Property is located.

"UNASSUMED NOTE" shall have the meaning set forth in Section 7.6(b) hereof.

"UNDEFEASED NOTE" shall have the meaning set forth in Section 2.4(g) (i) (D) hereof.

"UNDERWRITER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

SECTION 1.2. PRINCIPLES OF CONSTRUCTION.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE II GENERAL TERMS

SECTION 2.1. LOAN COMMITMENT; DISBURSEMENT TO BORROWER

(a) Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

(b) Borrower may request and receive only one borrowing in respect of the Loan and any amount borrowed and repaid in respect of the Loan may not be reborrowed.

(c) The Loan shall be evidenced by the Note and secured by the Mortgage and the other Loan Documents.

(d) Borrower shall use the proceeds of the Loan to (i) pay certain costs in connection with the financing of the Property, (ii) make deposits into the Reserve Funds on the Closing Date in the amounts provided herein, (iii) pay costs and expenses incurred in connection with the closing of the Loan, as approved by Lender, (iv) fund any working capital requirements of the Property, and (v) distribute the balance, if any, to its members.

SECTION 2.2. LOAN PAYMENTS

(a) The Loan shall bear interest at a fixed rate per annum equal to the Note Rate. Interest shall be computed based on the daily rate produced assuming a three hundred sixty (360) day year, multiplied by the actual number of days elapsed. Except as otherwise set forth in this Agreement, interest shall be paid in arrears.

(b) Borrower hereby agrees to pay sums due under the Note as follows: An initial payment of \$119,927.28 is due on the Closing Date for interest from the Closing Date through and including June 30, 2004. Thereafter, consecutive monthly installments of interest only computed in accordance with Section 2.2(a) shall be payable (the "IO MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on August 1, 2004 through an including the first (1st) day of January, 2007 (each an "IO SCHEDULED PAYMENT DATE"). Thereafter, except as may be adjusted in accordance with the last sentence of Section 2.2(c), consecutive monthly installments of principal and interest in an amount equal \$207,878.61 shall be payable (the "P&I MONTHLY PAYMENT AMOUNT"; collectively with the IO Monthly Payment Amount, the "MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on February 1, 2007 (each a "P&I SCHEDULED PAYMENT DATE"; collectively with the IO Scheduled Payment Date, each a "SCHEDULED PAYMENT DATE") until the entire indebtedness evidenced hereby is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due and payable on the Maturity Date.

(c) The P&I Monthly Payment Amount shall mean the amount of interest and principal which would be due in order to fully amortize the principal amount of the Loan, over an amortization term of thirty (30) years assuming an annual interest rate equal to the Note Rate, computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each. Borrower expressly understands and agrees that such computation of interest based on a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each is solely for the purpose of determining the P&I Monthly Payment Amount, and, notwithstanding such computation, interest shall accrue on the outstanding principal amount of the Loan as provided in Section 2.2(a) above. Borrower understands and acknowledges that such interest accrual requirement results in more interest accruing on the Loan than if either a thirty (30) day month and a three hundred sixty (360) day year or the actual number of days and a three hundred sixty-five (365) day year were used to compute the accrual of interest on the Loan. Borrower recognizes that such interest accrual requirement will not fully amortize the Loan

within the amortization period set forth above. Following any partial prepayment occurring solely as a result of the application of Insurance Proceeds or Awards pursuant to the terms of this Agreement, Lender may, in its sole and absolute discretion, adjust the P&I Monthly Payment Amount to give effect to any such partial prepayment, provided, however, that in no event will any such adjustment result in any such installment becoming due and payable on any date after the Maturity Date.

(d) Each payment by Borrower hereunder or under the Note shall be payable at P. O. Box 515228, Los Angeles, California 90051-6528, Attn: Commercial Mortgage Loan Servicing #1777, or at such other place as the Lender may designate from time to time in writing, on the date such payment is due, to Lender by deposit to such account as Lender may designate by written notice to Borrower. Whenever any payment hereunder or under the Note shall be stated to be due on a day which is not a Business Day, such payment shall be made on the first Business Day preceding such scheduled due date.

(e) Prior to the occurrence of an Event of Default, all monthly payments made as scheduled under this Agreement and the Note shall be applied first to the payment of interest computed at the Note Rate, and the balance toward the reduction of the principal amount of the Note. All voluntary and involuntary prepayments on the Note shall be applied, to the extent thereof, to accrued but unpaid interest on the amount prepaid, to the remaining principal amount, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion, including, but not limited to, application to principal installments in inverse order of maturity. Following the occurrence of an Event of Default, any payment made on the Note shall be applied to accrued but unpaid interest, late charges, accrued fees, the unpaid principal amount of the Note, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion.

(f) All payments made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without any deduction for, any setoff, defense or counterclaims.

SECTION 2.3. LATE PAYMENT CHARGE

If any regularly scheduled monthly principal or interest payment is not paid by Borrower within five (5) days after the date the same is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Mortgage and the other Loan Documents to the extent permitted by applicable law.

SECTION 2.4. PREPAYMENT; DEFEASANCE

Except as otherwise expressly permitted by this Section 2.4 no voluntary prepayments, whether in whole or in part, of the Loan or any other amount at any time due and

owing under the Note can be made by Borrower or any other Person without the express written consent of Lender.

(a) Lockout Period. Borrower has no right to make, and Lender shall have no obligation to accept, any voluntary prepayment, whether in whole or in part, of the Loan during the Lockout Period. Notwithstanding the foregoing, if either (i) Lender, in its sole and absolute discretion, accepts a full or partial voluntary prepayment during the Lockout Period or (ii) there is an involuntary prepayment during the Lockout Period, then, in either case, Borrower shall, in addition to any portion of the Loan prepaid (together with all interest accrued and unpaid thereon), pay to Lender a prepayment premium in an amount calculated in accordance with Section 2.4(c) hereof.

(b) Defeasance.

(i) Notwithstanding any provisions of this Section 2.4 to the contrary, including, without limitation, subsection (a) of this Section 2.4, at any time other than during a REMIC Prohibition Period, Borrower may cause the release of the Property from the lien of the Mortgage and the other Loan Documents upon the satisfaction of the following conditions:

(A) no default shall exist under any of the Loan Documents;

(B) not less than thirty (30) (but not more than ninety (90)) days prior written notice shall be given to Lender specifying a date on which the Defeasance Collateral (as hereinafter defined) is to be delivered (the "RELEASE DATE"), such date being on a Scheduled Payment Date; provided, however, that Borrower shall have the right (i) to cancel such notice by providing Lender with notice of cancellation not less than five (5) days prior to the scheduled Release Date, or (ii) to extend the scheduled Release Date until the next Scheduled Payment Date; provided that in each case, Borrower shall pay all of Lender's costs and expenses incurred as a result of such cancellation or extension;

(C) all accrued and unpaid interest and all other sums due under the Note, this Agreement and under the other Loan Documents up to the Release Date, including, without limitation, all fees, costs and expenses incurred by Lender and its agents in connection with such release (including, without limitation, legal fees and expenses for the review and preparation of the Defeasance Security Agreement (as hereinafter defined) and of the other materials described in Section 2.4(b)(i)(D) below and any related documentation, and any servicing fees, Rating Agency fees or other costs related to such release), shall be paid in full on or prior to the Release Date;

(D) Borrower shall deliver to Lender on or prior to the Release Date:

(1) a pledge and security agreement, in form and substance satisfactory to a prudent lender, creating a first priority security interest in favor of Lender in the Defeasance Collateral and the Defeasance Collateral Account, each as defined herein (the "DEFEASANCE SECURITY

AGREEMENT"), which shall provide, among other things, that any excess amounts received by Lender from the Defeasance Collateral over the amounts payable by Borrower on a given Scheduled Payment Date, which excess amounts are not required to cover all or any portion of amounts payable on a future Scheduled Payment Date, shall be refunded to Borrower promptly after each such Scheduled Payment Date;

(2) direct non-callable obligations of the United States of America (or any agency thereof to the extent acceptable to the applicable Rating Agencies) or other obligations which are "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, to the extent the applicable Rating Agencies rating the Securities have confirmed in writing will not cause a downgrade, withdrawal or qualification of the initial, or, if higher, then applicable ratings of the Securities, that provide for payments prior and as close as possible to (but in no event later than) all successive Scheduled Payment Dates occurring after the Release Date, with each such payment being equal to or greater than the amount of the corresponding Monthly Payment Amount required to be paid under this Agreement and the Note (including the amount necessary to pay the outstanding principal balance of the Loan on the first Scheduled Payment Date occurring after the expiration of the Lockout Period) for the balance of the Lockout Period (the "DEFEASANCE COLLATERAL"), each of which shall be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance wholly satisfactory to Lender in its sole discretion (including, without limitation, such certificates, documents and instruments as may be required by the depository institution holding such securities or the issuer thereof, as the case may be, to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the Defeasance Security Agreement the first priority security interest therein in favor of Lender in conformity with all applicable state and federal laws governing granting of such security interests;

(3) a certificate of Borrower certifying that all of the requirements set forth in this Section 2.4(b)(i) have been satisfied;

(4) one or more opinions of counsel for Borrower in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (i) Lender has a perfected first priority security interest in the Defeasance Collateral and the Defeasance Collateral Account and that the Defeasance Security Agreement is enforceable against Borrower in accordance with its terms, (ii) in the event of a bankruptcy proceeding or similar occurrence with respect to Borrower, none of the Defeasance Collateral nor any proceeds thereof will be property of Borrower's estate under Section 541 of the U.S.

Bankruptcy Code or any similar statute and the grant of security interest therein to Lender shall not constitute an avoidable preference under Section 547 of the U.S. Bankruptcy Code or applicable state law, (iii) the release of the lien of the Mortgage and the pledge of Defeasance Collateral will not directly or indirectly result in or cause any REMIC Trust that then holds the Note to fail to maintain its status as a REMIC Trust and (iv) the defeasance will not cause any REMIC Trust to be an "investment company" under the Investment Company Act of 1940;

(5) a certificate in form and scope acceptable to Lender in its sole discretion from an Acceptable Accountant or such other accountant whose certification is customarily acceptable by lenders in defeasance transactions certifying that the Defeasance Collateral will generate amounts sufficient to make all payments of principal and interest due under the Note (including the scheduled outstanding principal balance of the Loan due on the Maturity Date); and

(6) such other certificates, documents and instruments customarily delivered in connection with similar defeasance transactions as Lender may in its sole and reasonable discretion require; and

(E) in the event the Loan is held by a REMIC Trust, Lender has received written confirmation from any Rating Agency rating any Securities that substitution of the Defeasance Collateral will not result in a downgrade, withdrawal, or qualification of the ratings then assigned to any of the Securities.

(ii) Upon compliance with the requirements of Section 2.4(b)(i), the Property shall be released from the lien of the Mortgage and the other Loan Documents, and the Defeasance Collateral shall constitute collateral which shall secure the Note and all other obligations under the Loan Documents. Lender will, at Borrower's expense, execute and deliver any agreements reasonably requested by Borrower to release the lien of the Mortgage and the other Loan Documents from the Property.

(iii) Upon the release of the Property in accordance with this Section 2.4(b), Borrower shall (at Lender's sole and absolute discretion) assign all its obligations and rights under the Note, together with the pledged Defeasance Collateral, to a successor entity designated and approved by Lender in its sole and reasonable discretion ("SUCCESSOR BORROWER"). Successor Borrower shall execute an assignment and assumption agreement in form and substance satisfactory to Lender in its sole and reasonable discretion pursuant to which it shall assume Borrower's obligations under the Note and the Defeasance Security Agreement. As conditions to such assignment and assumption, Borrower shall (A) deliver to Lender one or more opinions of counsel in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that such assignment and assumption agreement is enforceable against Borrower and the Successor Borrower in accordance with its terms and that the Note, the Defeasance Security Agreement and the other Loan Documents, as so assigned and

assumed, are enforceable against the Successor Borrower in accordance with their respective terms, and opining to such other matters relating to Successor Borrower and its organizational structure as Lender may reasonably require, and (B) pay all reasonable fees, costs and expenses incurred by Lender or its agents in connection with such assignment and assumption (including, without limitation, legal fees and expenses and for the review of the proposed transferee and the preparation of the assignment and assumption agreement and related certificates, documents and instruments and any fees payable to any Rating Agencies and their counsel in connection with the issuance of the confirmation referred to in subsection (b)(i)(E) above). Upon such assignment and assumption, Borrower shall be relieved of its obligations hereunder, under the Note, under the other Loan Documents and under the Defeasance Security Agreement, except as expressly set forth in the assignment and assumption agreement.

(iv) For purposes of this Section 2.4, "REMIC PROHIBITION PERIOD" means the earlier of (x) the period commencing on the date hereof and ending on the date which is four (4) years after the first Scheduled Payment Date following the date hereof or (y) the two-year period commencing with the "startup day" within the meaning of Section 860G(a)(9) of the Code of any REMIC Trust that holds the Note. In no event shall Lender have any obligation to notify Borrower that a REMIC Prohibition Period is in effect with respect to the Loan, except that Lender shall notify Borrower if any REMIC Prohibition Period is in effect with respect to the Loan after receiving any notice described in Section 2.4(b)(i)(B); provided, however, that the failure of Lender to so notify Borrower shall not impose any liability on Lender or grant Borrower any right to defease the Loan during any such REMIC Prohibition Period.

(v) At Borrower's request, Lender shall assign the Security Instrument and the Note, each without recourse, covenant or warranty of any nature, express or implied, except that Lender is the holder of the Note and the outstanding amount owed under the Note by Borrower to such new mortgagee designated by Borrower (other than Borrower or a nominee of Borrower) provided that Borrower or Successor Borrower, as applicable (i) has executed and delivered to such new mortgagee a new note to be secured by the Defeasance Collateral pursuant to the Defeasance Security Agreement between Borrower and such new mortgagee (such new note to have the same term, interest rate, unpaid principal balance and all other material terms and conditions of the Note), which new note, together with the Defeasance Security Agreement and the rights of such new mortgagee in and to the Defeasance Collateral, shall be assigned by such new mortgagee to Lender simultaneously with the assignment of the Note and Security Instrument by Lender and (ii) has complied with all other provisions of this Section 2.4(b) to the extent not inconsistent with this subparagraph (v). In addition, any such assignment shall be conditioned on the following: (A) payment by Borrower of (I) Lender's then customary administrative fee for processing assignments of mortgage; (II) the reasonable expenses of Lender incurred in connection therewith; and (III) Lender's reasonable attorney's fees for the preparation, delivery and performance of such an assignment; (B) such new mortgagee shall not substantially modify the Note such that it shall be treated as a new loan for federal tax purposes; (C) such an assignment is not then prohibited by any federal, state or local law, rule, regulation, order or by any other governmental authority; (D) such assignment and the actions described above do not constitute a prohibited

transaction for any REMIC Trust formed in connection with a Securitization and will not disqualify such REMIC Trust as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code as a result of such assignment and the Defeasance, and an opinion of counsel to Borrower that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions; and (E) Borrower shall provide such other opinions, items, information and documents which a prudent lender would require to effectuate such assignment. Borrower shall be responsible for all mortgage recording taxes, recording fees and other charges payable in connection with any such assignment. Lender agrees that the assignment of the Note and Security Instrument to the new mortgagee and the assignment of the new note, the Defeasance Collateral and the Defeasance Security Agreement by the new mortgagee to Lender shall be accomplished by an escrow closing conducted through an escrow agent satisfactory to Lender and pursuant to an escrow agreement satisfactory to Lender in form and substance.

(c) Involuntary Prepayment During the Lockout Period. During the Lockout Period, in the event of any involuntary prepayment of the Loan or any other amount under the Note, whether in whole or in part, in connection with or following Lender's acceleration of the Note or otherwise, and whether the Mortgage is satisfied or released by foreclosure (whether by power of sale or judicial proceeding), deed in lieu of foreclosure or by any other means, including, without limitation, repayment of the Loan by Borrower or any other Person pursuant to any statutory or common law right of redemption, Borrower shall, in addition to any portion of the principal balance of the Loan prepaid (together with all interest accrued and unpaid thereon and in the event the prepayment is made on a date other than a Scheduled Payment Date, a sum equal to the amount of interest which would have accrued under the Note on the amount of such prepayment if such prepayment had occurred on the next Scheduled Payment Date), pay to Lender a prepayment premium in an amount calculated in accordance with this Section 2.4(c). Such prepayment premium shall be in an amount equal to the greater of:

(i) 1% of the portion of the Loan being prepaid; or

(ii) the product obtained by multiplying:

(A) the portion of the Loan being prepaid, times;

(B) the difference obtained by subtracting (I) the Yield Rate from (II) the Note Rate, times;

(C) the present value factor calculated using the following formula:

$$\frac{1 - (1+r)^{-n}}{r}$$

r = Yield Rate

n = the number of years and any fraction thereof, remaining between the date the prepayment is made and first

Scheduled Payment Date occurring after the expiration of the Lockout Period.

As used herein, "YIELD RATE" means the yield calculated by the linear interpolation of the yields, as reported in the Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading "U.S. government securities" and the sub-heading "Treasury constant maturities" for the week ending prior to the Prepayment Calculation Date, of the U.S. Treasury constant maturities with maturity dates (one longer and one equal to or shorter) most nearly approximating the Maturity Date, and converted to a monthly compounded nominal yield. In the event Release H.15 is no longer published, Lender shall select a comparable publication to determine the Yield Rate. The "PREPAYMENT CALCULATION DATE" shall mean, as applicable, the date on which (i) Lender applies any partial prepayment to the reduction of the outstanding principal amount the Note, in the case of a voluntary partial prepayment which is accepted by Lender, (ii) Lender accelerates the Loan, in the case of a prepayment resulting from acceleration, or (iii) Lender applies funds held under any Reserve Account, in the case of a prepayment resulting from such an application (other than in connection with acceleration of the Loan).

(d) Insurance and Condemnation Proceeds; Excess Interest.

Notwithstanding any other provision herein to the contrary, and provided no Event of Default exists, Borrower shall not be required to pay any prepayment premium in connection with any prepayment occurring solely as a result of (i) the application of Insurance Proceeds or Condemnation Proceeds pursuant to the terms of the Loan Documents, or (ii) the application of any interest in excess of the maximum rate permitted by applicable law to the reduction of the Loan.

(e) After the Lockout Period. Commencing on the day after the

expiration of the Lockout Period, and upon giving Lender at least thirty (30) days (but not more than ninety (90) days) prior written notice, Borrower may voluntarily prepay (without premium) the Note in whole (but not in part) on a Scheduled Payment Date. Lender shall accept a prepayment pursuant to this Section 2.4(e) on a day other than a Scheduled Payment Date provided that, in addition to payment of the full outstanding principal balance of the Note, Borrower pays to Lender a sum equal to the amount of interest which would have accrued on the Note if such prepayment occurred on the next Scheduled Payment Date.

(f) Limitation on Partial Prepayments. In no event shall Lender have

any obligation to accept a partial prepayment.

(g) Partial Defeasance. (i) Provided no Event of Default shall have

occurred and remain uncured, Borrower shall have the right at any time after the REMIC Prohibition Period to voluntarily defease a portion of the Loan and obtain a release of the lien of the Mortgage as to any Parcel by providing Lender with the Partial Defeasance Collateral (hereinafter, a "PARTIAL DEFEASANCE EVENT") upon satisfaction of the following conditions precedent:

(A) Borrower shall provide Lender not less than thirty (30) (but not more than ninety (90)) days notice (or a shorter period of time if permitted by Lender in its sole discretion) specifying (1) a date (the "PARTIAL DEFEASANCE DATE") on which the Partial Defeasance Event is to occur, (2) the principal

amount of the Loan subject to the Partial Defeasance Event, and (3) the Parcel to be released from the lien of the Mortgage;

(B) Borrower shall pay to Lender (A) all payments of principal and interest due on the Loan to and including the Partial Defeasance Date and (B) all other sums then due under the Note, this Agreement, the Mortgage and the other Loan Documents;

(C) Borrower shall deposit the Partial Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of Sections 2.4(h) hereof;

(D) Lender shall prepare, at Borrower's sole cost and expense, all necessary documents to modify this Agreement and to amend and restate the Note and issue two substitute notes, one note having a principal balance equal to the Release Amount for the subject Parcel (the "DEFEASED NOTE"), and the other note having a principal balance equal to the excess of (A) the original principal amount of the Loan, over (B) the amount of the Defeased Note (the "UNDEFEASED NOTE"). The Defeased Note and Undefeased Note shall have identical terms as the Note except for the principal balance; and, in connection therewith, the P&I Monthly Payment Amount and the amount of each such payment applied to principal thereafter shall be divided between the Defeased Note and the Undefeased Note in the same proportion as the unpaid principal balance (in each case immediately after the Partial Defeasance Event) of the Defeased Note and the Undefeased Note, as the case may be, bears to the aggregate principal balance due under the Defeased Note and the Undefeased Note immediately after the Partial Defeasance Event. The Defeased Note and the Undefeased Note shall be cross defaulted and cross collateralized unless the Rating Agencies shall require otherwise or unless a Successor Borrower that is not an Affiliate of Borrower is established pursuant to Section 2.4(b)(iii) hereof. A Defeased Note may not be the subject of any further defeasance;

(E) Borrower shall execute and deliver to Lender a Defeasance Security Agreement in respect of the Defeasance Collateral Account and the Partial Defeasance Collateral;

(F) Borrower shall deliver to Lender an opinion of counsel for Borrower that is standard in commercial lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (1) Lender has a perfected first priority security interest in the Defeasance Collateral and the Defeasance Collateral Account and that the Defeasance Security Agreement is enforceable against Borrower in accordance with its terms, (2) in the event of a bankruptcy proceeding or similar occurrence with respect to Borrower, none of the Partial Defeasance Collateral nor any proceeds thereof will be property of Borrower's estate under Section 541 of the U.S. Bankruptcy Code or any similar statute and the grant of security interest therein to Lender shall not constitute an avoidable preference under Section 547

of the U.S. Bankruptcy Code or applicable state law, (3) the release of the lien of the Mortgage on the Parcel and the pledge of the Partial Defeasance Collateral will not directly or indirectly result in or cause any REMIC Trust that then holds the Note to fail to maintain its status as a REMIC Trust, (4) the defeasance will not cause any REMIC Trust to be an "investment company" under the Investment Company Act of 1940 and (5) a non-consolidation opinion with respect to the Successor Borrower;

(G) Borrower shall deliver to Lender a written confirmation from any Rating Agency rating any Securities that the Partial Defeasance Event will not result in a downgrade, withdrawal, or qualification of the ratings then assigned to any of the Securities;

(H) Borrower shall have delivered to Lender a certificate in form and scope acceptable to Lender in its sole discretion from an Acceptable Accountant or such other accountant whose certification is customarily acceptable by lenders in defeasance transactions certifying that the certifying that the Partial Defeasance Collateral will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(I) Borrower shall deliver to Lender evidence, satisfactory to a reasonably prudent lender, that the Undeferred Note will continue to be secured by the Mortgage;

(J) Lender shall have received, at Borrower's sole cost and expense, one or more endorsements to the Title Insurance Policy insuring that, after giving effect to the subject release, the Liens of the Mortgage insured thereunder continue to be first priority Liens on the Remaining Properties, subject only to Permitted Encumbrances; and

(K) Borrower shall pay all costs and expenses of Lender incurred in connection with the Partial Defeasance Event, including due diligence review and Lender's reasonable attorneys' fees and expenses.

(ii) If Borrower has elected to make a partial defeasance and the requirements of this Section 2.4 have been satisfied, the applicable Parcel shall be released from the lien of the Mortgage. In connection with the release of the Lien, Borrower shall submit to Lender, not less than ten (10) days prior to the Partial Defeasance Date (or such shorter time as is acceptable to Lender in its sole discretion), a release of Lien (and related Loan Documents) for execution by Lender. Such release shall be in a form appropriate in the jurisdiction in which the Property is located and that contains standard provisions protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release, together with an officer's certificate certifying that such documentation (i) is in substantive compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all costs, taxes and expenses associated with the release of the lien of the Mortgage, including

Lender's reasonable attorneys' fees. Borrower shall cause title to the applicable Parcel so released from the lien of the Mortgage to be transferred to and held by a Person other than Borrower. Except as set forth in this Section 2.4, no repayment, prepayment or defeasance of all or any portion of the Note shall cause, give rise to a right to require, or otherwise result in, the release of the lien of the Mortgage from the Property.

(iii) Upon compliance with the requirements of this Section 2.4(g), the applicable Parcel shall be released from the lien of the Mortgage and the other Loan Documents, and the Partial Defeasance Collateral shall constitute collateral which shall secure the Defeased Note and all other obligations under the Loan Documents. Lender will, at Borrower's expense, execute and deliver any agreements reasonably requested by Borrower to release the lien of the Mortgage and the other Loan Documents from the applicable Parcel.

(iv) Upon the release of a Parcel in accordance with this Section 2.4(g), Borrower shall (at Lender's sole and absolute discretion) assign all its obligations and rights under the Defeased Note, together with the pledged Partial Defeasance Collateral, to a Successor Borrower. Successor Borrower shall execute an assignment and assumption agreement in form and substance which would be satisfactory to a prudent lender pursuant to which it shall assume Borrower's obligations under the Defeased Note and the Defeasance Security Agreement. As conditions to such assignment and assumption, Borrower shall (A) deliver to Lender one or more opinions of counsel in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that such assignment and assumption agreement is enforceable against Borrower and the Successor Borrower in accordance with its terms and that the Defeased Note, the Defeasance Security Agreement and the other Loan Documents, as so assigned and assumed, are enforceable against the Successor Borrower, and the Undeafed Note Remains enforceable against Borrower, each in accordance with their respective terms, and opining to such other matters relating to Successor Borrower and its organizational structure as Lender may reasonably require, and (B) pay all reasonable fees, costs and expenses incurred by Lender or its agents in connection with such assignment and assumption (including, without limitation, legal fees and expenses and for the review of the proposed transferee and the preparation of the assignment and assumption agreement and related certificates, documents and instruments). Upon such assignment and assumption, Borrower shall be relieved of its obligations hereunder, under the Defeased Note, under the other Loan Documents and under the Defeasance Security Agreement, except as expressly set forth in the assignment and assumption agreement.

(h) Defeasance Collateral Account. On or before the date on which Borrower delivers the Defeasance Collateral or Partial Defeasance Collateral, Borrower shall open at any Eligible Institution the defeasance collateral account (the "DEFEASANCE COLLATERAL ACCOUNT") which shall at all times be an Eligible Account. The Defeasance Collateral Account shall contain only (i) Defeasance Collateral or Partial Defeasance Collateral, and (ii) cash from interest and principal paid on the Defeasance Collateral or Partial Defeasance Collateral. All cash from interest and principal payments paid on the Defeasance Collateral or Partial Defeasance Collateral shall be paid over to Lender on each Scheduled Payment Date and applied first to

accrued and unpaid interest and then to principal. Any cash from interest and principal paid on the Defeasance Collateral or Partial Defeasance Collateral not needed to pay the Scheduled Defeasance Payments shall be paid to Borrower. Borrower shall cause the Eligible Institution at which the Defeasance Collateral or Partial Defeasance Collateral is deposited to enter an agreement with Borrower and Lender, satisfactory to Lender in its sole discretion, pursuant to which such Eligible Institution shall agree to hold and distribute the Defeasance Collateral or Partial Defeasance Collateral in accordance with this Agreement. The Borrower or Successor Borrower, as applicable, shall be the owner of the Defeasance Collateral Account and shall report all income accrued on the Defeasance Collateral or Partial Defeasance Collateral for federal, state and local income tax purposes in its income tax return. Borrower shall prepay all cost and expenses associated with opening and maintaining the Defeasance Collateral Account. Lender shall not in any way be liable by reason of any insufficiency in the Defeasance Collateral Account.

SECTION 2.5. PAYMENTS AFTER DEFAULT

Upon the occurrence and during the continuance of an Event of Default, interest on the outstanding principal balance of the Loan and, to the extent permitted by law, other amounts due in respect of the Loan, (a) shall accrue at the Default Rate, and (b) Lender shall be entitled to receive and Borrower shall pay to Lender all cash flow from the Property in accordance with the terms of Article 10 hereof, such amount to be applied by Lender to the payment of the Debt in such order as Lender shall determine in its sole discretion, including, without limitation, alternating applications thereof between interest and principal. Interest at the Default Rate shall be computed from the occurrence of the Event of Default until the earlier of (i) the actual receipt and collection of the Debt (or that portion thereof that is then due) and (ii) the cure of such Event of Default. This paragraph shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default; the acceptance of any payment from Borrower shall not be deemed to cure or constitute a waiver of any Event of Default; and Lender retains its rights under this Agreement to accelerate and to continue to demand payment of the Debt upon the happening of and during the continuance any Event of Default, despite any payment by Borrower to Lender.

SECTION 2.6. USURY SAVINGS

This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Note Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount

of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

ARTICLE III
CONDITIONS PRECEDENT

The obligation of Lender to make the Loan hereunder is subject to the fulfillment by Borrower or waiver by Lender of the following conditions precedent no later than the Closing Date.

SECTION 3.1. REPRESENTATIONS AND WARRANTIES; COMPLIANCE WITH
CONDITIONS

The representations and warranties of Borrower contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of such date, and Lender shall have determined that no Default or an Event of Default shall have occurred and be continuing nor will any Default or Event of Default occur immediately following the Closing Date; and Borrower shall be in compliance in all material respects with all terms and conditions set forth in this Agreement and in each other Loan Document on its part to be observed or performed.

SECTION 3.2. DELIVERY OF LOAN DOCUMENTS; TITLE INSURANCE; REPORTS;
LEASES

(a) Mortgage, Loan Agreement and Note. Lender shall have received from Borrower a fully executed and acknowledged counterpart of the Mortgage and evidence that counterparts of the Mortgage and Uniform Commercial Code financing statements have been delivered to the title company for recording, in the reasonable judgment of Lender, so as to effectively create upon such recording valid and enforceable Liens upon the Property, of the requisite priority, in favor of Lender (or such other trustee as may be required or desired under local law), subject only to the Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents. Lender shall have also received from Borrower fully executed counterparts of this Agreement, the Note and all other Loan Documents.

(b) Title Insurance. Lender shall have received a Title Insurance Policy issued by a title company acceptable to Lender and dated as of the Closing Date, with reinsurance and direct access agreements acceptable to Lender. Such Title Insurance Policy shall (i) provide coverage in the amount of the Loan, (ii) insure Lender that the Mortgage creates a valid lien on the Property of the requisite priority, free and clear of all exceptions from coverage other than Permitted Encumbrances and standard exceptions and exclusions from coverage (as modified by the terms of any endorsements), (iii) contain such endorsements and affirmative coverages as Lender may reasonably request, and (iv) name Lender as the insured. The Title Insurance Policy shall be assignable. Lender also shall have received evidence that all premiums in respect of such Title Insurance Policy have been paid.

(c) Survey. Lender shall have received a current title survey for each Parcel, certified to the title company and Lender and their successors and assigns, in form and content satisfactory to Lender and prepared by a professional and properly licensed land surveyor satisfactory to Lender in accordance with the 1999 Minimum Standard Detail Requirements for

ALTA/ACSM Land Title Surveys. The survey shall meet the classification of an "Urban Survey" and the following additional items from the list of "Optional Survey Responsibilities and Specifications" (Table A) should be added to each survey: 2, 3, 4, 6, 8, 9, 10, 11 and 13. Such survey shall reflect the same legal description contained in the Title Insurance Policy referred to in subsection (b) above and shall include, among other things, a metes and bounds description of the real property comprising part of the Property reasonably satisfactory to Lender. The surveyor's seal shall be affixed to the survey and the surveyor shall provide a certification for each survey in form and substance acceptable to Lender.

(d) Insurance. Lender shall have received copies of the Policies required hereunder, satisfactory to Lender in its sole discretion, and evidence of the payment of all Insurance Premiums payable for the existing policy period.

(e) Environmental Reports. Lender shall have received an Environmental Report in respect of the Property satisfactory to Lender.

(f) Zoning/Building Code. Lender shall have received evidence of compliance with zoning and building ordinances and codes, including, without limitation, required certificates of occupancy, reasonably acceptable to Lender.

(g) Encumbrances. Borrower shall have taken or caused to be taken such actions in such a manner so that Lender has a valid and perfected first Lien as of the Closing Date on the Property, subject only to applicable Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents, and Lender shall have received satisfactory evidence thereof.

(h) Lien Searches. Borrower shall have delivered to Lender certified search results pertaining to the Borrower, Borrower Principal and such other Persons or any SPE Component Entity as reasonably required by Lender for state and federal tax liens, bankruptcy, judgment, litigation and state and local UCC filings

SECTION 3.3. RELATED DOCUMENTS

Each additional document not specifically referenced herein, but relating to the transactions contemplated herein, shall have been duly authorized, executed and delivered by all parties thereto and at Lender's written request, Lender shall have received and approved certified copies thereof.

SECTION 3.4. ORGANIZATIONAL DOCUMENTS

On or before the Closing Date, Borrower shall deliver or cause to be delivered to Lender (a) copies certified by Borrower of all organizational documentation related to Borrower, each SPE Component Entity and Borrower Principal which must be acceptable to Lender in its sole and reasonable discretion, and (b) such other evidence of the formation, structure, existence, good standing and/or qualification to do business of the Borrower, each SPE Component Entity and Borrower Principal, as Lender may request in its sole and reasonable discretion, including, without limitation, good standing or existence certificates, qualifications to do business in the

appropriate jurisdictions, resolutions authorizing the entering into of the Loan and incumbency certificates as may be requested by Lender.

SECTION 3.5. OPINIONS OF BORROWER'S COUNSEL

Lender shall have received opinions of Borrower's counsel (a) with respect to non-consolidation issues and (b) with respect to due execution, authority, enforceability of the Loan Documents and such other matters as Lender may require, all such opinions in form, scope and substance satisfactory to Lender and Lender's counsel in their sole discretion.

SECTION 3.6. ANNUAL BUDGET

Borrower shall have delivered, and Lender shall have approved, the Annual Budget for the current fiscal year, a copy of which has been delivered to Lender prior to the date hereof.

SECTION 3.7. TAXES AND OTHER CHARGES

Borrower shall have paid all Taxes and Other Charges (including any in arrears) relating to the Property, which amounts may be funded with proceeds of the Loan.

SECTION 3.8. COMPLETION OF PROCEEDINGS

All corporate and other proceedings taken or to be taken in connection with the transactions contemplated by this Agreement and other Loan Documents and all documents incidental thereto shall be satisfactory in form and substance to Lender, and Lender shall have received all such counterpart originals or certified copies of such documents as Lender may reasonably request.

SECTION 3.9. PAYMENTS

All payments, deposits or escrows required to be made or established by Borrower under this Agreement, the Note and the other Loan Documents on or before the Closing Date shall have been paid.

SECTION 3.10. TRANSACTION COSTS

Except as otherwise expressly provided herein, Borrower shall have paid or reimbursed Lender for all out of pocket expenses in connection with the underwriting, negotiation, Securitization and closing of the Loan, including title insurance premiums and other title company charges; recording, registration, filing and similar fees, taxes and charges; transfer, mortgage, deed, stamp or documentary taxes or similar fees or charges; costs of third-party reports, including without limitation, environmental studies, credit reports, seismic reports, engineer's reports, appraisals and surveys; underwriting and origination expenses; Securitization expenses; and all actual, reasonable legal fees and expenses charged by counsel to Lender.

SECTION 3.11. NO MATERIAL ADVERSE CHANGE

There shall have been no material adverse change in the financial condition or business condition of the Property, Borrower, Borrower Principal, any SPE Component Entity, Manager or any other person or party contributing to the operating income and operations of the Property since the date of the most recent financial statements and/or other information delivered to Lender. The income and expenses of the Property, the occupancy and leases thereof, and all other features of the transaction shall be as represented to Lender without material adverse change. Neither Borrower nor Borrower Principal, any SPE Component Entity or Affiliated Manager shall be the subject of any bankruptcy, reorganization, or insolvency proceeding.

SECTION 3.12. LEASES AND RENT ROLL

Lender shall have received a current certified rent roll of the Property, reasonably satisfactory in form and substance to Lender.

SECTION 3.13. INTENTIONALLY RESERVED

SECTION 3.14. INTENTIONALLY RESERVED

SECTION 3.15. INTENTIONALLY RESERVED

SECTION 3.16. TAX LOT

Lender shall have received evidence that each Parcel constitutes one (1) or more separate tax lots, which evidence shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.17. PHYSICAL CONDITIONS REPORT

Lender shall have received a Physical Conditions Report with respect to the Property, which report shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.18. INTENTIONALLY RESERVED

SECTION 3.19. APPRAISAL

Lender shall have received an appraisal of the Property, which shall be satisfactory in form and substance to Lender.

SECTION 3.20. FINANCIAL STATEMENTS

Lender shall have received financial statements and related information in form and substance satisfactory to Lender and in compliance with any Legal Requirements promulgated by the Securities and Exchange Commission, including, without limitation, a balance sheet, income and expense statement with respect to Borrower and an operating statement with respect to the Property for the year-to-date 2004, 2003, and 2002.

SECTION 3.21. INTENTIONALLY RESERVED

SECTION 3.22. FURTHER DOCUMENTS

Lender or its counsel shall have received such other and further approvals, opinions, documents and information as Lender or its counsel may have reasonably requested including the Loan Documents in form and substance satisfactory to Lender and its counsel.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Borrower and, where specifically indicated, Borrower Principal (subject to Section 4.43 below) represents and warrants to Lender as of the Closing Date that:

SECTION 4.1. ORGANIZATION

Borrower and each Borrower Principal (when not an individual) (a) has been duly organized and is validly existing and in good standing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged, (b) is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, (c) possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged (except for any such rights, licenses, permits and authorization for which the failure to obtain would not have a Material Adverse Effect), and the sole business of Borrower is the ownership, management and operation of the Property, and (d) in the case of Borrower, has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to the terms of the Loan Documents, and in the case of Borrower and each Borrower Principal, has full power, authority and legal right to keep and observe all of the terms of the Loan Documents to which it is a party. The chart attached hereto as Exhibit A sets forth an accurate listing of the direct and indirect owners of the equity interests in Borrower and each SPE Component Entity (if any).

SECTION 4.2. STATUS OF BORROWER

Borrower's exact legal name is correctly set forth on the first page of this Agreement, on the Mortgage and on any UCC-1 Financing Statements filed in connection with the Loan. Borrower is an organization of the type specified on the first page of this Agreement. Borrower is incorporated in or organized under the laws of the State of Michigan. Borrower's principal place of business and chief executive office, and the place where Borrower keeps its books and records, including recorded data of any kind or nature, regardless of the medium of recording, including software, writings, plans, specifications and schematics, has been for the preceding four months (or, if less, the entire period of the existence of Borrower) the address of Borrower set forth on the first page of this Agreement. Borrower's organizational identification number, if any, assigned by the state of incorporation or organization is as set forth on the Lender's closing statement executed by Borrower in connection with the Loan.

SECTION 4.3. VALIDITY OF DOCUMENTS

Borrower and each Borrower Principal have taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents to which they are parties. This Agreement and such other Loan Documents have been duly executed and delivered by or on behalf of Borrower and each Borrower Principal and constitute the legal, valid and binding obligations of Borrower and each Borrower Principal enforceable against Borrower and each Borrower Principal in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 4.4. NO CONFLICTS

The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower and each Borrower Principal will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than pursuant to the Loan Documents) which would have a Material Adverse Effect upon any of the property or assets of Borrower or any Borrower Principal pursuant to the terms of any agreement or instrument to which Borrower or any Borrower Principal is a party or by which any of Borrower's or Borrower Principal's property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having jurisdiction over Borrower or any Borrower Principal or any of Borrower's or Borrower Principal's properties or assets which would have a Material Adverse Effect, and any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by Borrower or Borrower Principal of this Agreement or any of the other Loan Documents has been obtained and is in full force and effect.

SECTION 4.5. LITIGATION

There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to Borrower's or Borrower Principal's knowledge, threatened against or affecting Borrower, any Borrower Principal, Manager or the Property, which actions, suits or proceedings, if determined against Borrower, any Borrower Principal, Manager or the Property, would materially adversely affect the condition (financial or otherwise) or business of Borrower or any Borrower Principal or the condition or ownership of the Property.

SECTION 4.6. AGREEMENTS

Borrower is not a party to any agreement or instrument or subject to any restriction which would materially and adversely affect Borrower or the Property, or Borrower's business, properties or assets, operations or condition, financial or otherwise. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or the Property is bound. Borrower has no material financial

obligation under any agreement or instrument to which Borrower is a party or by which Borrower or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Property (b) obligations under the Loan Documents, (c) obligations reflected in the financial statements delivered to Lender, (d) the Permitted Encumbrances, and (e) as previously disclosed in writing to Lender.

SECTION 4.7. SOLVENCY

Borrower and each Borrower Principal have (a) not entered into the transaction or executed the Note, this Agreement or any other Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for their obligations under such Loan Documents. Giving effect to the Loan, the fair saleable value of the assets of Borrower and each Borrower Principal exceeds and will, immediately following the making of the Loan, exceed the total liabilities of Borrower and each Borrower Principal, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. No petition in bankruptcy has been filed against Borrower, any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years, and neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years has made an assignment for the benefit of creditors or taken advantage of any Creditors Rights Laws. Neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager is contemplating either the filing of a petition by it under any Creditors Rights Laws or the liquidation of all or a major portion of Borrower's assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against Borrower or any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager.

SECTION 4.8. FULL AND ACCURATE DISCLOSURE

No statement of fact made by or on behalf of Borrower or any Borrower Principal in this Agreement or in any of the other Loan Documents or in any other document or certificate delivered by or on behalf of Borrower or any Borrower Principal contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no material fact presently known to Borrower or any Borrower Principal which has not been disclosed to Lender which materially and adversely affects, nor as far as Borrower or any Borrower Principal can reasonably foresee, might materially and adversely affect, the Property or the business, operations or condition (financial or otherwise) of Borrower or any Borrower Principal.

SECTION 4.9. NO PLAN ASSETS

Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101. In addition, (a) Borrower is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with Borrower are not subject to state statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the

provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Agreement.

SECTION 4.10. NOT A FOREIGN PERSON

Neither Borrower nor Borrower Principal is a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

SECTION 4.11. ENFORCEABILITY

The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by Borrower, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and neither Borrower nor Borrower Principal has asserted any right of rescission, set-off, counterclaim or defense with respect thereto. No Default or Event of Default exists under or with respect to any Loan Document.

SECTION 4.12. BUSINESS PURPOSES

The Loan is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

SECTION 4.13. COMPLIANCE

Borrower and the Property, and the use and operation thereof, comply in all material respects with all Legal Requirements, including, without limitation, building and zoning ordinances and codes and the Americans with Disabilities Act, except for any noncompliance which would not have a Material Adverse Effect. To Borrower's knowledge, Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority and Borrower has received no written notice of any such default or violation which would have a Material Adverse Effect. There has not been committed by Borrower or, to Borrower's knowledge, any other Person in occupancy of or involved with the operation or use of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents.

SECTION 4.14. FINANCIAL INFORMATION

All financial data, including, without limitation, the balance sheets, statements of income and operating expense and rent rolls, that have been delivered to Lender by or on behalf of Borrower and/or Borrower Principal in respect of Borrower, any Borrower Principal and/or the Property (a) are true, complete and correct in all material respects, (b) accurately represent the financial condition of Borrower, Borrower Principal or the Property, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a material

adverse effect on the Property or the current and/or intended operation thereof, except as referred to or reflected in said financial statements, the Permitted Encumbrances or otherwise disclosed in writing to Lender. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower or Borrower Principal from that set forth in said financial statements. Lender acknowledges that Lender has not received any of the foregoing statements from the Borrower, but only with respect to the Borrower Principal and the Property.

SECTION 4.15. CONDEMNATION

No Condemnation or other proceeding has been commenced or, to Borrower's best knowledge, is threatened or contemplated with respect to all or any portion of the Property or for the relocation of roadways providing access to the Property.

SECTION 4.16. UTILITIES AND PUBLIC ACCESS; PARKING

The Property has adequate rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities (public or private) adequate to service the Property as currently operated. All public utilities necessary to the full use and enjoyment of the Property as currently used and enjoyed are, to Borrower's knowledge, located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property. All roads necessary for the use of the Property for its current purposes (i) have been completed and dedicated to public use and accepted by all Governmental Authorities or (ii) are provided by means of private ingress and egress easements benefiting the Property. The Property has, or is served by, parking to the extent required to comply with all Legal Requirements.

SECTION 4.17. SEPARATE LOTS

Each Parcel is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Property or any portion thereof.

SECTION 4.18. ASSESSMENTS

To Borrower's knowledge after due inquiry, there are no pending or proposed special or other assessments for public improvements or otherwise affecting the Property, nor are there any contemplated improvements to the Property that may result in such special or other assessments which, in either case, would have a Material Adverse Effect.

SECTION 4.19. INSURANCE

Borrower has obtained and has delivered to Lender certified copies of all Policies or, to the extent such Policies are not available as of the Closing Date, certificates of insurance with respect to all such Policies reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. To Borrower's knowledge, no Person, including

Borrower, has done, by act or omission, anything which would impair the coverage of any of the Policies.

SECTION 4.20. USE OF PROPERTY

The Property is used exclusively for a manufactured home community and other appurtenant and related uses.

SECTION 4.21. CERTIFICATE OF OCCUPANCY; LICENSES

All certifications, permits, licenses and approvals, including, without limitation, certificates of completion or occupancy, if any, and any applicable liquor license required for the legal use, occupancy and operation of the Property for the purpose intended herein, have been obtained and are valid and in full force and effect, except for those which, if not obtained, would not have a Material Adverse Affect. Borrower shall keep and maintain all licenses necessary for the operation of the Property for the purpose intended herein. The use being made of the Property is in conformity with the certificate of occupancy, if any, and any permits or licenses issued for the Property, except for those which, if not obtained, would not have a Material Adverse Affect.

SECTION 4.22. FLOOD ZONE

None of the Improvements on the Property are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards, or, if any portion of the Improvements (it being understood that for purposes of this representation only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is located within such area, Borrower has obtained the insurance prescribed in Section 8.1(a) (i).

SECTION 4.23. PHYSICAL CONDITION

To Borrower's knowledge after due inquiry, and except as set forth in the Property Conditions Report and the Appraisal delivered to Lender in connection with the Loan, the Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, electrical systems, equipment, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects in light of the age, design and utility. To Borrower's knowledge after due inquiry, there exists no structural or other material defects or damages in the Property, as a result of a Casualty or otherwise, and whether latent or otherwise. Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

SECTION 4.24. BOUNDARIES

Except as shown in the Title Insurance Policy or as shown on the Survey, (a) none of the Improvements which were included in determining the appraised value of the Property lie

outside the boundaries and building restriction lines of the Property to any material extent, and (b) no improvements on adjoining properties encroach upon the Property and no easements or other encumbrances upon the Property encroach upon any of the Improvements so as to materially affect the value or marketability of the Property.

SECTION 4.25. LEASES AND RENT ROLL

Borrower has delivered to Lender a true, correct and complete rent roll for the Property (a "RENT ROLL") which includes all Leases affecting the Property. Except as set forth in the Rent Roll (as same has been updated by written notice thereof to Lender) and estoppel certificates delivered to Lender on or prior to the Closing Date: (a) each Lease is in full force and effect; (b) the premises demised under the Leases have been completed and the Tenants under the Leases have accepted possession of their respective demised premises; (c) the Tenants under the Leases have commenced the payment of rent under the Leases, there are no offsets, claims or defenses to the enforcement thereof, and Borrower has no monetary obligations to any Tenant under any Lease; (d) all Rents due and payable under the Leases have been paid and no substantial portion thereof has been paid for any period more than thirty (30) days in advance; (e) the rent payable under each Lease is the amount of fixed rent set forth in the Rent Roll, and, to Borrower's knowledge, there is no claim or basis for a claim by the Tenant thereunder for an offset or adjustment to the rent; (f) no Tenant has made any written claim of a material default against the landlord under any Lease which remains outstanding nor has Borrower or Manager received, by telephonic, in-person, e-mail or other communication, any notice of a material default under any Lease; (g) to Borrower's knowledge there is no present material default by the Tenant under any Lease; (h) all security deposits under the Leases have been collected by Borrower; (i) Borrower is the sole owner of the entire landlord's interest in each Lease; (j) to Borrower's knowledge, each Lease is the valid, binding and enforceable obligation of Borrower and the applicable Tenant thereunder and there are no agreements between the Borrower and Tenants under the Leases other than as expressly set forth in the Leases; (k) no Person has any possessory interest in, or right to occupy, the Property or any portion thereof except under the terms of a Lease or the Permitted Encumbrances; (l) none of the Leases contains any option or offer to purchase or right of first refusal to purchase the Property or any part thereof (except as may be required by any applicable Legal Requirements); and (m) neither the Leases nor the Rents have been assigned, pledged or hypothecated except to Lender, and, to Borrower's knowledge, no other Person has any interest therein except the Tenants thereunder. Lender hereby recognizes that in addition to the Leases, the relationship between the Borrower and the Tenants of a Parcel may be governed by the terms of an agreement between the Borrower (or its predecessor in interest) and the homeowners association established by the Tenants of such Parcel and the prospectus for such Parcel filed with the State where such Parcel is located.

SECTION 4.26. FILING AND RECORDING TAXES

All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Mortgage, have been paid or will be paid, and, under current Legal Requirements, the Mortgage is enforceable in accordance with its terms by Lender (or any subsequent holder thereof).

SECTION 4.27. INTENTIONALLY RESERVED.

SECTION 4.28. ILLEGAL ACTIVITY

No portion of the Property has been or will be purchased with proceeds of any illegal activity, and no part of the proceeds of the Loan will be used in connection with any illegal activity.

SECTION 4.29. CONSTRUCTION EXPENSES

All costs and expenses of any and all labor, materials, supplies and equipment used in the construction maintenance or repair of the Improvements have been paid in full or will be paid in the ordinary course of business. To Borrower's knowledge after due inquiry, there are no claims for payment for work, labor or materials affecting the Property which are or may become a lien prior to, or of equal priority with, the Liens created by the Loan Documents.

SECTION 4.30. PERSONAL PROPERTY

Borrower has paid in full for, and is the owner of, all Personal Property (other than tenants' property) used in connection with the operation of the Property, free and clear of any and all security interests, liens or encumbrances, except for Permitted Encumbrances and the Lien and security interest created by the Loan Documents.

SECTION 4.31. TAXES

Borrower and Borrower Principal have filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by them and have paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by them. Neither Borrower nor Borrower Principal knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

SECTION 4.32. PERMITTED ENCUMBRANCES

None of the Permitted Encumbrances, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by the Loan Documents, materially and adversely affects the value of the Property, materially impairs the use or the operation of the Property or materially impairs Borrower's ability to pay its obligations in a timely manner.

SECTION 4.33. FEDERAL RESERVE REGULATIONS

Borrower will use the proceeds of the Loan for the purposes set forth in Section 2.1(d) hereof and not for any illegal activity. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of

Governors, or for any purposes prohibited by Legal Requirements or prohibited by the terms and conditions of this Agreement or the other Loan Documents.

SECTION 4.34. INVESTMENT COMPANY ACT

Borrower is not (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

SECTION 4.35. RECIPROCAL EASEMENT AGREEMENTS

Except as set forth in the Title Insurance Policy, there is no REA affecting any portion of the Property.

SECTION 4.36. NO CHANGE IN FACTS OR CIRCUMSTANCES; DISCLOSURE

All information submitted by Borrower or its agents to Lender and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan or in satisfaction of the terms thereof and all statements of fact made by Borrower in this Agreement or in any other Loan Document, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects or might materially and adversely affect the Property or the business operations or the financial condition of Borrower. To Borrower's knowledge, Borrower has disclosed to Lender all material facts relating to Borrower, Borrower Principal and the Property and has not failed to disclose any material fact relating to Borrower, Borrower Principal and the Property that could cause any representation or warranty made herein to be materially misleading.

SECTION 4.37. INTELLECTUAL PROPERTY

To Borrower's knowledge, all trademarks, trade names and service marks necessary to the business of Borrower as presently conducted or as Borrower contemplates conducting its business are in good standing, except any such trademarks, trade names and service marks which, if not in good standing, would not have a Material Adverse Effect, and, to the extent of Borrower's actual knowledge, uncontested. Borrower has not infringed, is not infringing, and has not received notice of infringement with respect to asserted trademarks, trade names and service marks of others. To Borrower's knowledge, there is no infringement by others of trademarks, trade names and service marks of Borrower.

SECTION 4.38. SURVEY

The Survey for the Property delivered to Lender in connection with this Agreement does not, to the knowledge of Borrower, fail to reflect any material matter affecting the Property or the title thereto.

SECTION 4.39. EMBARGOED PERSON

As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, (a) none of the funds or other assets of Borrower and Borrower Principal constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by Lender is in violation of law ("EMBARGOED PERSON"); (b) no Embargoed Person has any interest of any nature whatsoever in Borrower or Borrower Principal, as applicable, with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower or Borrower Principal, as applicable, have been derived from any unlawful activity with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law. Notwithstanding anything to the contrary set forth in this Section 4.39, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.40. PATRIOT ACT

All capitalized words and phrases and all defined terms used in the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and in other statutes and all orders, rules and regulations of the United States government and its various executive departments, agencies and offices related to the subject matter of the Patriot Act, including Executive Order 13224 effective September 24, 2001 (collectively referred to in this Section only as the "PATRIOT ACT") and are incorporated into this Section. Each of Borrower and Borrower Principal hereby represents and warrants that Borrower and Borrower Principal and each and every Person affiliated with Borrower or Borrower Principal or that to Borrower's knowledge has an economic interest in Borrower, or, to Borrower's knowledge, that has or will have an interest in the transaction contemplated by this Agreement or in the Property or will participate, in any manner whatsoever, in the Loan, is: (i) not a "blocked" person listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and all modifications thereto or thereof (as used in this Section only, the "ANNEX"); (ii) in full compliance with the requirements of the Patriot Act and all other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (as used in this Section only, "OFAC"); (iii) operated under policies, procedures and practices, if any, that are in compliance with the Patriot Act and available to Lender for Lender's review and inspection during normal business hours and upon reasonable prior notice; (iv) not in receipt of any notice from the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States claiming a violation or possible violation of the Patriot Act; (v) not listed as a Specially Designated Terrorist or as a "blocked" person on any lists maintained by the OFAC pursuant to the Patriot Act or any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of the OFAC issued pursuant to the Patriot Act or on any other list of terrorists or terrorist organizations maintained pursuant to the Patriot Act; (vi) not a person who has been

determined by competent authority to be subject to any of the prohibitions contained in the Patriot Act; and (vii) not owned or controlled by or now acting and or will in the future act for or on behalf of any person named in the Annex or any other list promulgated under the Patriot Act or any other person who has been determined to be subject to the prohibitions contained in the Patriot Act. Borrower covenants and agrees that in the event Borrower receives any notice that Borrower Principal or Borrower (or any of its beneficial owners or affiliates or participants) become listed on the Annex or any other list promulgated under the Patriot Act or is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering, Borrower shall immediately notify Lender. It shall be an Event of Default hereunder if Borrower, Borrower Principal or any other party to any Loan Document becomes listed on any list promulgated under the Patriot Act or is indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering. Notwithstanding anything to the contrary set forth in this Section 4.40, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.41. ASSUMPTIONS

Each of the assumptions contained in the opinion related to issues of substantive consolidation delivered by Borrower to Lender on the date hereof relating to the Borrower, SPE Component Entity and their operations are true and accurate in all material respects.

SECTION 4.42. SURVIVAL

Borrower agrees that, unless expressly provided otherwise, all of the representations and warranties of Borrower set forth in this Agreement and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any portion of the Debt remains owing to Lender. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Borrower shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf; provided, however, Lender shall not be entitled to rely upon such representation or warranty if any employee of Lender who has been actively involved with the making of the Loan has actual knowledge that such representation or warranty is false as of the date made.

SECTION 4.43. REPRESENTATIONS, WARRANTIES AND COVENANTS

Notwithstanding any provision in this Agreement to the contrary, any covenant, representation, warranty, undertaking or agreement made by Borrower Principal hereunder is being made by Borrower Principal only with respect to Borrower Principal and shall not be construed to mean that Borrower Principal is making any covenant, representation, warranty, undertaking or agreement with respect to the Borrower, the Property or any other matter herein; provided, however, nothing in this Section shall in any way limit the liability and obligations of Borrower or Borrower Principal if Borrower and/or Borrower Principal breaches any covenant, representation, warranty, undertaking or agreement which gives rise to recourse liability pursuant to Article 15 hereof. Notwithstanding any provision in this Agreement to the contrary, any covenant, representation or warranty made by a Borrower hereunder is being made by a Borrower only with respect to such Borrower and the Parcel(s) owned by such Borrower and

shall not be construed to mean that such Borrower is making any covenant, representation, warranty, undertaking or agreement with respect to another Borrower or any Parcels owned by such other Borrower; provided, however, nothing in this Section shall in any way limit (a) the liability and obligations of any Borrower or Borrower Principal if Borrower and/or Borrower Principal breaches any covenant, representation or warranty which gives rise to recourse liability pursuant to Article 15 hereof, nor (b) the joint and several liability of each Borrower pursuant to the Loan Documents.

ARTICLE V
BORROWER COVENANTS

From the date hereof and until repayment of the Debt in full and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Lien of the Mortgage (and all related obligations) in accordance with the terms of this Agreement and the other Loan Documents, each Borrower, with respect to such Borrower and the Parcel owned by such Borrower, hereby covenants and agrees with Lender that:

SECTION 5.1. EXISTENCE; COMPLIANCE WITH LEGAL REQUIREMENTS

(a) Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all Legal Requirements applicable to it and the Property. Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents. Borrower shall at all times maintain, preserve and protect all franchises and trade names used in connection with the operation of the Property.

(b) Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the Legal Requirements affecting the Property, provided that (i) no Default or Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower or the Property is subject and shall not constitute a default thereunder; (iii) neither the Property, any part thereof or interest therein, any of the tenants or occupants thereof, nor Borrower shall be affected in any material adverse way as a result of such proceeding; (iv) non-compliance with the Legal Requirements shall not impose civil or criminal liability on Borrower or Lender and (v) Borrower shall have furnished to Lender all other items reasonably requested by Lender.

SECTION 5.2. MAINTENANCE AND USE OF PROPERTY

Borrower shall cause the Property to be maintained in a good and safe condition and repair. The Improvements and the Personal Property shall not be removed or demolished other than in accordance with the provisions of Section 5.21, materially altered (except for normal replacement of the Personal Property or as otherwise permitted herein) without the prior written consent of Lender. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower will not cause or permit the

nonconforming use to be discontinued or the nonconforming Improvement to be abandoned without the express written consent of Lender.

SECTION 5.3. WASTE

Borrower shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that is likely to invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that is likely to materially impair the value of the Property or the security for the Loan. Borrower will not, without the prior written consent of Lender, and except to the extent required under the Permitted Encumbrances, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof.

SECTION 5.4. TAXES AND OTHER CHARGES

(a) Borrower shall pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Property or any part thereof before the same become delinquent; provided, however, Borrower's obligation to directly pay Taxes shall be suspended for so long as Borrower complies with the terms and provisions of Section 9.6 hereof. Borrower shall furnish to Lender receipts for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent (provided, however, that Borrower is not required to furnish such receipts for payment of Taxes in the event that such Taxes have been paid by Lender pursuant to Section 9.6 hereof). Borrower shall not suffer and shall promptly cause to be paid and discharged any Lien or charge whatsoever which may be or become a Lien or charge against the Property, and shall promptly pay for all utility services provided to the Property.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Default or Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the collection of such contested Taxes or Other Charges from the Property; and (vi) if Borrower is required to make reserve deposits, or deliver a Letter of Credit, to Lender for Taxes and Other Charges, then Borrower shall furnish such security as may be required in the proceeding, or deliver to Lender such reserve deposits as may be requested by Lender, to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon (unless Borrower has paid all of the Taxes or Other Charges under protest). Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the judgment of Lender, the entitlement of such claimant is established or the Property

(or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the Lien of the Mortgage being primed by any related Lien.

SECTION 5.5. LITIGATION

Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower which, if adversely decided, would have a Material Adverse Effect.

SECTION 5.6. ACCESS TO PROPERTY

Borrower shall permit agents, representatives and employees of Lender to inspect the Property or any part thereof at reasonable hours upon reasonable advance notice.

SECTION 5.7. NOTICE OF DEFAULT

Borrower shall promptly advise Lender of any material adverse change in the condition (financial or otherwise) of Borrower, any Borrower Principal or the Property or of the occurrence of any Default or Event of Default of which Borrower has knowledge.

SECTION 5.8. COOPERATE IN LEGAL PROCEEDINGS

Borrower shall at Borrower's expense cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

SECTION 5.9. PERFORMANCE BY BORROWER

Borrower shall in a timely manner observe, perform and fulfill in all material respects each and every covenant, term and provision to be observed and performed by Borrower under this Agreement and the other Loan Documents and any other agreement or instrument affecting or pertaining to the Property and any amendments, modifications or changes thereto.

SECTION 5.10. AWARDS; INSURANCE PROCEEDS

Borrower shall cooperate with Lender in obtaining the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with the Property (to be held and applied in accordance with Section 8.4 hereof), and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable, actual attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Lender in case of a Casualty or Condemnation affecting the Property or any part thereof) out of such Awards or Insurance Proceeds.

SECTION 5.11. FINANCIAL REPORTING

(a) Borrower and Borrower Principal shall each keep separate adequate books and records of account in accordance with GAAP, or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and shall furnish to Lender:

(i) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, certified rent rolls with respect to each Parcel signed and dated by Borrower, detailing the names of all Tenants, the home site occupied by each Tenant, the rent, and any other charges payable under each Lease, and the term of each Lease, including the commencement and expiration dates and any tenant extension, expansion or renewal options, the extent to which any Tenant is in default under any Lease, and any other information as is reasonably required by Lender, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(ii) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, operating statements, profit and loss statements, and statements of the Property Operating Account of each Parcel, prepared and certified by Borrower, detailing, among other things, the revenues received, the expenses incurred and the net operating income before and after debt service (principal and interest) and major capital improvements for the period of calculation and containing appropriate year-to-date information, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(iii) quarterly and annual balance sheets of Borrower (with respect to each Parcel) and SCI, profit and loss statements and statements of cash flows of SCI (with the annual financial statements of SCI prepared and audited by an Acceptable Accountant), within forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower and SCI, as applicable, as the case may be; and

(iv) an Annual Budget not later than thirty (30) days after the commencement of each fiscal year of Borrower.

(b) Upon request from Lender, Borrower shall promptly furnish to Lender:

(i) a property management report for the Property, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in reasonable detail and certified by Borrower under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits held in connection with any Lease of any part of the Property, 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 of the Person to contact at such

financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Intentionally reserved.

(d) Borrower and Borrower Principal shall furnish Lender with such other additional financial or management information (including state and federal tax returns) as may, from time to time, be reasonably required by Lender in form and substance satisfactory to Lender and shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

(e) All items requiring the certification of Borrower shall require a certificate executed by the general partner, managing member or chief executive officer of Borrower, as applicable (and the same rules shall apply to any sole shareholder, general partner or managing member which is not an individual).

SECTION 5.12. ESTOPPEL STATEMENT

(a) After request by Lender, Borrower shall within fifteen (15) Business Days furnish Lender with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the rate of interest on the Note, (iii) the unpaid principal amount of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, if any, and (vi) that the Note, this Agreement, the Mortgage and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification.

(b) Borrower shall use its best efforts to deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more Tenants as required by Lender attesting to such facts regarding the related Lease as Lender may require, including, but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, and that the Tenant claims no defense or offset against the full and timely performance of its obligations under the Lease.

SECTION 5.13. LEASING MATTERS.

(a) Except as otherwise consented to by Lender in writing, all Leases shall be written on the standard form of lease for such Parcel delivered to Lender prior to the closing of the Loan. Upon request, Borrower shall furnish Lender with executed copies of all Major Leases. No material changes (other than changes which are in the ordinary course of the Borrower's business and/or are required by applicable law, so long as such changes do not have a Material Adverse Effect) may be made to the standard form of lease without the prior written consent of Lender. In addition, all renewals of Leases and all proposed leases shall provide for rental rates and terms comparable to existing local market rates and terms and shall be arm's-length transactions with bona fide, independent third party tenants. All proposed commercial Leases and renewals of existing Leases for commercial space shall be subject to the prior approval of Lender and its counsel, at Borrower's expense, such approval not to be unreasonably withheld or delayed. All commercial Leases shall provide that they are subordinate to the

Mortgage and that the tenant agrees to attorn to Lender. Notwithstanding the foregoing, Lender acknowledges that certain homesites are not leased to Tenants pursuant to written instruments. From and after the date hereof, Borrower shall agree to offer written Leases to new Tenants in accordance with its current ordinary course of business practices.

(b) Borrower (i) shall observe and perform all the obligations imposed upon the landlord under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall enforce all of the material terms, covenants and conditions contained in the Leases upon the part of the Tenant thereunder to be observed or performed, short of termination thereof; provided however, with respect to mobile home or recreational vehicle community residential property, a residential Lease may be terminated in the event of a default by the tenant thereunder; (iii) shall not collect any of the Rents more than one (1) month in advance, except for (A) Rents aggregating in an amount equal to less than five percent (5.0%) of the Operating Income of the Property and (B) Rents collected with respect to recreational vehicle sites; and (iv) shall not execute any other assignment of the landlord's interest in the Leases or the Rents.

(c) Notwithstanding the provisions of subsection (a) above, renewals of existing commercial Leases and proposed Leases for commercial space shall not be subject to the prior approval of Lender, provided all of the following conditions are satisfied: (i) the rental income pursuant to the renewal or proposed Lease is not more than five (5%) percent of the total rental income for the Property (exclusive of any rental income from recreational vehicle sites), (ii) the renewal or proposed Lease has a base term of less than six (6) years including options to renew (other than leases for laundry facilities which may include a 10-year term), (iii) the renewal or proposed Lease is subject and subordinate to the Mortgage and the tenant thereunder shall have agreed to attorn to Lender, (iv) the renewal or proposed Lease is on the standard form of lease approved by Lender, (v) the renewal or proposed Lease does not contain any option, offer, right of first refusal, or other similar right to acquire all or any portion of the Property, and (vi) the renewal or proposed Lease provides for rental rates and terms comparable to existing market rates and terms and is an arm's-length transaction with a bona fide, independent third party tenant. Borrower shall deliver to Lender copies of all Leases which are entered into pursuant to the preceding sentence together with Borrower's certification that it has satisfied all of the conditions of the preceding sentence within thirty (30) days after the execution of the Lease.

SECTION 5.14. PROPERTY MANAGEMENT

(a) Borrower shall (i) promptly perform and observe in all material respects all of the covenants required to be performed and observed by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any material default under the Management Agreement of which it is aware; (iii) promptly deliver to Lender a copy of any notice of default or other material notice received by Borrower under the Management Agreement; (iv) promptly give notice to Lender of any notice or information that Borrower receives which indicates that Manager is terminating the Management Agreement or that Manager is otherwise discontinuing its management of the Property; and (v) promptly enforce the performance and observance of all

of the covenants required to be performed and observed by Manager under the Management Agreement.

(b) If at any time, (i) Manager shall become insolvent or a debtor in a bankruptcy proceeding; (ii) an Event of Default has occurred and is continuing; (iii) a default has occurred and is continuing under the Management Agreement, or (iv) while the Manager is not an Affiliate of the Borrower, the Debt Service Coverage Ratio for the preceding twelve (12) month period ending with the most recently completed calendar quarter is less than 1.10 to 1.0, Borrower shall, at the request of Lender, terminate the Management Agreement upon thirty (30) days prior notice to Manager and replace Manager with a Qualified Manager approved by Lender on terms and conditions satisfactory to Lender, it being understood and agreed that the management fee for such replacement manager shall not exceed then prevailing market rates.

(c) Intentionally reserved.

(d) Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed): (i) surrender, terminate or cancel the Management Agreement or otherwise replace Manager or enter into any other management agreement with respect to the Property, unless the replacement Manager is a Qualified Manager; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; or (iv) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, the Management Agreement in any material respect. In the event that Borrower replaces Manager at any time during the term of Loan pursuant to this subsection, such Manager shall be a Qualified Manager.

(e) If during the term of the Loan the Borrower engages or replaces the Manager with a new property manager that is an Affiliated Manager, the Borrower shall deliver to Lender an opinion as to non-consolidation issues between the Borrower and such Affiliated Manager, such opinion to be acceptable to the Lender and the Rating Agencies.

(f) Notwithstanding the foregoing, Lender and Borrower acknowledge and agree that as of the date hereof the Property is self-managed by Borrower. If during the term of the Loan Borrower engages a property manager, then the provisions of the Management Agreement with such property manager shall be subject to the provisions of this Section 5.14.

SECTION 5.15. LIENS

Borrower shall not, without the prior written consent of Lender, create, incur, assume or suffer to exist any Lien on any portion of the Property or permit any such action to be taken, except Permitted Encumbrances.

SECTION 5.16. DEBT CANCELLATION

Borrower shall not cancel or otherwise forgive or release any claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration or in the ordinary course of Borrower's business.

SECTION 5.17. ZONING

Borrower shall not initiate or consent to any zoning reclassification of any portion of the Property or seek any variance (other than in the ordinary course of business) under any existing zoning ordinance or use or permit the use of any portion of the Property in any manner that could result in such use becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, without the prior written consent of Lender.

SECTION 5.18. ERISA

(a) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as requested by Lender in its sole discretion, that (i) Borrower is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2);

(B) Less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); or

(C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e).

SECTION 5.19. NO JOINT ASSESSMENT

Borrower shall not suffer, permit or initiate the joint assessment of any Parcel with (a) any other real property constituting a tax lot separate from such Parcel, or (b) any portion of such Parcel which may be deemed to constitute personal property, or any other procedure whereby the Lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to the Property.

SECTION 5.20. RECIPROCAL EASEMENT AGREEMENTS

Borrower shall not enter into, terminate or modify any REA without Lender's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Borrower shall enforce, comply with, and cause each of the parties to the REA to comply with all of the material economic terms and conditions contained in the REA.

SECTION 5.21. ALTERATIONS

Lender's prior approval shall be required in connection with any alterations to any Improvements (a) that will have a Material Adverse Effect on the affected Parcel or (b) that, together with any other alterations undertaken at the same time (including any related alterations, improvements or replacements), are reasonably anticipated to have a cost in excess of the Alteration Threshold.

SECTION 5.22. TRADE INDEBTEDNESS

Borrower shall pay its trade payables and operational debt upon the earlier to occur of (a) sixty (60) days of the date invoiced, and (b) the date the same is due and payable.

SECTION 5.23. TAX CREDITS

Borrower shall not claim a low income housing credit for the Property under Section 42 of the Internal Revenue Code without Lender's prior written consent.

ARTICLE VI
ENTITY COVENANTS

SECTION 6.1. SINGLE PURPOSE ENTITY/SEPARATENESS

Until the Debt has been paid in full, each Borrower represents, warrants and covenants as follows:

(a) Each Borrower will not:

(i) engage in any business or activity other than the ownership, operation and maintenance of the Property, and activities incidental thereto;

(ii) acquire or own any assets other than (A) the Property, and (B) such incidental Personal Property as may be necessary for the operation of the Property;

(iii) except as otherwise expressly permitted hereunder, merge into or consolidate with any Person, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) except as otherwise permitted therein, fail to observe all organizational formalities, or fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the applicable Legal Requirements of the jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply with the material provisions of its organizational documents;

(v) own any subsidiary, or make any investment in, any Person;

(vi) commingle its assets with the assets of any other Person;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) the Debt, (B) trade and operational indebtedness incurred in the ordinary course of business with trade creditors, provided such indebtedness is (1) unsecured, (2) not evidenced by a note, (3) on commercially reasonable terms and conditions, and (4) due not more than sixty (60) days past the date invoiced and paid on or prior to such date, and/or (C) financing leases and purchase money indebtedness incurred in the ordinary course of business relating to Personal Property on commercially reasonable terms and conditions; provided however, the aggregate amount of the indebtedness described in (B) and (C) shall not exceed at any time three percent (3%) of the outstanding principal amount of the Note;

(viii) (A) fail to maintain its records, books of account, bank accounts, financial statements, accounting records and other entity documents for each Parcel separate and apart from those of any other Person showing such Parcel's assets and liabilities separate and apart from those of any other Person and (B) include its assets listed on any financial statement of any other person; provided, however, that Borrower's assets may be included in a consolidated operating or financial statement of its Affiliate provided that an appropriate notation shall be made on such consolidated operating or financial statements to indicate the separateness of Borrower from such Affiliate and to indicate Borrower's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person;

(ix) enter into any contract or agreement with any general partner, member, shareholder, principal, guarantor of the obligations of Borrower, or any Affiliate of the foregoing, except upon terms and conditions that are intrinsically fair, commercially reasonable and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(x) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xi) assume or guaranty the debts of any other Person, hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person, except for the Debt;

(xii) make any loans or advances to any Person;

(xiii) fail to file its own tax returns or files a consolidated federal income tax return with any Person (unless prohibited or required, as the case may be, by applicable Legal Requirements);

(xiv) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity;

(xv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xvi) if it is a partnership or limited liability company, without the unanimous written consent of all of its partners or members, as applicable, and the written consent of 100% of the directors of each SPE Component Entity (if any), including, without limitation, each Independent Director, (a) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any Creditors Rights Laws, (b) seek or consent to the appointment of a receiver, liquidator or any similar official, (c) take any action that might cause such entity to become insolvent, or (d) make an assignment for the benefit of creditors;

(xvii) fail to allocate shared expenses (including, without limitation, shared office space and services performed by an employee of an Affiliate) among the Persons sharing such expenses and to use separate stationery, invoices and checks;

(xviii) fail to remain solvent or pay its own liabilities (including, without limitation, salaries of its own employees) only from its own funds;

(xix) acquire obligations or securities of its partners, members, shareholders or other affiliates, as applicable;

(xx) violate or cause to be violated the assumptions made with respect to Borrower and its principals in any opinion letter pertaining to substantive consolidation delivered to Lender in connection with the Loan; or

(xxi) fail to maintain a sufficient number of employees in light of its contemplated business operations.

Notwithstanding anything contained in this Section 6.1(a) to the contrary, whether express or implied, Lender and Borrower agree that the following operations and activities of Borrower, SPE Component Entity (if any) and their Affiliates shall not be considered a violation of any obligation set forth in this Section 6.1(a): (i) offering services to residents of the Property through Affiliates or other third parties for which fees and charges may be collected by Borrower or the Affiliate and paid to such Affiliate or third party, which may include, without limitation, cable and internet services, landscaping, snow removal, lease or sale of manufactured homes, and child care; provided that such Affiliates do not conduct their business in the name of the Borrower and that any agreements between the Borrower and its Affiliates relating to such services are on commercially reasonable terms similar to those of an arm's-length transaction; (ii) depositing all gross revenue, whether cash, cash equivalents or similar assets, in the Property Operating Account, after paying expenses of the Borrower or causing SCOLP and/or SCI to pay such expenses in accordance with Article 10 hereof, and subject to the provisions of the applicable Borrower's organizational documents, distributing such remaining cash to SCI, SCOLP or at the direction of SCI or SCOLP, as applicable, to any other Affiliate, and in any case, distributing such remaining cash that does not belong to the Borrower promptly to such entities; (iii) paying all payables, debts and other liabilities arising from or in connection with the

operation of the Property from the Property Operating Accounts, or causing SCOLP and/or SCI to pay such liabilities pursuant to Article 10 hereof; (iv) subject to the provisions of the applicable Borrower's organizational documents, using ancillary assets in connection with the operation of the Property held in the name of SCI, SCOLP or any Affiliates, such as vehicles and office and maintenance equipment; (v) treating the Property for all purposes as part of and within the portfolio of manufactured housing communities owned by the SCOLP or any Affiliate, for marketing, promotion and providing information and reports to the public or as required by any Legal Requirements; provided, however, that the Borrower shall conduct business in its own name or its assumed or trade name; and (vi) allocating general overhead and administrative costs incurred by SCI and SCOLP and/or other Affiliates to the Borrower in a fair and equitable manner.

(b) If Borrower is a partnership or limited liability company, each general partner in the case of a general partnership, each general partner in the case of a limited partnership, or the managing member in the case of a limited liability company (each an "SPE COMPONENT ENTITY") of Borrower, as applicable, shall be a corporation whose sole asset is its interest in Borrower. Each SPE Component Entity (i) will at all times comply with each of the covenants, terms and provisions contained in Section 6.1(a) (iii) - (vi) and (viii) - (xxi), as if such representation, warranty or covenant was made directly by such SPE Component Entity; (ii) will not engage in any business or activity other than owning an interest in Borrower and acting as the managing member or general partner of Borrower; (iii) will not acquire or own any assets other than its partnership, membership, or other equity interest in Borrower; (iv) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation); and (v) will cause Borrower to comply with the provisions of this Section 6.1 and Section 6.4. Prior to the withdrawal or the disassociation of any SPE Component Entity from Borrower, Borrower shall immediately appoint a new general partner or managing member whose articles of incorporation are substantially similar to those of such SPE Component Entity and, if an opinion letter pertaining to substantive consolidation was required at closing, deliver a new opinion letter acceptable to Lender and the Rating Agencies with respect to the new SPE Component Entity and its equity owners. Notwithstanding the foregoing, to the extent Borrower is a single member Delaware limited liability company, so long as Borrower maintains such formation status, no SPE Component Entity shall be required.

(c) In the event Borrower is a single member Delaware limited liability company, the limited liability company agreement of Borrower (the "LLC AGREEMENT") shall provide that (i) upon the occurrence of any event that causes the sole member of Borrower ("MEMBER") to cease to be the member of Borrower (other than (A) upon an assignment by Member of all of its limited liability company interest in Borrower and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (B) the resignation of Member and the admission of an additional member of Borrower in accordance with the terms of the Loan Documents and the LLC Agreement), any person acting as Independent Director of Borrower shall, without any action of any other Person and simultaneously with the Member ceasing to be the member of Borrower, automatically be admitted to Borrower ("SPECIAL MEMBER") and shall continue Borrower without dissolution and (ii) Special Member may not resign from Borrower or transfer its rights as Special Member unless (A) a successor Special Member has been admitted to Borrower as Special Member in accordance with requirements of Delaware law and (B) such successor Special Member has also

accepted its appointment as an Independent Director. The LLC Agreement shall further provide that (i) Special Member shall automatically cease to be a member of Borrower upon the admission to Borrower of a substitute Member, (ii) Special Member shall be a member of Borrower that has no interest in the profits, losses and capital of Borrower and has no right to receive any distributions of Borrower assets, (iii) pursuant to Section 18-301 of the Delaware Limited Liability Company Act (the "ACT"), Special Member shall not be required to make any capital contributions to Borrower and shall not receive a limited liability company interest in Borrower, (iv) Special Member, in its capacity as Special Member, may not bind Borrower and (v) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower, including, without limitation, the merger, consolidation or conversion of Borrower; provided, however, such prohibition shall not limit the obligations of Special Member, in its capacity as Independent Director, to vote on such matters required by the Loan Documents or the LLC Agreement. In order to implement the admission to Borrower of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower as Special Member, Special Member shall not be a member of Borrower.

Upon the occurrence of any event that causes the Member to cease to be a member of Borrower, to the fullest extent permitted by law, the personal representative of Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Member in Borrower, agree in writing (i) to continue Borrower and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower, effective as of the occurrence of the event that terminated the continued membership of Member of Borrower in Borrower. Any action initiated by or brought against Member or Special Member under any Creditors Rights Laws shall not cause Member or Special Member to cease to be a member of Borrower and upon the occurrence of such an event, the business of Borrower shall continue without dissolution. The LLC Agreement shall provide that each of Member and Special Member waives any right it might have to agree in writing to dissolve Borrower upon the occurrence of any action initiated by or brought against Member or Special Member under any Creditors Rights Laws, or the occurrence of an event that causes Member or Special Member to cease to be a member of Borrower.

SECTION 6.2. CHANGE OF NAME, IDENTITY OR STRUCTURE

Borrower shall not change or permit to be changed (a) Borrower's name, (b) Borrower's identity (including its trade name or names) although Borrower may change the name of any Parcel without prior notice to, or the consent of, Lender, (c) Borrower's principal place of business set forth on the first page of this Agreement, (d) the corporate, partnership or other organizational structure of Borrower, each SPE Component Entity (if any), or Borrower Principal, (e) Borrower's state of organization, or (f) Borrower's organizational identification number, without in each case notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's structure, without first obtaining the prior written consent of Lender. In addition, Borrower shall not change or permit to be changed any organizational documents of Borrower or any SPE Component Entity (if any) if such change would adversely impact the covenants set forth in Section 6.1 and Section 6.4 hereof. Borrower authorizes Lender to file any financing statement or financing statement amendment required by Lender to establish or maintain the validity,

perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall execute a certificate in form satisfactory to Lender listing the trade names under which Borrower intends to operate the Property, and representing and warranting that Borrower does business under no other trade name with respect to the Property. If Borrower does not now have an organizational identification number and later obtains one, or if the organizational identification number assigned to Borrower subsequently changes, Borrower shall promptly notify Lender of such organizational identification number or change.

SECTION 6.3. BUSINESS AND OPERATIONS

Borrower will qualify to do business and will remain in good standing under the laws of the State as and to the extent the same are required for the ownership, maintenance, management and operation of the Property.

SECTION 6.4. INDEPENDENT DIRECTOR

(a) The organizational documents of each SPE Component Entity (if any) shall provide that at all times there shall be, and Borrower shall cause there to be, at least two Independent Directors of such SPE Component Entity reasonably satisfactory to Lender.

(b) The organizational documents of each SPE Component Entity (if any) shall provide that the board of directors of such SPE Component Entity shall not take any ID Action (defined below) unless at the time of such ID Action there shall be at least two (2) members of the board of directors who are Independent Directors. Such SPE Component Entity will not, without the unanimous written consent of its board of directors including each Independent Director, on behalf of itself or Borrower, (i) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable Creditors Rights Laws; (ii) seek or consent to the appointment of a receiver, liquidator or any similar official; (iii) take any action that might cause such entity to become insolvent; or (iv) make an assignment for the benefit of creditors (individually and collectively, as the case may be, an "ID ACTION").

SECTION 6.5. BORROWER ENTITY AND SEPARATENESS REPRESENTATIONS AND WARRANTIES.

With respect to the Borrower known as Aspen-Holland Estates, LLC ("ASPEN-ALPINE") and Sun Silver Star LLC ("SUN SILVER STAR") only, Borrower hereby represents with respect to that (i) from the date of Borrower Principal's acquisition (directly or indirectly) of substantially all of ownership interests in Aspen-Alpine and Sun Silver Star, as applicable, to the date of this Agreement, and (ii) to the Borrower's knowledge, from the date of such entity's formation to the date of Borrower Principal's acquisition (directly or indirectly) of substantially all of the ownership interests in Aspen-Alpine and Sun Silver Star:

(a) Borrower is and always has been duly formed, validly existing, and in good standing in the state of its incorporation and in all other jurisdictions where it is qualified to do business;

(b) Borrower has no judgments or Liens of any nature against it except for tax liens not yet due and Permitted Encumbrances;

(c) Borrower is in material compliance with all laws, regulations, and orders applicable to it and has received all permits necessary for it to operate;

(d) Except for contesting or appealing real estate tax assessments, Borrower is not now, nor, has ever been, involved in any dispute with any taxing authority which would have a Material Adverse Effect;

(e) Borrower has paid all taxes which it owes;

(f) Borrower has never owned any real property other than the Property and personal property necessary or incidental to its ownership or operation of the Property and has never engaged in any business other than the ownership and operation of the Property;

(g) Borrower is not now, nor, has ever been, party to any lawsuit, arbitration, summons, or legal proceeding which would have a Material Adverse Effect;

(h) Borrower has provided Lender with complete financial statements that reflect a fair and accurate view of each Parcel;

(i) Borrower has provided Lender with a Phase One environmental audit for each Property;

(j) Borrower has materially complied with the separateness covenants referred to in the substantive non-consolidation opinion deliver to Lender in connection with the Loan;

(k) Exclusive of any outstanding obligations due to Bank of America, N.A. in connection with existing financing which is being satisfied contemporaneously with the closing of the Loan, Borrower has no outstanding material contingent or actual obligations not related to the Property;

(l) Borrower has not entered into any contract or agreement with any of its Affiliates, constituents, or owners, or any guarantors of any of its obligations or any Affiliate of any of the foregoing (individually, a "RELATED PARTY" and collectively, the "RELATED PARTIES"), except upon terms and conditions that are commercially reasonable and substantially similar to those available in an arm's-length transaction with an unrelated party;

(m) Borrower has paid all of its debts and liabilities from its assets;

(n) Borrower has done or caused to be done all things necessary to observe all organizational formalities applicable to it and to preserve its existence;

(o) Borrower has maintained all of its books, records, financial statements and bank accounts separate from those of any other Person;

(p) Borrower has not had its assets listed as assets on the financial statement of any other Person, other than the consolidated financial statements of SCI and/or Borrower Principal;

(g) Borrower has filed its own tax returns (except to the extent that it has been a tax-disregarded entity not required to file tax returns under applicable law) and, if it is a corporation, has not filed a consolidated federal income tax return with any other Person;

(r) Borrower has been, and at all times has held itself out to the public as, a legal entity separate and distinct from any other Person (including any Affiliate or other Related Party);

(s) Borrower has corrected any known misunderstanding regarding its status as a separate entity;

(t) Borrower has conducted all of its business and held all of its assets in its own name;

(u) Borrower has not identified itself or any of its affiliates as a division or part of the other;

(v) Borrower has not commingled its assets with those of any other Person and has held all of its assets in its own name;

(w) Borrower does not have any outstanding guarantees or obligations for the debts of any other Person;

(x) Borrower has not held itself out as being responsible for the debts or obligations of any other Person;

(y) Borrower has allocated fairly and reasonably any overhead expenses that have been shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate or Related Party;

(z) Borrower has not pledged its assets for the benefit of any other Person other than with respect to loans secured by the Property and no such pledge remains outstanding except in connection with the Loan;

(aa) Borrower has maintained adequate capital in light of its contemplated business operations;

(bb) Borrower has maintained a sufficient number of employees in light of its contemplated business operations and has paid the salaries of its own employees from its own funds;

(cc) Borrower has not owned any subsidiary or any equity interest in any other entity;

(dd) Borrower has not incurred any indebtedness that is still outstanding other than indebtedness that is permitted under the Loan Documents;

(ee) Borrower has not had any of its obligations guaranteed by an Affiliate, except for guarantees that have been either released or discharged (or that will be discharged as a result of the closing of the Loan) or guarantees that are expressly contemplated by the Loan Documents; and

(ff) none of the current owners of equity interests in the Borrower, other than SCOLP and SCI, is affiliated with any of the former owners of equity interests in the Borrower.

ARTICLE VII
NO SALE OR ENCUMBRANCE

SECTION 7.1. TRANSFER DEFINITIONS

For purposes of this Article 7 an "AFFILIATED MANAGER" shall mean any managing agent in which Borrower, Borrower Principal, any SPE Component Entity (if any) or any affiliate of such entities has, directly or indirectly, any legal, beneficial or economic interest; "CONTROL" shall mean the power to direct the management and policies of a Restricted Party, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise; provided, however, any change in the members of the board of directors of SCI, or SPE Component Entity shall not, in and of itself, constitute a change in control; "RESTRICTED PARTY" shall mean Borrower, Borrower Principal, any SPE Component Entity (if any), any Affiliated Manager, or any shareholder, partner, member or non-member manager, or any direct or indirect legal or beneficial owner of Borrower, Borrower Principal, any SPE Component Entity (if any), any Affiliated Manager or any non-member manager; and a "SALE OR PLEDGE" shall mean a voluntary or involuntary sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest.

SECTION 7.2. NO SALE/ENCUMBRANCE

(a) Borrower shall not cause or permit a Sale or Pledge of the Property or any part thereof or any legal or beneficial interest therein nor permit a Sale or Pledge of an interest in any Restricted Party (in each case, a "PROHIBITED TRANSFER"), other than pursuant to Leases of space in the Improvements to Tenants in accordance with the provisions of Section 5.13, without the prior written consent of Lender.

(b) A Prohibited Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party (other than SCI) is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock in one or a series of transactions; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership

interest of any general or limited partner or any profits or proceeds relating to such partnership interests or the creation or issuance of new partnership interests; provided, however, the foregoing shall not apply to interests in SCOLP other than those owned by SCI, provided, further, that SCI's ownership interest in SCOLP shall be permitted to decrease so long as after any such decrease SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of any member or any profits or proceeds relating to such membership interest other than transfers by or among SCOLP, SCI or their Affiliates and transfers within SCOLP and SCI as permitted under clause (iv) above; (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests; or (vii) the removal or the resignation of Manager (including, without limitation, an Affiliated Manager) other than in accordance with Section 5.14.

SECTION 7.3. PERMITTED TRANSFERS

Notwithstanding the provisions of Section 7.2, the following transfers shall not be deemed to be a Prohibited Transfer: (a) a transfer by devise or descent or by operation of law upon the death of a member, partner or shareholder of a Restricted Party; (b) the Sale or Pledge, in one or a series of transactions, of not more than forty-nine percent (49%) of the stock, limited partnership interests or non-managing membership interests (as the case may be) in a Restricted Party; provided, however, no such transfers shall result in a change in Control in the Restricted Party, or change in control of the Property, or the Property to be managed by a Person who is not a Qualified Manager, and as a condition to each such transfer, Lender shall receive not less than thirty (30) days prior written notice of such proposed transfer (c) the sale or transfer of stock in SCI provided such stock is listed on a nationally recognized stock exchange, (d) subject to providing prior notice to Lender, transfers of the direct or indirect interest in Borrower by and among SCI, SCOLP and their Affiliates, provided that no such transfers shall result in a change in Control of the Borrower or a change in control of the Property, (e) transfers of the limited partnership interests in SCOLP or reductions of SCI's ownership interest in SCOLP, provided that after such transfer (or reduction of ownership interests in the case of SCI) SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP, or (f) the issuance of additional stock in, or redemption of stock in, SCI, the issuance of additional limited partnership interests in, or redemption of limited partnership interests in, SCOLP, and the issuance of additional ownership interests in, or the redemption of the ownership interests in, the Affiliates of SCI and SCOLP (other than Borrower and the SPE Component Entity, if any). Notwithstanding the foregoing, any transfer that results in any Person owning in excess of forty-nine percent (49%) of the ownership interest in a Restricted Party shall comply with the requirements of Section 7.4 hereof.

SECTION 7.4. LENDER'S RIGHTS

Lender reserves the right to condition the consent to a Prohibited Transfer requested hereunder upon (a) a modification of the terms hereof (other than the economic terms) and an assumption of the Note and the other Loan Documents as so modified by the proposed

Prohibited Transfer, (b) receipt of payment of a transfer fee equal to one percent (1%) of the outstanding principal balance of the Loan and all of Lender's expenses incurred in connection with such Prohibited Transfer, (c) receipt of written confirmation from the Rating Agencies that the Prohibited Transfer will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, (d) the proposed transferee's continued compliance with the covenants set forth in this Agreement (including, without limitation, the covenants in Article 6) and the other Loan Documents, (e) the Property being managed by a Qualified Manager and a new management agreement satisfactory to Lender, and (f) the satisfaction of such other conditions and/or legal opinions as Lender shall determine in its sole discretion to be in the interest of Lender. All expenses incurred by Lender shall be payable by Borrower whether or not Lender consents to the Prohibited Transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a Prohibited Transfer made without Lender's consent. This provision shall apply to each and every Prohibited Transfer, whether or not Lender has consented to any previous Prohibited Transfer. Notwithstanding anything to the contrary contained in this Section 7.4, in the event a substantive non-consolidation opinion was delivered to Lender and the Rating Agencies in connection with the closing of the Loan, and if any Sale or Pledge permitted under this Article 7 results in any Person and its Affiliates owning in excess of forty-nine percent (49%) of the ownership interests in a Restricted Party, Borrower shall, prior to such transfer, and in addition to any other requirement for Lender consent contained herein, deliver a revised substantive non-consolidation opinion to Lender reflecting such Prohibited Transfer, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies.

SECTION 7.5. ASSUMPTION

Notwithstanding the foregoing provisions of this Article 7, following the date which is six (6) months from the Closing Date, Lender shall not unreasonably withhold, delay or condition consent to a transfer of the Property in its entirety to or of one hundred percent (100%) of the ownership interests in the Borrower, and the related assumption of the Loan by, any Person (a "TRANSFEEE") provided that each of the following terms and conditions are satisfied:

(a) no Default or Event of Default has occurred;

(b) Borrower shall have (i) delivered written notice to Lender of the terms of such prospective transfer not less than thirty (30) days before the date on which such transfer is scheduled to close and, concurrently therewith, all such information concerning the proposed Transferee as Lender shall reasonably require and (ii) paid to Lender a non-refundable processing fee in the amount of \$10,000. Lender shall have the right to approve or disapprove the proposed transfer based on its then current underwriting and credit requirements for similar loans secured by similar properties which loans are sold in the secondary market, such approval not to be unreasonably withheld, conditioned or delayed. In determining whether to give or withhold its approval of the proposed transfer, Lender shall consider the experience and track record of Transferee and its principals in owning and operating facilities similar to the Property, the financial strength of Transferee and its principals, the general business standing of Transferee and its principals and Transferee's and its principals' relationships and experience with

contractors, vendors, tenants, lenders and other business entities; provided, however, that, notwithstanding Lender's agreement to consider the foregoing factors in determining whether to give or withhold such approval, such approval shall be given or withheld based on what Lender determines to be commercially reasonable and, if given, may be given subject to such conditions as Lender may deem reasonably appropriate. In no event shall Lender consent to a proposed transfer prior to a Securitization if the consideration to be paid by the Transferee for the Property, as determined by Lender in its sole discretion, is less than the appraised value of the Property as determined by Lender based upon the Appraisal delivered to Lender in connection with Lender's underwriting of the Loan;

(c) Borrower shall have paid to Lender, concurrently with the closing of such transfer, (i) a non-refundable assumption fee in an amount equal to one percent (1.0%) of the then outstanding principal balance of the Note, and (ii) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection with the transfer;

(d) Transferee assumes and agrees to pay the Debt as and when due subject to the provisions of Article 15 hereof and, prior to or concurrently with the closing of such transfer, Transferee and its constituent partners, members or shareholders as Lender may require, shall execute, without any cost or expense to Lender, such documents and agreements as Lender shall reasonably require to evidence and effectuate said assumption;

(e) Borrower and Transferee, without any cost to Lender, shall furnish any information requested by Lender for the preparation of, and shall authorize Lender to file, new financing statements and financing statement amendments and other documents to the fullest extent permitted by applicable law, and shall execute any additional documents reasonably requested by Lender;

(f) Borrower shall have delivered to Lender, without any cost or expense to Lender, such endorsements to Lender's Title Insurance Policy insuring that fee simple or leasehold title to the Property, as applicable, is vested in Transferee (subject to Permitted Encumbrances), hazard insurance endorsements or certificates and other similar materials as Lender may deem necessary at the time of the transfer, all in form and substance satisfactory to Lender;

(g) Transferee shall have furnished to Lender, if Transferee is a corporation, partnership, limited liability company or other entity, all appropriate papers evidencing Transferee's organization and good standing, and the qualification of the signers to execute the assumption of the Debt, which papers shall include certified copies of all documents relating to the organization and formation of Transferee and of the entities, if any, which are partners or members of Transferee. Transferee and such constituent partners, members or shareholders of Transferee (as the case may be), as Lender shall require, shall comply with the covenants set forth in Article 6 hereof;

(h) Transferee shall assume the obligations of Borrower under any Management Agreement or provide a new management agreement with a new Qualified Manager which meets with the requirements of Section 5.14 hereof and assign to Lender as additional security such new management agreement;

(i) Transferee shall furnish an opinion of counsel satisfactory to Lender and its counsel (A) that Transferee's formation documents provide for the matters described in subparagraph (g) above, (B) that the assumption of the Debt has been duly authorized, executed and delivered, and that the Note, the Mortgage, this Agreement, the assumption agreement and the other Loan Documents are valid, binding and enforceable against Transferee in accordance with their terms, (C) that Transferee and any entity which is a controlling stockholder, member or general partner of Transferee, have been duly organized, and are in existence and good standing, and (D) with respect to such other matters as Lender may reasonably request;

(j) if required by Lender, Lender shall have received confirmation in writing from the Rating Agencies that rate the Securities to the effect that the transfer will not result in a qualification, downgrade or withdrawal of any rating initially assigned or to be assigned to the Securities;

(k) Borrower's obligations under the contract of sale pursuant to which the transfer is proposed to occur shall expressly be subject to the satisfaction of the terms and conditions of this Section 7.5; and

(l) Transferee shall, prior to such transfer, deliver a substantive non-consolidation opinion to Lender, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies.

A consent by Lender with respect to a transfer of the Property in its entirety or one hundred percent (100%) of the ownership interests in Borrower to, and the related assumption of the Loan by, a Transferee pursuant to this Section 7.5 shall not be construed to be a waiver of the right of Lender to consent to any subsequent Sale of Pledge of the Property.

SECTION 7.6. PARTIAL ASSUMPTION

Notwithstanding the foregoing provisions of this Article 7, following the date which is six (6) months from the Closing Date, Lender shall not unreasonably withhold, delay or condition its consent to a transfer of any Parcel in its entirety (a "PARTIAL ASSUMPTION") to, and the related assumption of the Loan by, a Transferee provided that each of the following terms and conditions are satisfied:

(a) Borrower complies with each of the conditions set forth in Section 7.5 above (it being understood that the fee payable pursuant to Section 7.5(c) shall be calculated based on the outstanding principal balance of the Allocated Loan Amount for each of the Parcels which are part of the Partial Assumption);

(b) The aggregate Allocated Loan Amount for each of the Parcels which are, or have been, subject to a Partial Assumption shall not exceed forty percent (40%) of the aggregate Allocated Loan Amount of each of the Parcels as of the date hereof.

(c) Lender shall have determined that the Debt Service Coverage Ratio with respect to each of (i) the Parcel which is subject to the Partial Assumption and (b) the Remaining Properties after giving effect to the assumption (assuming a loan amount equal to the principal balance of the Note which is not being assumed immediately following the subject assumption)

shall be at least equal to 1.275 to 1.0 for the twelve (12) full calendar months immediately preceding the assumption of the portion of the Loan pursuant to this Section 7.6.

(d) Borrower shall prepare all necessary documents to modify this Agreement and to amend and restate the Note and issue two substitute notes, one note having a principal balance equal to Partial Assumption Amount for the subject Parcel (the "ASSUMED Note"), and the other note having a principal balance equal to the excess of (A) the original principal amount of the Loan, over (B) the amount of the Assumed Note (the "UNASSUMED NOTE"). The Assumed Note and Unassumed Note shall have identical terms as the Note except for the principal balance; and, in connection therewith, the Monthly Payment Amount and the amount of each such payment applied to principal thereafter shall be divided between the Assumed Note and the Unassumed Note in the same proportion as the unpaid principal balance (in each case immediately after a Partial Assumption) of the Assumed Note and the Unassumed Note, as the case may be, bears to the aggregate principal balance due under the Assumed Note and the Unassumed Note immediately after the Partial Assumption. An Assumed Note may not be the subject of any further assumption.

In connection with a Partial Assumption, Lender may condition its consent upon the related transferee agreeing to (a) make additional deposits into the Reserve Accounts, and/or (b) the related transferee establishing such additional reserves with Lender as Lender may require in its reasonable discretion; provided, however, the such deposits or additional reserves shall be determined by Lender based upon its standard underwriting criteria and the amounts shall be computed in accordance with the provisions set forth in Article IX hereof. Upon Borrower's compliance with the provisions of this Section 7.6, Lender shall release the Parcel subject to the Partial Assumption from the cross collateralization and cross default provisions contained in this Agreement and the other Loan Documents.

SECTION 7.7. EASEMENTS; LICENSES.

Notwithstanding anything contained to the contrary herein, Borrower may grant easements, covenants, reservations and rights of way with respect to the Property in the ordinary course of business for utilities, ingress and egress and other similar purposes provided such grants, transfers, conveyances or easements (i) do not impair the utility or operation of the affected Parcel, materially adversely effect the value of such Parcel or adversely affect Borrower's ability to repay the Loan and (ii) shall be in form reasonably acceptable to Lender, and, in such case, Lender shall subordinate the Lien of the Security Instrument to such grant, easement, transfer or conveyance.

ARTICLE VIII INSURANCE; CASUALTY; CONDEMNATION; RESTORATION

SECTION 8.1. INSURANCE

(a) Borrower shall obtain and maintain, or cause to be maintained, at all times insurance for Borrower and the Property providing at least the following coverages:

(i) comprehensive "all risk" insurance on the Improvements and the Personal Property, in each case (A) in an amount equal to one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions; (C) providing for no deductible in excess of \$100,000 for all such insurance coverage; and (D) if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses, providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements and containing an "Ordinance or Law Coverage" or "Enforcement" endorsement. In addition, Borrower shall obtain: (y) if any portion of the Improvements (it being understood that for purposes of this clause (y) only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is currently or at any time in the future located in a "special flood hazard area" designated by the Federal Emergency Management Agency, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended; and (z) earthquake insurance in amounts and in form and substance reasonably satisfactory to Lender in the event the Property is located in an area with a high degree of seismic risk, provided that the insurance pursuant to clauses (y) and (z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this subsection (i);

(ii) Commercial General Liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, with such insurance (A) to be on the so-called "occurrence" form with a general aggregate limit of not less than \$2,000,000 and a per occurrence limit of not less than \$1,000,000; and (B) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations; (3) independent contractors; (4) blanket contractual liability; and (5) contractual liability covering the indemnities contained in Article 12 and Article 14 hereof to the extent the same is available;

(iii) loss of rents insurance or business income insurance, as applicable, (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in subsection (i) above; and (C) which provides that after the physical loss to the Improvements and Personal Property occurs, the loss of rents or income, as applicable, will be insured until completion of Restoration or the expiration of twelve (12) months, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (D) which contains 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 six (6) months from the date that the Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such loss of rents or business income insurance, as applicable, shall be determined prior to the date hereof and at least

once each year thereafter based on Borrower's reasonable estimate of the gross income from the Property for the succeeding period of coverage required above. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied to the obligations secured by the Loan Documents from time to time due and payable hereunder and under the Note; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured by the Loan Documents on the respective dates of payment provided for in the Note, this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such loss of rents or business income insurance, as applicable;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Property coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in subsection (i) above written in a so-called Builder's Risk Completed Value form (1) on a non-reporting basis, (2) against "all risks" insured against pursuant to subsection (i) above, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the State, and employer's liability insurance in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable);

(vi) comprehensive equipment breakdown insurance, if applicable, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above;

(vii) excess liability insurance in an amount not less than \$50,000,000 per occurrence on terms consistent with the commercial general liability insurance required under subsection (ii) above; and

(viii) insurance against damage resulting from acts of terrorism, on terms consistent with the commercial property insurance policy required under subsection (i) above and on terms consistent with the business income policy required under subsection (iii) above; provided such coverage shall not be in an amount less than \$5,000,000.00; provided, further, Borrower shall only be required to maintain such terrorism insurance (and in no way limiting the coverage for the all risk insurance except as such coverage relates to perils resulting from terrorism) equal to the lesser of (A) the amount of coverage Borrower is required to maintain pursuant to this clause (viii) or (B) in the event that terrorism coverage is not available at commercially reasonable rates at any time, then the maximum amount of coverage that Borrower can obtain by paying an annual premium in the amount of 200% of the portion of the Borrower's insurance premiums allocable to terrorism insurance coverage as of the date hereof.

(ix) upon sixty (60) days' written notice, such other reasonable insurance and in such reasonable amounts as Lender from time to time may reasonably request against

such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(b) All insurance provided for in Section 8.1(a) shall be obtained under valid and enforceable policies (collectively, the "POLICIES" or in the singular, the "POLICY"), and shall be subject to the reasonable approval of Lender as to insurance companies, amounts, deductibles, loss payees and insureds. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the State and having (i) with respect to the primary layer(s) of coverage (which shall not be less than \$5,000,000.00) a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender, and (ii) with respect to additional layers of coverage, a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender. To the extent such Policies are not available as of the Closing Date, Borrower shall deliver certified copies of all Policies to Lender not later than thirty (30) days after the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, renewal Policies accompanied by evidence satisfactory to Lender of payment of the premiums due thereunder (the "INSURANCE PREMIUMS") shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 8.1(a).

(d) All Policies provided for or contemplated by Section 8.1(a), except for the Policy referenced in Section 8.1(a)(v), shall name Borrower as the insured and Lender as the additional insured, as its interests may appear, and in the case of property damage, equipment breakdown, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies provided for in Section 8.1(a) shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policies shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least thirty (30) days' prior written notice to Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give written notice to Lender if the Policies have not been renewed thirty (30) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, obtaining such insurance coverage as Lender in its sole discretion deems appropriate. All premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and, until paid, shall be secured by the Mortgage and shall bear interest at the Default Rate.

SECTION 8.2. CASUALTY

If any Parcel shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "CASUALTY"), Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the Restoration of such Parcel in accordance with Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. Borrower shall pay all costs of such Restoration to the extent such costs are not covered by insurance. Lender may, but shall not be obligated to make proof of loss if not made timely by Borrower. Borrower shall adjust all claims for Insurance Proceeds in consultation with, and approval of, Lender; provided, however, if an Event of Default has occurred and is continuing, Lender shall have the exclusive right to participate in the adjustment of all claims for Insurance Proceeds.

SECTION 8.3. CONDEMNATION

Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of any Parcel of which Borrower has knowledge and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If any Parcel or any portion thereof is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of such Parcel and otherwise comply with the provisions of Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. If such Parcel is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Debt.

SECTION 8.4. RESTORATION

The following provisions shall apply in connection with the Restoration of any Parcel:

(a) If the Net Proceeds shall be less than \$250,000 and the costs of completing the Restoration shall be less than \$250,000, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 8.4(b)(i) are met (except for Section 8.1(b)(i)(J)) and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement; provided, however, with respect to the budget delivered to Lender pursuant to Section 8.4(b)(i)(I), such budget is not subject to the prior approval of Lender.

(b) If the Net Proceeds are equal to or greater than \$250,000 or the costs of completing the Restoration are equal to or greater than \$250,000, Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 8.4. The term "NET PROCEEDS" for purposes of this Section 8.4 shall mean: (i) the net amount of all insurance proceeds received by Lender pursuant to Section 8.1(a)(i), (iv), (vi) and (viii) as a result of a Casualty, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("INSURANCE PROCEEDS"), or (ii) the net amount of the Award as a result of a Condemnation, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("CONDEMNATION PROCEEDS"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower for Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing;

(B) No later than the date the insurance described in Section 8.1(a)(iii) hereof expires or would expire, Tenants under Leases covering in the aggregate at least fifty percent (50%) of the total rentable space in the Parcel which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such Casualty or Condemnation, whichever the case may be shall remain in full force and effect during and after the completion of the Restoration;

(C) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than sixty (60) days after such Casualty or Condemnation or thirty (30) days after adjustment of the Net Proceeds, whichever is later, whichever the case may be, occurs) and shall diligently pursue the same to satisfactory completion;

(D) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Parcel as a result of the occurrence of any such Casualty or Condemnation, whichever the case may be, will be covered out of the

insurance coverage referred to in Section 8.1(a) (iii) above or funds provided by the Borrower;

(E) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date, (2) such time as may be required under applicable zoning law, ordinance, rule or regulation, or (3) the expiration of the insurance coverage referred to in Section 8.1(a) (iii) unless Borrower Principal agrees to make capital contributions to Borrower which are sufficient to make any payments to Lender pursuant to the terms hereof;

(F) the Parcel and the use thereof after the Restoration will be in compliance with and permitted under all Legal Requirements;

(G) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in substantial compliance with all applicable Legal Requirements;

(H) such Casualty or Condemnation, as applicable, does not result in the loss of access to the Parcel or the Improvements;

(I) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender; and

(J) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's reasonable judgment to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender until disbursements commence, and, until disbursed in accordance with the provisions of this Section 8.4, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all the conditions precedent to such advance, including those set forth in Section 8.4(b) (i), have been satisfied, (B) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the related Restoration item have been paid for in full, and (C) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Parcel which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy. Notwithstanding the foregoing, Insurance Proceeds from the Policies required to be maintained by Borrower pursuant to Section 8.1(a) (iii) shall be controlled by Lender at all times, shall not be subject to the

provisions of this Section 8.4 and shall be used solely for the payment of the obligations under the Loan Documents and Operating Expenses.

(iii) All plans and specifications required in connection with a Restoration in excess of \$250,000 shall be subject to prior review and reasonable acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the "RESTORATION CONSULTANT"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts in excess of \$50,000 under which they have been engaged, shall be subject to prior review and reasonable acceptance by Lender and the Restoration Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration, including, without limitation, reasonable counsel fees and disbursements and the Restoration Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Restoration Consultant, minus the Restoration Retainage. The term "RESTORATION RETAINAGE" shall mean an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Restoration Consultant, until the Restoration has been completed. The Restoration Retainage shall be reduced to five percent (5%) of the costs incurred upon receipt by Lender of satisfactory evidence that fifty percent (50%) of the Restoration has been completed. The Restoration Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 8.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Restoration Retainage shall not be released until the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b) and that all approvals necessary for the re-occupancy and use of the Parcel have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Restoration Retainage; provided, however, that Lender will release the portion of the Restoration Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Restoration Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Restoration Retainage shall be approved by the surety company, if any, which has issued

a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender in consultation with the Restoration Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Restoration Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "NET PROCEEDS DEFICIENCY") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 8.4(b) shall constitute additional security for the Debt and other obligations under the Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing under the Note, this Agreement or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Section 8.4(b)(vii) may (x) be retained and applied by Lender toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as Lender in its sole discretion shall deem proper, or, (y) at the sole discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes and upon such conditions as Lender shall designate.

(d) In the event of foreclosure of the Mortgage, or other transfer of title to the Parcel in extinguishment in whole or in part of the Debt, all right, title and interest of Borrower in and to the Policies then in force concerning the Parcel and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure, Lender or other transferee in the event of such other transfer of title.

ARTICLE IX RESERVE FUNDS

SECTION 9.1. REQUIRED REPAIRS

(a) Borrower shall make the repairs and improvements to the Property set forth on Schedule I and as more particularly described in the Physical Conditions Report

prepared in connection with the closing of the Loan (such repairs hereinafter referred to as "REQUIRED REPAIRS"). Borrower shall complete the Required Repairs in a good and workmanlike manner on or before the date that is twelve (12) months from the date hereof or within such other time frame for completion specifically set forth on Schedule I.

(b) Borrower shall establish on the date hereof an account with Lender or Lender's agent to fund the Required Repairs (the "REQUIRED REPAIR ACCOUNT") into which Borrower shall deposit on the date hereof the amount of \$0.00. Amounts so deposited shall hereinafter be referred to as the "REQUIRED REPAIR FUNDS".

SECTION 9.2. REPLACEMENTS

(a) On an ongoing basis throughout the term of the Loan, Borrower shall make capital repairs, replacements and improvements necessary to keep the Property in good order and repair and in a good marketable condition or prevent deterioration of the Property (collectively, the "REPLACEMENTS"). Borrower shall complete all Replacements in a good and workmanlike manner as soon as commercially reasonable after commencing to make each such Replacement.

(b) Upon the commencement of a Reserve DSCR Period Borrower shall establish an Eligible Account with Lender or Lender's agent to fund the Replacements (the "REPLACEMENT RESERVE ACCOUNT"). Borrower shall deposit, during the continuance of a Reserve DSCR Period, one-twelfth (1/12) of the sum \$50.00 per pad site on each Parcel (the "Replacement Reserve Monthly Deposit") into the Replacement Reserve Account on each Scheduled Payment Date. Amounts so deposited shall hereinafter be referred to as "Replacement Reserve Funds".

SECTION 9.3. INTENTIONALLY RESERVED

SECTION 9.4. REQUIRED WORK

Borrower shall diligently pursue all Required Repairs and Replacements (collectively, the "Required Work") to completion in accordance with the following requirements:

(a) Lender reserves the right, at its option, to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Required Work to the extent such contracts or work orders exceed \$50,000, which approval shall not be unreasonably withheld, conditioned or delayed. Upon Lender's request, Borrower shall assign any contract or subcontract to Lender.

(b) In the event Lender determines in its reasonable discretion that any Required Repair is not being or has not been performed in a workmanlike or timely manner (consistent with the time deadlines provided herein). Upon written notice to Borrower and Borrower's failure to commence performance thereof within thirty (30) days, weather permitting, Lender shall have the option to withhold disbursement for such unsatisfactory Required Repairs and to proceed under existing contracts or to contract with third parties to complete such Required Repairs and to apply the Required Repair Funds, toward the labor and materials

necessary to complete such Required Repairs and to exercise any and all other remedies available to Lender upon an Event of Default hereunder.

(c) In order to facilitate Lender's completion of the Required Repair, effective only when Lender has the right to exercise its rights under Section 9.4(b), Borrower grants Lender the right to enter onto the Property and perform any and all work and labor necessary to complete Required Work and/or employ watchmen to protect the Property from damage. All sums so expended by Lender, to the extent not from the Reserve Funds, shall be deemed to have been advanced under the Loan to Borrower and secured by the Mortgage. For this purpose and subject to the limitations contained in the first sentence of this Section 9.4(c), Borrower constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution to complete or undertake the Required Repair in the name of Borrower upon Borrower's failure to do so in a workmanlike and timely manner. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked. Borrower empowers said attorney-in-fact as follows: (i) to use any of the Reserve Funds for the purpose of making or completing the Required Repair; (ii) to make such additions, changes and corrections to the Required Repair as shall be necessary or desirable to complete the Required Repair as set forth herein and the schedules hereto; (iii) to employ or retain such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes at commercially reasonable prices to the extent such work is not being performed by contractors or subcontractors retained by Borrower; (iv) to pay, settle or compromise all existing bills and claims which are or may become Liens against the Property, or as may be necessary or desirable for the completion of the Required Repair, or for clearance of title; (v) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Property or the rehabilitation and repair of the Property; and (vii) to do any and every act which Borrower might do on its own behalf to fulfill the terms of this Section 9.4.

(d) Nothing in this Section 9.4 shall: (i) make Lender responsible for making or completing the Required Repair; (ii) require Lender to expend funds in addition to the Reserve Funds to make or complete any Required Repair; (iii) obligate Lender to proceed with the Required Repair; or (iv) obligate Lender to demand from Borrower additional sums to make or complete any Required Repair.

(e) Borrower shall permit Lender and Lender's agents and representatives (including, without limitation, Lender's engineer, architect, or inspector) or third parties performing Required Repair pursuant to this Section 9.4 to enter onto the Property upon reasonable advance notice during normal business hours (subject to the rights of tenants under their Leases) to inspect the progress of any Required Repair and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Required Repair which are or may be kept at the Property, and to complete any Required Repair made pursuant to this Section 9.4. Borrower shall cause all contractors and subcontractors to cooperate with Lender and Lender's representatives or such other persons described above in connection with inspections described in this Section 9.4 or the completion of Required Repair pursuant to this Section 9.4.

(f) Lender may, to the extent any Required Work would reasonably require an inspection of the Property, inspect the Property at Borrower's expense prior to making a disbursement of the Reserve Funds in order to verify completion of the Required Work for which reimbursement is sought. If Borrower has reserved any amounts for such Required Repair pursuant to Section 9.1 hereof, Borrower shall pay Lender a reasonable inspection fee not exceeding \$500.00 for each such inspection. Lender may require that such inspection be conducted by an appropriate independent qualified professional selected by Lender and/or may require a copy of a certificate of completion by an independent qualified professional acceptable to Lender prior to the disbursement of the Reserve Funds. Borrower shall pay the expense of the inspection as required hereunder, whether such inspection is conducted by Lender or by an independent qualified professional.

(g) The Required Work and all materials, equipment, fixtures, or any other item comprising a part of any Required Work shall be constructed, installed or completed, as applicable, free and clear of all mechanic's, materialman's or other Liens (except for Permitted Encumbrances).

(h) Before each disbursement of the Reserve Funds in excess of \$50,000, Lender may require Borrower to provide Lender with a search of title to the applicable Parcel effective to the date of the disbursement, which search shows that no mechanic's or materialmen's or other Liens of any nature have been placed against the Parcel since the date of recordation of the Mortgage and that title to the Parcel is free and clear of all Liens (except for Permitted Encumbrances).

(i) All Required Work shall comply with all Legal Requirements and applicable insurance requirements including, without limitation, applicable building codes, special use permits, environmental regulations, and requirements of insurance underwriters.

(j) Borrower hereby assigns to Lender all rights and claims Borrower may have against all Persons supplying labor or materials in connection with the Required Work; provided, however, that Lender may not pursue any such rights or claims unless an Event of Default has occurred and remains uncured.

SECTION 9.5. RELEASE OF RESERVE FUNDS

(a) Upon written request from Borrower and satisfaction of the requirements set forth in this Agreement, Lender shall disburse to Borrower amounts from (i) the Required Repair Account to the extent necessary to reimburse Borrower for the actual costs of each Required Repair (but not exceeding 125% of the original estimated cost of such Required Repair as set forth on Schedule I, unless Lender has agreed to reimburse Borrower for such excess cost pursuant to Section 9.5(f)) or (ii) the Replacement Reserve Account to the extent necessary to reimburse Borrower for the actual costs of any approved Replacements. Notwithstanding the preceding sentence, in no event shall Lender be required to (x) disburse any amounts which would cause the amount of funds remaining in the Required Repair Account after any disbursement (other than with respect to the final disbursement) to be less than 125% of the then current estimated cost of completing all remaining Required Repairs for the Property, (y) disburse funds from any of the Reserve Accounts if an Event of Default exists, or (z) disburse

funds from the Replacement Reserve Account to reimburse Borrower for the costs of routine repairs or maintenance to the Property or for costs which are to be reimbursed from funds held in the Required Repair Account.

(b) Each request for disbursement from any of the Reserve Accounts shall be on a form provided or approved by Lender and shall (i) include copies of invoices for all items or materials purchased and all labor or services provided and (ii) specify (A) the Required Work for which the disbursement is requested, (B) the quantity and price of each item purchased, if the Required Work includes the purchase or replacement of specific items, (C) the price of all materials (grouped by type or category) used in any Required Work other than the purchase or replacement of specific items, and (D) the cost of all contracted labor or other services applicable to each Required Work for which such request for disbursement is made. With each request Borrower shall certify that all Required Work has been performed in accordance with all Legal Requirements. Except as provided in Section 9.5(d), each request for disbursement shall be made only after completion of the Required Repair or Replacement (or the portion thereof completed in accordance with Section 9.5(d)), as applicable, for which disbursement is requested. Borrower shall provide Lender evidence satisfactory to Lender in its reasonable judgment of such completion or performance.

(c) Borrower shall pay all invoices in connection with the Required Work with respect to which a disbursement is requested prior to submitting such request for disbursement from the Reserve Accounts or, at the request of Borrower, Lender will issue joint checks, payable to Borrower and the contractor, supplier, materialman, mechanic, subcontractor or other party to whom payment is due in connection with the Required Work. In the case of payments made by joint check, Lender may require a waiver of lien from each Person receiving payment prior to Lender's disbursement of the Reserve Funds. In addition, as a condition to any disbursement, Lender may require Borrower to obtain lien waivers from each contractor, supplier, materialman, mechanic or subcontractor who receives payment in an amount equal to or greater than \$50,000 for completion of its work or delivery of its materials. Any lien waiver delivered hereunder shall conform to all Legal Requirements and shall cover all work performed and materials supplied (including equipment and fixtures) for the Property by that contractor, supplier, subcontractor, mechanic or materialman through the date covered by the current disbursement request (or, in the event that payment to such contractor, supplier, subcontractor, mechanic or materialmen is to be made by a joint check, the release of lien shall be effective through the date covered by the previous release of funds request).

(d) If (i) the cost of any item of Required Work exceeds \$50,000, (ii) the contractor performing such Required Work requires periodic payments pursuant to terms of a written contract, and (iii) Lender has approved in writing in advance such periodic payments (provided, Lender shall not be entitled to approve the contract if Lender has already approved such contract pursuant to the provisions of Section 9.4(a)), a request for disbursement from the Reserve Accounts may be made after completion of a portion of the work under such contract, provided (A) such contract requires payment upon completion of such portion of work, (B) the materials for which the request is made are on site at the Property and are properly secured or have been installed in the Property, and (C) all other conditions in this Agreement for disbursement have been satisfied.

(e) Borrower shall not make a request for, nor shall Lender have any obligation to make, any disbursement from any Reserve Account more frequently than once in any calendar month and (except in connection with the final disbursement) in any amount less than the lesser of (i) \$10,000 or (ii) the total cost of the Required Work for which the disbursement is requested.

(f) In the event any Borrower requests a disbursement from the Required Repair Account to reimburse Borrower for the actual cost of labor or materials used in connection with repairs or improvements other than the Required Repairs specified on Schedule I, or for a Required Repair to the extent the cost of such Required Repair exceeds 125% of the estimated cost of such Required Repair as set forth on Schedule I (in either case, an "ADDITIONAL REQUIRED REPAIR"), Borrower shall disclose in writing to Lender the reason why funds in the Required Repair Account should be used to pay for such Additional Required Repair. If Lender determines that (i) such Additional Required Repair is of the type intended to be covered by the Required Repair Account, (ii) costs for such Additional Required Repair are reasonable, (iii) the funds in the Required Repair Account are sufficient to pay for such Additional Required Repair and all other Required Repairs for the Property specified on Schedule I, (iv) such Additional Required Repair is not covered or is not of the type intended to be covered by the Replacement Reserve Account, and (v) all other conditions for disbursement under this Agreement have been met, Lender may disburse funds from the Required Repair Account.

(g) Intentionally reserved.

(h) Lender's disbursement of any Reserve Funds or other acknowledgment of completion of any Required Work in a manner satisfactory to Lender shall not be deemed a certification or warranty by Lender to any Person that the Required Work has been completed in accordance with Legal Requirements.

(i) If the funds in any Reserve Account should exceed the amount of payments actually applied by Lender for the purposes of the account, Lender shall return any excess to Borrower, unless at the time Borrower is required to make future payments to the Reserve Account, in which case Lender may, in its discretion, credit such excess against future payments to be made to that Reserve Account. In allocating any such excess, Lender may deal with the Person shown on Lender's records as being the owner of the Property. If at any time Lender reasonably determines that the Reserve Funds are not or will not be sufficient to make the required payments, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment thereof.

(j) The insufficiency of any balance in any of the Reserve Accounts shall not relieve Borrower from its obligation to fulfill all preservation and maintenance covenants in the Loan Documents.

(k) Upon the earlier to occur of (i) the timely completion of all Required Repairs and any Additional Required Repairs, if any, in accordance with the requirements of this Agreement, as verified by Lender in its reasonable discretion, or (ii) the payment in full of the Debt, all amounts remaining on deposit, if any, in the Required Repair Account shall be returned

to Borrower or the Person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

(1) Upon payment in full of the Debt, all amounts remaining on deposit, if any, in the Replacement Reserve Account shall be returned to Borrower or the Person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

SECTION 9.6. TAX AND INSURANCE RESERVE FUNDS

Upon the commencement of a Reserve DSCR Period Borrower shall establish an account with Lender or Lender's agent sufficient to discharge Borrower's obligations for the payment of Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof (the "TAX AND INSURANCE RESERVE ACCOUNT"), which amount, when added to the required monthly deposits set forth in the next sentence, is sufficient to make the payments of Taxes and Insurance Premiums as required herein. Borrower shall deposit into the Tax and Insurance Reserve Account on each Scheduled Payment Date (a) one-twelfth of the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Taxes at least thirty (30) days prior to the earlier of (i) the date that the same will become delinquent and (ii) the date that additional charges or interest will accrue due to the non-payment thereof, and (b) except to the extent Lender has waived the insurance escrow because the insurance required hereunder is maintained under a blanket insurance Policy acceptable to Lender in accordance with Section 8.1(c), one-twelfth of the Insurance Premiums that Lender estimates will be payable during the next ensuing twelve (12) months for the renewal of the coverage afforded by the Policies upon the expiration thereof or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (said amounts in (a) and (b) above hereinafter called the "TAX AND INSURANCE RESERVE FUNDS"). Lender will apply the Tax and Insurance Reserve Funds to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Section 5.4 and Section 8.1 hereof. In making any disbursement from the Tax and Insurance Reserve Account, Lender may do so according to any bill, statement or estimate procured from the appropriate public office or tax lien service (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax and Insurance Reserve Funds shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax and Insurance Reserve Account. In allocating any such excess, Lender may deal with the person shown on Lender's records as being the owner of the Property. Any amount remaining in the Tax and Insurance Reserve Account after the Debt has been paid in full shall be returned to Borrower or the person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto. If at any time Lender reasonably determines that the Tax and Insurance Reserve Funds are not or will not be sufficient to pay Taxes and Insurance Premiums by the dates set forth in (a) and (b) above, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment

thereof. Notwithstanding the foregoing, so long as (x) Borrower is maintaining all or a portion of the insurance required under Section 8.1 through a blanket insurance policy in accordance with the terms and conditions hereof, including, but not limited to, Section 8.1(c) hereof and such blanket policy is acceptable to Lender, (y) no Event of Default exists and (z) Borrower provides Lender with evidence in form and substance satisfactory to Lender of the annual renewal of such blanket insurance policy, Borrower shall not be required to escrow for Insurance Premiums as set forth in this Section 9.6 for that portion of the insurance required under Section 8.1 which is covered by the blanket insurance policy in accordance with the terms hereof. In the event that, at any time, a blanket insurance policy is not in effect in accordance with the terms and conditions hereof, Borrower shall immediately provide for either (i) an individual policy for the Property complying with the terms and conditions set forth herein and shall immediately commence making deposits for Insurance Premiums in accordance with this Section 9.6 or (ii) a replacement blanket policy complying with the terms and conditions set forth herein and acceptable to Lender. Notwithstanding the foregoing, Borrower shall not be required to make monthly deposits for Taxes pursuant to clause (a) above, unless a Reserve DSCR Period is continuing; provided, however, in the event a Reserve DSCR Period is continuing, in lieu of making the monthly deposits required pursuant to clause (a) above, Borrower may elect to deliver to Lender, within ten (10) Business Days after the commencement of a Reserve DSCR Period, a Letter of Credit in an amount equal to the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months. Borrower shall give Lender no less than five (5) Business days notice of Borrower's election to deliver a Letter of Credit pursuant to this Section 9.6 and Borrower shall pay to Lender all of Lender's reasonable out-of-pocket costs and expenses in connection therewith. Borrower shall not be entitled to draw from any such Letter of Credit. Upon thirty (30) days notice to Lender, Borrower may replace a Letter of Credit with a cash deposit to the Tax and Insurance Reserve Fund if a Letter of Credit has been outstanding for more than six (6) months. Prior to the return of a Letter of Credit, Borrower shall deposit an amount equal to the amount that would have accumulated in the Tax and Insurance Reserve Fund and not been disbursed in accordance with this Agreement if such Letter of Credit had not been delivered. Borrower shall provide Lender with notice of any increases in the annual payments for Taxes thirty (30) days prior to the effective date of any such increase and any applicable Letter of Credit shall be increased by such increased amount at least ten (10) days prior to the effective date of such increase. So long as no Event of Default has occurred and is continuing, upon the discontinuance of a Reserve DSCR Period, Lender shall release to Borrower any Letter of Credit delivered to Lender pursuant to this Section 9.6 or return to Borrower all funds in the Tax and Insurance Reserve Account.

SECTION 9.7. INTENTIONALLY RESERVED

SECTION 9.8. INTENTIONALLY RESERVED

SECTION 9.9. LETTERS OF CREDIT

(a) Each Letter of Credit delivered under this Agreement shall be additional security for the payment of the Debt. Upon the occurrence of an Event of Default, Lender shall have the right, at its option, to draw on any Letter of Credit and to apply all or any part thereof to the payment of the items for which such Letter of Credit was established or to apply each such Letter of Credit to payment of the Debt in such order, proportion or priority as Lender may

determine. Any such application to the Debt shall be subject to the prepayment premium set forth in Section 2.4(c) hereof.

(b) In addition to any other right Lender may have to draw upon a Letter of Credit pursuant to the terms and conditions of this Agreement, Lender shall have the additional rights to draw in full any Letter of Credit: (i) with respect to any evergreen Letter of Credit, if Lender has received a notice from the issuing bank that the Letter of Credit will not be renewed and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (ii) with respect to any Letter of Credit with a stated expiration date, if Lender has not received a notice from the issuing bank that it has renewed the Letter of Credit at least thirty (30) days prior to the date on which such Letter of Credit is scheduled to expire and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (iii) upon receipt of notice from the issuing bank that the Letter of Credit will be terminated (except if the termination of such Letter of Credit is permitted pursuant to the terms and conditions of this Agreement or a substitute Letter of Credit is provided); or (iv) if Lender has received notice that the bank issuing the Letter of Credit shall cease to be an Eligible Institution; provided, however, so long as no Event of Default is continuing, any funds resulting from draw made by Lender pursuant to the provisions of clauses (i) - (iv) above shall be deposited into the Reserve Account for which Borrower delivered such Letter of Credit. Notwithstanding anything to the contrary contained in the above, Lender is not obligated to draw any Letter of Credit upon the happening of an event specified in (i), (ii), (iii) or (iv) above and shall not be liable for any losses sustained by Borrower due to the insolvency of the bank issuing the Letter of Credit if Lender has not drawn the Letter of Credit.

SECTION 9.10. RESERVE FUNDS GENERALLY

(a) (i) Except for the Required Repair Account and the Replacement Reserve Account, no earnings or interest on the Reserve Accounts shall be payable to Borrower. Neither Lender nor any loan servicer that at any time holds or maintains such non-interest-bearing Reserve Accounts such Reserve Accounts or any funds deposited therein in interest-bearing accounts. If Lender or any such loan servicer elects in its sole and absolute discretion to keep or maintain any non-interest-bearing Reserve Account or any funds deposited therein in an interest-bearing account, the account shall be an Eligible Account and (A) such funds shall not be invested except in Permitted Investments, and (B) all interest earned or accrued thereon shall be for the account of and be retained by Lender or such loan servicer.

(ii) Funds deposited in the Required Repair Account and the Replacement Reserve Account shall be held in an interest-bearing business savings account and interest shall be credited to Borrower. In no event shall Lender or any loan servicer that at any time holds or maintains the Required Repair Account or Replacement Reserve Account, as applicable, be required to select any particular interest-bearing account or the account that yields the highest rate of interest, provided that selection of the account shall be consistent with the general standards at the time being utilized by Lender or the loan servicer, as applicable, in establishing similar accounts for loans of comparable type. All such interest shall be and become part of the Required Repair Account and the Replacement Reserve Account, as applicable, and shall be disbursed in accordance with

Section 9.5 above; provided, however, that Lender may, at its election, retain any such interest for its own account during the occurrence and continuance of an Event of Default. Borrower agrees that it shall include all interest on Required Repair Funds and Replacement Reserve Funds as the income of Borrower (and, if Borrower is a partnership or other pass-through entity, the partners, members or beneficiaries of Borrower, as the case may be), and shall be the owner of the Required Repair Funds and Replacement Reserve Funds for federal and applicable state and local tax purposes, except to the extent that Lender retains any interest for its own account during the occurrence and continuance of an Event of Default as provided herein.

(b) Borrower grants to Lender a first-priority perfected security interest in, and assigns and pledges to Lender all Reserve Funds now or hereafter deposited in the related Reserve Accounts as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Reserve Accounts and the Reserve Funds shall constitute additional security for the Debt. The provisions of this Section 9.10 are intended to give Lender or any subsequent holder of the Loan "control" of the Reserve Accounts within the meaning of the UCC.

(c) The Reserve Accounts and any and all Reserve Funds now or hereafter deposited in the Reserve Accounts shall be subject to the exclusive dominion and control of Lender, which shall hold the Reserve Accounts and any or all Reserve Funds now or hereafter deposited in the Reserve Accounts subject to the terms and conditions of this Agreement. Borrower shall have no right of withdrawal from the Reserve Accounts or any other right or power with respect to the Reserve Accounts or any or all of the Reserve Funds now or hereafter deposited in the Reserve Accounts, except as expressly provided in this Agreement.

(d) Lender shall furnish or cause to be furnished to Borrower, without charge, a quarterly accounting of each Reserve Account in the normal format of Lender or its loan servicer, showing credits and debits to such Reserve Account, if any, and the purpose for which each debit to each Reserve Account was made, if any.

(e) As long as no Event of Default has occurred, Lender shall make disbursements from the Reserve Accounts in accordance with this Agreement. All such disbursements shall be deemed to have been expressly pre-authorized by Borrower, and shall not be deemed to constitute the exercise by Lender of any remedies against Borrower unless an Event of Default has occurred and is continuing and Lender has expressly stated in writing its intent to proceed to exercise its remedies as a secured party, pledgee or lienholder with respect to the Reserve Accounts.

(f) If any Event of Default occurs, Borrower shall immediately lose all of its rights to receive disbursements from the Reserve Accounts until the earlier to occur of (i) the date on which such Event of Default is cured to Lender's satisfaction, or (ii) the payment in full of the Debt. In addition, at Lender's election, Borrower shall lose all of its rights to receive interest on the Required Repair Account and the Replacement Reserve Account during the occurrence and continuance of an Event of Default. Upon the occurrence of any Event of Default, Lender may exercise any or all of its rights and remedies as a secured party, pledgee and lienholder with respect to the Reserve Accounts. Without limitation of the foregoing, upon any

Event of Default, Lender may use and disburse the Reserve Funds (or any portion thereof) for any of the following purposes: (A) repayment of the Debt, including, but not limited to, principal prepayments and the prepayment premium applicable to such full or partial prepayment (as applicable); (B) reimbursement of Lender for all losses, fees, costs and expenses (including, without limitation, reasonable legal fees) suffered or incurred by Lender as a result of such Event of Default; (C) payment of any amount expended in exercising any or all rights and remedies available to Lender at law or in equity or under this Agreement or under any of the other Loan Documents; (D) payment of any item from any of the Reserve Accounts as required or permitted under this Agreement; or (E) any other purpose permitted by applicable law; provided, however, that any such application of funds shall not cure or be deemed to cure any Event of Default. Without limiting any other provisions hereof, each of the remedial actions described in the immediately preceding sentence shall be deemed to be a commercially reasonable exercise of Lender's rights and remedies as a secured party with respect to the Reserve Funds and shall not in any event be deemed to constitute a setoff or a foreclosure of a statutory banker's lien. Nothing in this Agreement shall obligate Lender to apply all or any portion of the Reserve Funds to effect a cure of any Event of Default, or to pay the Debt, or in any specific order of priority. The exercise of any or all of Lender's rights and remedies under this Agreement or under any of the other Loan Documents shall not in any way prejudice or affect Lender's right to initiate and complete a foreclosure under the Mortgage.

(g) The Reserve Funds shall not constitute escrow or trust funds and may be commingled with other monies held by Lender. Notwithstanding anything else herein to the contrary, Lender may commingle in one or more Eligible Accounts any and all funds controlled by Lender, including, without limitation, funds pledged in favor of Lender by other borrowers, whether for the same purposes as the Reserve Accounts or otherwise. Without limiting any other provisions of this Agreement or any other Loan Document, the Reserve Accounts may be established and held in such name or names as Lender or its loan servicer, as agent for Lender, shall deem appropriate, including, without limitation, in the name of Lender or such loan servicer as agent for Lender. In the case of any Reserve Account which is held in a commingled account, Lender or its loan servicer, as applicable, shall maintain records sufficient to enable it to determine at all times which portion of such account is related to the Loan. Upon assignment of the Loan by Lender, any Reserve Funds shall be turned over to the assignee and any responsibility of Lender as assignor shall terminate. The requirements of this Agreement concerning Reserve Accounts in no way supersede, limit or waive any other rights or obligations of the parties under any of the Loan Documents or under applicable law.

(h) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in the Reserve Accounts or the Reserve Funds deposited therein or permit any Lien to attach thereto, except for the security interest granted in this Section 9.10, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(i) Borrower will maintain the security interest created by this Section 9.10 as a first priority perfected security interest and will defend the right, title and interest of Lender in and to the Reserve Accounts and the Reserve Funds against the claims and demands of all Persons whomsoever. At any time and from time to time, upon the written request of Lender, and at the sole expense of Borrower, Borrower will promptly and duly execute and deliver such

further instruments and documents and will take such further actions as Lender reasonably may request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted.

(j) Lender shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper, document or signature believed by Lender to be genuine, and it may be assumed conclusively that any Person purporting to give any of the foregoing in connection with the Reserve Accounts has been duly authorized to do so. Lender may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder and in good faith in accordance therewith. Lender shall not be liable to Borrower for any act or omission done or omitted to be done by Lender in reliance upon any instruction, direction or certification received by Lender and without gross negligence or willful misconduct.

(k) Beyond the exercise of reasonable care in the custody thereof, Lender shall have any duty as to any Reserve Funds in its possession or control as agent therefor or bailee thereof or any income thereon or the preservation of rights against any person or otherwise with respect thereto. In no event shall Lender or its Affiliates, agents, employees or bailees, be liable or responsible for any loss or damage to any of the Reserve Funds, or for any diminution in value thereof, by reason of the act or omission of Lender, except to the extent that such loss or damage results from Lender's gross negligence or willful misconduct or intentional nonperformance by Lender of its obligations under this Agreement.

ARTICLE X
CASH MANAGEMENT

SECTION 10.1. PROPERTY OPERATING ACCOUNT

(a) Borrower acknowledges and confirms that Borrower has established, and Borrower covenants that it shall maintain a deposit account with a federally insured financial institution (whether one or more, individually and collectively, as the case may be, the "PROPERTY OPERATING ACCOUNT BANK") with respect to each Parcel into which Borrower shall, and shall cause Manager to, deposit or cause to be deposited, all Rents and other revenue from the applicable Parcel (such account, all funds at any time on deposit therein and any proceeds, replacements or substitutions of such account or funds therein, are referred to herein as the "PROPERTY OPERATING ACCOUNT").

(b) Borrower agrees to pay the customary fees and expenses of Property Operating Account Bank (incurred in connection with maintaining the Property Operating Account) and any successors thereto in connection therewith, as separately agreed by them from time to time.

(c) Lender shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies. Borrower shall indemnify and hold Lender and its directors, employees, officers and agents harmless from and against any loss, cost or damage (including, without limitation, reasonable attorneys' fees and disbursements) incurred by such parties in

connection with the Property Operating Account other than such as result from the gross negligence or willful misconduct of Lender.

SECTION 10.2. DEPOSITS AND WITHDRAWALS.

(a) Borrower represents, warrants and covenants that:

(i) Borrower shall, and shall cause Manager to, instruct all Persons that maintain open accounts with Borrower or Manager with respect to the applicable Parcel or with whom Borrower or Manager does business on an "accounts receivable" basis with respect to the applicable Parcel to deliver all payments due under such accounts to the Property Operating Account. Neither Borrower nor Manager shall direct any such Person to make payments due under such accounts in any other manner;

(ii) All Rents or other income from each Parcel shall (A) be deemed additional security for payment of the Debt and shall be held in trust for the benefit, and as the property, of Lender and (B) not be commingled with any other funds or property of Borrower or Manager prior to being deposited into the Property Operating Account;

(iii) So long as any portion of the Debt remains outstanding, neither Borrower, Manager nor any other Person shall open or maintain any accounts other than the Property Operating Account into which revenues from the ownership and operation of the Property are initially deposited. The foregoing shall not prohibit Borrower from utilizing one or more separate accounts for the disbursement or retention of funds that have been transferred to Borrower pursuant to the express terms of this Agreement; and

(b) Upon the occurrence and during the continuance of an Event of Default, (A) if requested by Lender, the Borrower shall direct all Tenants to pay Rent to such account as may be required by Lender, and (B) the Borrower shall and shall cause the Property Operating Account Bank to promptly execute such documentation and otherwise cooperate in a prompt and timely manner with such other requests of Lender in order to grant Lender (x) a first priority perfected security interest in each Property Operating Account and (y) control with respect to each Property Operating Account all funds on deposit or to be deposited therein.

(c) If an Event of Default shall have occurred and be continuing, Borrower hereby irrevocably authorizes Lender to make any and all withdrawals from each Property Operating Account. Lender's right to withdraw and apply funds as stated herein shall be in addition to all other rights and remedies provided to Lender under this Agreement, the Note, the Mortgage and the other Loan Documents.

ARTICLE XI
EVENTS OF DEFAULT; REMEDIES

SECTION 11.1. EVENT OF DEFAULT

The occurrence of any one or more of the following events shall constitute an "EVENT OF DEFAULT":

(a) if any portion of the Debt is not paid within five (5) days of the date the same is due or if the entire Debt is not paid on or before the Maturity Date;

(b) except as otherwise expressly provided in the Loan Documents, if any of the Taxes or Other Charges are not paid in accordance with the terms hereof, unless there is sufficient money in the Tax and Insurance Reserve Account for payment of amounts then due and payable and Lender's access to such money has not been constrained or restricted in any manner;

(c) if the Policies are not kept in full force and effect, or if certified copies of the Policies are not delivered to Lender as provided in Section 8.1;

(d) if Borrower breaches any covenant with respect to itself or any SPE Component Entity (if any) contained in Article 6 or any covenant contained in Article 7 hereof unless, with respect to the covenants set forth in Article 6 only, such breach is (i) immaterial, (ii) capable of cure and (iii) cured within ten (10) days of the occurrence of such breach;

(e) if any representation or warranty of Borrower, Borrower Principal, any SPE Component Entity, or any member, general partner, principal or beneficial owner of any of the foregoing, made herein, in any other Loan Document, or in any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan shall have been false or misleading in any material respect when made;

(f) if (i) Borrower, or any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall commence any case, proceeding or other action (A) under any Creditors Rights Laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component

Entity (if any) shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property, whether it be superior or junior in lien to the Mortgage;

(h) if the Property becomes subject to any mechanic's, materialman's or other Lien in excess of \$100,000 other than a Lien for any Taxes or Other Charges not then due and payable and the Lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(i) if any federal tax lien in excess of \$100,000 is filed against Borrower, any member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) or the Property and same is not discharged of record within thirty (30) days after same is filed;

(j) if a judgment is filed against the Borrower in excess of the lesser of (x) ten percent (10%) of the principal amount of the Loan and (y) \$500,000 which is not vacated or discharged or bonded over within 30 days unless the claim(s) set forth in the judgment is covered by insurance;

(k) if any default occurs under any guaranty or indemnity executed in connection herewith and such default continues after the expiration of applicable grace periods, if any;

(l) intentionally reserved;

(m) if Borrower shall continue to be in default under any other term, covenant or condition of this Agreement or any of the Loan Documents for more than ten (10) days after notice from Lender in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days; or

(n) if any of the assumptions contained in any opinion relating to issues of substantive consolidation delivered to the Lender in connection with the Loan, or in any other opinion relating to substantive consolidation delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect.

SECTION 11.2. REMEDIES

(a) Upon the occurrence of an Event of Default (other than an Event of Default described in Section 11.1(f) above) and at any time thereafter Lender may, in addition to

any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in the Property, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against Borrower and the Property, including, without limitation, all rights or remedies available at law or in equity (subject to the terms of Article XV below); and upon any Event of Default described in Section 11.1(f) above, the Debt and all other obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time (subject to the terms of Article XV below), whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents.

ARTICLE XII
ENVIRONMENTAL PROVISIONS

SECTION 12.1. ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants, based upon, and except as otherwise disclosed or described in an Environmental Report of the Property (unless Borrower has actual knowledge that such information disclosed in an Environmental Report is inaccurate in any material respect) and information that Borrower knows or should reasonably have known, that: (a) there are no Hazardous Materials or underground storage tanks in, on, or under the Property, except those that are both (i) in compliance with Environmental Laws and with permits issued pursuant thereto (if such permits are required), if any, and (ii) in the case of Hazardous Materials, in amounts not in excess of that necessary to operate the Property for the purposes set forth herein; (b) there are no past, present or threatened Releases of Hazardous Materials in violation of any Environmental Law or which would require remediation by a Governmental Authority in, on, under or from the Property; (c) there is no threat of any Release of Hazardous Materials migrating to the Property except as described in the Environmental Report; (d) there is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with the Property; (e) Borrower does not know of, and has not received, any written or oral notice or other communication from any Person relating to Hazardous Materials in, on, under or from the Property which would cause a violation of any Environmental Law; and (f) to

the extent not included in the Environmental Report prepared for Lender in connection with the Loan, Borrower has truthfully and fully provided to Lender, in writing, any and all information relating to environmental conditions in, on, under or from the Property known to Borrower or contained in Borrower's files and records, including but not limited to any reports relating to Hazardous Materials in, on, under or migrating to or from the Property and/or to the environmental condition of the Property.

SECTION 12.2. ENVIRONMENTAL COVENANTS

Borrower covenants and agrees that so long as Borrower owns, manages, is in possession of, or otherwise controls the operation of the Property: (a) all uses and operations on or of the Property, whether by Borrower or any other Person, shall be in compliance with all Environmental Laws and permits issued pursuant thereto; (b) there shall be no Releases of Hazardous Materials in, on, under or from the Property in violation of any Environmental Law caused by Borrower, its agents or employees; (c) there shall be no Hazardous Materials in, on, or under the Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto, if and to the extent required, and (ii) (A) in amounts not in excess of that necessary to operate the Property for the purposes set forth herein or (B) fully disclosed to and approved by Lender in writing; (d) Borrower shall keep the Property free and clear of all Environmental Liens; (e) Borrower shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to Section 12.4 below, including but not limited to providing all relevant information and making knowledgeable persons available for interviews; (f) Borrower shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Property, pursuant to any reasonable written request of Lender, upon Lender's reasonable belief that the Property is not in full compliance with all Environmental Laws, and share with Lender the reports and other results thereof, and Lender and other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (g) Borrower shall, at its sole cost and expense, comply with all reasonable written requests of Lender to (i) reasonably effectuate remediation of any Hazardous Materials in, on, under or from the Property; and (ii) comply with any Environmental Law; (h) Borrower shall not allow any tenant or other user of the Property to violate any Environmental Law; and (i) Borrower shall immediately notify Lender in writing after it has become aware of (A) any presence or Release or threatened Release of Hazardous Materials in, on, under, from or migrating towards the Property; (B) any non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential Environmental Lien against the Property; (D) any required or proposed remediation of environmental conditions relating to the Property; and (E) any written notice or other communication of which Borrower becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials.

SECTION 12.3. LENDER'S RIGHTS

Lender and any other Person designated by Lender, including but not limited to any representative of a Governmental Authority, and any environmental consultant, and any receiver appointed by any court of competent jurisdiction, shall have the right, but not the obligation, to enter upon the Property at all reasonable times and upon reasonable advance notice to assess any and all aspects of the environmental condition of the Property and its use, including

but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Borrower shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

SECTION 12.4. OPERATIONS AND MAINTENANCE PROGRAMS

If recommended by the Environmental Report or any other environmental assessment or audit of the Property, Borrower shall establish and comply with an operations and maintenance program with respect to the Property, in form and substance reasonably acceptable to Lender, prepared by an environmental consultant reasonably acceptable to Lender, which program shall address any asbestos-containing material or lead based paint that may now or in the future be detected at or on the Property. Without limiting the generality of the preceding sentence, Lender may require (a) periodic notices or reports to Lender in form, substance and at such intervals as Lender may specify, (b) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (c) at Borrower's sole expense, supplemental examination of the Property by consultants specified by Lender, (d) access to the Property by Lender, its agents or servicer, to review and assess the environmental condition of the Property and Borrower's compliance with any operations and maintenance program, and (e) variation of the operations and maintenance program in response to the reports provided by any such consultants.

SECTION 12.5. ENVIRONMENTAL DEFINITIONS

"ENVIRONMENTAL LAW" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other government directives or requirements, as well as common law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, that apply to Borrower or the Property and relate to Hazardous Materials or protection of human health or the environment. "ENVIRONMENTAL LIENS" means all Liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Borrower or any other Person. "ENVIRONMENTAL REPORT" means the written reports resulting from the environmental site assessments of the Property delivered to Lender in connection with the Loan. "HAZARDOUS MATERIALS" shall mean petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives, flammable materials; radioactive materials; polychlorinated biphenyls and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material", "hazardous waste", "toxic substance", "toxic pollutant", "contaminant", or "pollutant" within the meaning of any Environmental Law. "RELEASE" of any Hazardous Materials includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

SECTION 12.6. INDEMNIFICATION

(a) Borrower and Borrower Principal covenant and agree at their sole cost and expense, to protect, defend, indemnify, release and hold Indemnified Parties harmless from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (i) any presence of any Hazardous Materials in, on, above, or under the Property in violation of any Environmental Law; (ii) any past, present or threatened Release of Hazardous Materials in, on, above, under or from the Property in violation of any Environmental Law; (iii) any activity by Borrower, any Person affiliated with Borrower, and any Tenant in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Hazardous Materials at any time located in, under, on or above the Property or any actual or proposed remediation of any Hazardous Materials at any time located in, under, on or above the Property, whether or not such remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action in each case in violation of any Environmental Law; (iv) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Property or operations thereon, including but not limited to any failure by Borrower, any person or entity affiliated with Borrower, and any tenant or other user of the Property to comply with any order of any Governmental Authority in connection with any Environmental Laws; (v) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Property; (vi) any acts of Borrower, any person or entity affiliated with Borrower, and any tenant in (A) arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Materials at any facility or incineration vessel containing such or similar Hazardous Materials or (B) accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites from which there is a Release, or a threatened Release of any Hazardous Substance which causes the incurrence of costs for remediation; and (vii) any material and intentional misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Agreement relating to environmental matters.

(b) Upon written request by any Indemnified Party, Borrower and Borrower Principal shall defend same (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals reasonably approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding, provided, with respect to such resolution, Lender agrees to obtain Borrower's prior written approval (it being acknowledged and agreed that Borrower shall not unreasonably withhold, condition or delay its approval and any rejection of proposed resolution shall set forth the reasons for the same in reasonable detail); provided, however, so long as there is not a conflict of interest between any Indemnified Party and Borrower, as determined by an Indemnified Party, no Indemnified Party shall engage additional attorneys nor other professionals. Upon demand, Borrower and Borrower Principal shall pay or, in the sole discretion of the Indemnified Parties,

reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

(c) Notwithstanding the foregoing, Borrower shall have no liability for any Losses imposed upon or incurred by or asserted against any Indemnified Parties and described in subsection (a) above to the extent that Borrower can conclusively prove that such Losses were caused (i) solely by actions, conditions or events that occurred after the date that Borrower was no longer in possession or control of the Property, whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver and that such Losses were not caused by the direct or indirect actions of Borrower, Borrower Principal, or any partner, member, principal, officer, director, trustee or manager of Borrower or Borrower Principal or any employee, agent, contractor or Affiliate of Borrower or Borrower Principal or (ii) by the gross negligence or intentional misconduct of any of the Indemnified Parties. The obligations and liabilities of Borrower and Borrower Principal under this Section 12.6 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XIII
SECONDARY MARKET

SECTION 13.1. TRANSFER OF LOAN

Lender may, at any time, sell, transfer or assign the Loan Documents, or grant participations therein ("PARTICIPATIONS") or syndicate the Loan ("SYNDICATION") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement ("SECURITIES") (a Syndication or the issuance of Participations and/or Securities, a "SECURITIZATION").

SECTION 13.2. DELEGATION OF SERVICING

At the option of Lender, the Loan may be serviced by a servicer/trustee selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to such servicer/trustee pursuant to a servicing agreement between Lender and such servicer/trustee.

SECTION 13.3. DISSEMINATION OF INFORMATION

Lender may forward to each purchaser, transferee, assignee, or servicer of, and each participant, or investor in, the Loan, or any Participations and/or Securities or any of their respective successors (collectively, the "INVESTOR") or any Rating Agency rating the Loan, or any Participations and/or Securities, each prospective Investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information which Lender now has or may hereafter acquire relating to the Debt and to Borrower, any managing member or general partner thereof, Borrower Principal, any SPE Component Entity (if any) and the Property, including financial statements, whether furnished by Borrower or otherwise, as Lender determines necessary or desirable. Borrower irrevocably

waives any and all rights it may have under applicable Legal Requirements to prohibit such disclosure, including but not limited to any right of privacy so long as the information is used in accordance with the requirements hereof.

SECTION 13.4. COOPERATION

Borrower and Borrower Principal agree to cooperate with Lender in connection with any sale or transfer of the Loan or any Participation and/or Securities created pursuant to this Article 13, including, without limitation, the delivery of an estoppel certificate required in accordance with Section 5.12(a) and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower and Borrower Principal consent to Lender furnishing to such Investors or such prospective Investors or such Rating Agency and any and all information concerning the Property, the Leases, the financial condition of Borrower or Borrower Principal as may be requested by Lender, any Investor, any prospective Investor or any Rating Agency in connection with any sale or transfer of the Loan or any Participations or Securities. At the request of the holder of the Note and, to the extent not already required to be provided by Borrower under this Agreement, Borrower and Borrower Principal shall use reasonable efforts to provide information not in the possession of the holder of the Note relating to the Property, the Leases, the financial condition of Borrower or Borrower Principal in order to satisfy the market standards to which the holder of the Note customarily adheres or which may be reasonably required in the marketplace or by the Rating Agencies in connection with such sales or transfers, including, without limitation, to:

(a) provide updated financial, budget and other information with respect to the Property, Borrower, Borrower Principal and Manager and provide modifications and/or updates to the appraisals, market studies, environmental reviews and reports (Phase I reports and, if appropriate, Phase II reports) and engineering reports of the Property obtained in connection with the making of the Loan (all of the foregoing being referred to as the "PROVIDED INFORMATION"), together, if customary, with appropriate verification and/or consents of the Provided Information, at Lender's expense, through letters of auditors or opinions of counsel of independent attorneys acceptable to Lender and the Rating Agencies;

(b) make changes to the organizational documents of Borrower, any SPE Component Entity and their respective principals which are consistent with the provisions of Article 6;

(c) at Lender's expense, cause counsel to render or update existing opinion letters as to enforceability and non-consolidation, which may be relied upon by the holder of the Note, the Rating Agencies and their respective counsel, which shall be dated as of the closing date of the Securitization;

(d) permit site inspections, appraisals, market studies and other due diligence investigations of the Property, as may be reasonably requested by the holder of the Note or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization all at Lender's expense;

(e) make the representations and warranties with respect to the Property, Borrower, Borrower Principal and the Loan Documents as are made in the Loan Documents;

(f) execute such amendments to the Loan Documents as may be reasonably requested by the holder of the Note or the Rating Agencies or otherwise to effect the Securitization all at Lender's expense including, without limitation, bifurcation of the Loan into two or more components and/or separate notes and/or creating a senior/subordinate note structure; provided, however, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (i) change the interest rate, the stated maturity or the amortization of principal set forth in the Note, except in connection with a bifurcation of the Loan which may result in varying fixed interest rates and amortization schedules, but which shall have the same weighted average coupon of the original Note throughout the entire term of the Loan, or (ii) in the reasonable judgment of Borrower, modify or amend any other material economic term of the Loan, or (iii) in the reasonable judgment of Borrower, materially increase Borrower's obligations and liabilities under the Loan Documents;

(g) deliver to Lender and/or any Rating Agency, at Lender's expense, (i) one or more certificates executed by an officer of the Borrower certifying as to the accuracy in all material respects, as of the closing date of the Securitization, of all representations made by Borrower in the Loan Documents as of the Closing Date in all relevant jurisdictions or, if such representations are no longer accurate, certifying as to what modifications to the representations would be required to make such representations accurate in all material respects as of the closing date of the Securitization, and (ii) certificates of the relevant Governmental Authorities in all relevant jurisdictions indicating the good standing and qualification of Borrower as of the date of the closing date of the Securitization;

(h) have reasonably appropriate personnel participate in a bank meeting and/or presentation for the Rating Agencies or Investors; and

(i) cooperate with and assist Lender in obtaining ratings of the Securities from two (2) or more of the Rating Agencies.

Except as otherwise provided in this Section 13.4, all reasonable third party costs and expenses incurred by Borrower in connection with Borrower's complying with requests made under this Section 13.4 shall be paid by Borrower, it being acknowledged and agreed that Borrower shall not be obligated to pay Lender's costs and expenses and the costs and expenses of third parties engaged by Lender in connection with requests by Lender pursuant to this Section 13.4, unless otherwise provided in this Section 13.4.

In the event that Borrower requests any consent or approval hereunder and the provisions of this Agreement or any Loan Documents require the receipt of written confirmation from each Rating Agency with respect to the rating on the Securities, or, in accordance with the terms of the transaction documents relating to a Securitization, such a rating confirmation is required in order for the consent of Lender to be given, Borrower shall pay all of the reasonable costs and expenses of Lender, Lender's servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency as a condition to the delivery of such confirmation.

SECTION 13.5. SECURITIZATION INDEMNIFICATION

(a) Borrower and Borrower Principal understand that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including, without limitation, a prospectus, prospectus supplement, offering memorandum or private placement memorandum (each, a "DISCLOSURE DOCUMENT") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act or the Exchange Act, or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, Borrower and Borrower Principal will cooperate with the holder of the Note in updating the Disclosure Document by providing all current information necessary to keep the Disclosure Document accurate and complete in all material respects, subject to the terms and conditions contained in Section 13.4.

(b) Borrower and Borrower Principal agree to provide in connection with each of (i) a preliminary and a final offering memorandum or private placement memorandum or similar document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or (ii) a preliminary and final prospectus or prospectus supplement, as applicable, an indemnification certificate (A) certifying that Borrower and Borrower Principal have carefully examined the specific sections of any memorandum or prospectus describing or disclosing the Property Information (which specific sections shall be provided by Lender) which shall only relate to Borrower, Borrower Principal, Manager, their Affiliates, the Loan, the Loan Documents and the Property, and that, to the best of Borrower's knowledge, such sections (and any other sections reasonably requested) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided, however, Borrower shall not make any representations or warranties concerning the truth, accuracy or completeness of any information or reports prepared by a third party, (B) indemnifying Lender (and for purposes of this Section 13.5, Lender hereunder shall include its officers and directors) and the Affiliate of Lender that (i) has filed the registration statement, if any, relating to the Securitization and/or (ii) which is acting as issuer, depositor, sponsor and/or a similar capacity with respect to the Securitization (any Person described in (i) or (ii), an "ISSUER PERSON"), and each director and officer of any Issuer Person, and each Person or entity who controls any Issuer Person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "ISSUER GROUP"), and each Person which is acting as an underwriter, manager, placement agent, initial purchaser or similar capacity with respect to the Securitization, each of its directors and officers and each Person who controls any such Person within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act (collectively, the "UNDERWRITER GROUP") for any Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Losses directly arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such sections or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such sections or necessary in order to make the statements in such sections or in light of the circumstances under which they were made, not materially misleading (collectively the "SECURITIES LIABILITIES") and (C) agreeing to reimburse Lender, the Issuer Group and the Underwriter Group for any legal or other expenses reasonably incurred by

Lender and Issuer Group in connection with investigating or defending the Securities Liabilities; provided, however, that Borrower will be liable in any such case under clauses (B) or (C) above only to the extent that any such Securities Liabilities arise out of or is based upon any such untrue statement or omission made therein in reliance upon and in conformity with information furnished to Lender or any member of the Issuer Group or Underwriter Group by or on behalf of Borrower or Borrower Principal in connection with the preparation of the memorandum or prospectus or other document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or in connection with the underwriting of the Loan, including, without limitation, financial statements of Borrower or Borrower Principal, operating statements, rent rolls, environmental site assessment reports and Property condition reports with respect to the Property. This indemnity agreement will be in addition to any liability which Borrower and Borrower Principal may otherwise have. Moreover, the indemnification provided for in Clauses (B) and (C) above shall be effective whether or not an indemnification certificate described in (A) above is provided and shall be applicable based on information previously provided by Borrower and Borrower Principal or their Affiliates if Borrower or Borrower Principal do not provide the indemnification certificate so long as Lender provides Borrower with the disclosure thereof and prospectus as set forth in this Section 13.5(b).

(c) In connection with the initial filings under the Exchange Act in connection with a Securitization of the Loan, Borrower and Borrower Principal agree to indemnify (i) Lender, the Issuer Group and the Underwriter Group for Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Securities Liabilities arise out of or are based solely upon the omission or alleged omission to state in the Provided Information delivered to Lender prior to the Securitization a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in light of the circumstances under which they were made not misleading and (ii) reimburse Lender, the Issuer Group or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, the Issuer Group or the Underwriter Group in connection with defending or investigating the Securities Liabilities; provided that in the event that such filings under the Exchange Act contain information in a form not previously reviewed by Borrower, then Lender shall provide Borrower with a copy of such filings for its approval of the content thereof prior to submitting the same.

(d) Promptly after receipt by an indemnified party under this Section 13.5 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 13.5, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, so long as there is not a conflict of interest between the indemnifying party and any indemnified party or parties, as reasonably determined by counsel to such indemnified

party or parties, the indemnified party or parties shall not engage additional counsel to assume such defense on behalf of the related indemnifying party. After notice from the indemnifying party to such indemnified party under this Section 13.5 the indemnifying party shall be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, and that there is a conflict of interest between the indemnified party or parties and the indemnifying party, as reasonably determined by counsel to such indemnified party or parties, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. The indemnifying party shall not be liable for the expenses of more than one such separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to another indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreements provided for in Section 13.5(b) or Section 13.5(c) is or are for any reason held to be unenforceable by an indemnified party in respect of any losses, claims, damages or liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 13.5(b) or Section 13.5(c), the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages or liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified party's, Borrower's and Borrower Principal's relative knowledge and access to information concerning the matter with respect to which claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender, Borrower and Borrower Principal hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of Borrower and Lender under this Section 13.5 shall survive the satisfaction of this Agreement and the satisfaction and discharge of the Debt. The liabilities and obligations of Borrower Principal under this Section 13.5 and any certificate provided pursuant to the terms hereof shall only survive until November 30, 2006 and then shall terminate and be of no further force and effect with respect to any matters for which written claims have not been made against Borrower Principal prior to November 30, 2006.

ARTICLE XIV
INDEMNIFICATIONS

SECTION 14.1. GENERAL INDEMNIFICATION

Borrower shall indemnify, defend and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (b) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (d) any failure of the Property to be in compliance with any Applicable Legal Requirements; (e) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (f) the holding or investing of the Reserve Accounts or the performance of the Required Work, or (g) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan (collectively, the "INDEMNIFIED LIABILITIES"); provided, however, that Borrower shall not have any obligation to Lender hereunder (i) to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender and (ii) with respect to any Indemnified Liability (A) not caused by Borrower and (B) first arising after the date Borrower is no longer in possession or control of the Property whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

SECTION 14.2. MORTGAGE AND INTANGIBLE TAX INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of the Mortgage, the Note or any of the other Loan Documents, but excluding any income, franchise or other similar taxes.

SECTION 14.3. ERISA INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA

that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Section 4.9 or Section 5.18 of this Agreement.

SECTION 14.4. SURVIVAL

The obligations and liabilities of Borrower under this Article 14 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XV EXCULPATION

SECTION 15.1. EXCULPATION

(a) Except as otherwise provided herein or in the other Loan Documents, Lender shall not enforce the liability and obligation of Borrower or Borrower Principal, as applicable, to pay, perform and/or observe the obligations contained herein, in the Note, or in the other Loan Documents by any action or proceeding against Borrower wherein a money judgment shall be sought against Borrower, the members/partners of Borrower or Borrower Principal or its respective members or partners, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding against Borrower to enable Lender to enforce and realize upon this Agreement, the Note, the Mortgage and the other Loan Documents, and the interest in the Property, the Rents and any other collateral given to Lender created by this Agreement, the Note, the Mortgage and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting this Agreement, the Note, the Mortgage and the other Loan Documents, agrees that it shall not, except as otherwise provided in Section 15.1(b) and (c), sue for, seek or demand any deficiency judgment against Borrower or Borrower Principal in any such action or proceeding, under or by reason of or under or in connection with this Agreement, the Note, the Mortgage or the other Loan Documents. The provisions of this Section 15.1 shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Note, the Mortgage or the other Loan Documents; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Agreement and the Mortgage; (iii) affect the validity or enforceability of any indemnity (including, without limitation, those contained in Section 12.6, Section 13.5 and Article 14 of this Agreement), made in connection with this Agreement, the Note, the Mortgage and the other Loan Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the assignment of leases provisions contained in the Mortgage; or (vi) impair the right of Lender to obtain a deficiency judgment against Borrower or other judgment on the Note against Borrower if necessary to obtain any Insurance Proceeds or Awards to which Lender would otherwise be entitled under this Agreement; provided however, Lender shall only enforce such judgment to the extent of the Insurance Proceeds and/or Awards.

(b) Notwithstanding the provisions of this Section 15.1 to the contrary, Borrower and Borrower Principal shall be personally liable to Lender on a joint and several basis for Losses due to:

(i) fraud, material intentional misrepresentation, gross negligence or willful misconduct by Borrower, Borrower Principal or any other Affiliate of Borrower or Borrower Principal in connection with the execution and the delivery of this Agreement, the Note, the Mortgage, any of the other Loan Documents, or any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan;

(ii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of Rents received by Borrower, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof, after the occurrence of an Event of Default;

(iii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of tenant security deposits or Rents collected in advance, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(iv) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or the misappropriation of Insurance Proceeds or Awards, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(v) Borrower's failure to pay Taxes or Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms hereof and there exists no impediment to Lender's utilization thereof (whether or not used by Lender for such purpose) or the applicable Parcel is not generating sufficient proceeds to pay such Taxes or Other Charges);

(vi) intentionally reserved;

(vii) any act of actual physical waste or arson by Borrower, any principal, Affiliate, member or general partner thereof or by Borrower Principal, any principal, Affiliate, member or general partner thereof;

(viii) Borrower's failure following any Event of Default to deliver to Lender upon demand all Rents collected by Borrower after such Event of Default and books and records relating to the Property;

(ix) Borrower's withdrawal following an Event of Default of any amounts from any Property Operating Account, except as directed by Lender; or

(x) Borrower's failure to complete the Required Repairs within the time frames set forth in Section 9.1 hereof, to the extent Lender has not required Borrower to make a deposit into the Required Repair Account pursuant to the provisions of Section 9.1 hereof.

(c) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect and the Debt immediately shall become fully recourse to Borrower and Borrower Principal, jointly and severally, in the event of (i) a default by Borrower, Borrower Principal or any SPE Component Entity (if any) of any of the covenants set forth in Article 6, except the extent that such breach was inadvertent, immaterial and is promptly cured, (ii) of a breach of any of the covenants set forth in Article 7 hereof, or (iii) if (A) a voluntary bankruptcy or insolvency proceeding is commenced by Borrower under the U.S. Bankruptcy Code or any similar federal or state law, or (B) an involuntary bankruptcy or insolvency proceeding is commenced against Borrower or Borrower Principal in connection with which Borrower, Borrower Principal, SPE Component Entity or any Affiliate of any of the foregoing has or have colluded in any way with the creditors commencing or filing such proceeding.

(d) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provision of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Mortgage or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with this Agreement, the Note, the Mortgage or the other Loan Documents.

ARTICLE XVI
NOTICES

SECTION 16.1. NOTICES

All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested, (b) expedited prepaid overnight delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or by (c) telecopier (with answer back acknowledged provided an additional notice is given pursuant to subsection (b) above), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

If to Lender: Bank of America, N.A.
Capital Markets Servicing Group
555 South Flower Street, 6th Floor
CA9-706-06-42
Los Angeles, California 90071
Attention: Servicing Manager
Telephone No: (800) 462-0505
Facsimile No.: (213) 345-6587

With a copy to: Bank of America Legal Department
GCIB/CMBS
NC1-007-20-01
100 North Tyron Street
Charlotte, North Carolina 28255-0001
Attention: Paul Kurzeja, Esq.
Facsimile No.: (704) 387-0922

Cadwalader, Wickersham and Taft LLP
227 West Trade Street, Suite 2400
Charlotte, North Carolina 28202
Attention: James P. Carroll, Esq.
Facsimile No.: (704) 348-5200

If to Borrower: c/o Sun Communities, Inc.
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

(On or after September 1, 2004)
The American Center
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Fax No.: (248) 351-3082

If to Borrower

Principal: Sun Communities Operating Limited Partnership
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; or in the case of expedited prepaid delivery and telecopy, upon the first attempted delivery on a Business Day.

ARTICLE XVII
FURTHER ASSURANCES

SECTION 17.1. REPLACEMENT DOCUMENTS

Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement Note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

SECTION 17.2. RECORDING OF MORTGAGE, ETC.

Borrower forthwith upon the execution and delivery of the Mortgage and thereafter, from time to time, will cause the Mortgage and any of the other Loan Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, the Mortgage, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Mortgage, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do. Lender agrees to reasonably cooperate, at Borrower's expense, with reasonable requests made by Borrower to assign this Agreement, or any of the other Loan Documents to a new lender in connection with a refinance of the Loan in order to minimize the tax obligations incurred by Borrower in connection with such refinance

SECTION 17.3. FURTHER ACTS, ETC.

Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, deeds of trust, mortgages, assignments, security agreements, control agreements, notices of assignments, transfers and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned,

warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing, registering or recording the Mortgage, or for complying with all Legal Requirements; provided, however, none of the foregoing shall materially increase the obligations or reduce the rights of Borrower hereunder. Borrower, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements and financing statement amendments to evidence more effectively, perfect and maintain the priority of the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation, such rights and remedies available to Lender pursuant to this Section 17.3.

SECTION 17.4. CHANGES IN TAX, DEBT, CREDIT AND DOCUMENTARY STAMP

LAWS

(a) If any law is enacted or adopted or amended after the date of this Agreement which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury then Lender shall have the option by written notice of not less than one hundred twenty (120) days to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of the Mortgage or the Debt. If such claim, credit or deduction shall be required by law, Lender shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, the Mortgage, or any of the other Loan Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

SECTION 17.5. EXPENSES

Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender upon receipt of written notice from Lender for all reasonable costs and expenses (including reasonable, actual attorneys' fees and disbursements and the allocated costs of internal legal services and all actual disbursements of internal counsel) reasonably incurred by Lender in accordance with this Agreement in connection with (a) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the

transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Lender as to any legal matters arising under this Agreement or the other Loan Documents with respect to the Property); (b) Borrower's ongoing performance of and compliance with Borrower's respective agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (c) following a request by Borrower, Lender's ongoing performance and compliance with all agreements and conditions contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date; (d) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by Lender (except as expressly limited by the provisions of the provisions of Section 13.4 hereof); (e) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement; (f) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other similar expenses incurred in creating and perfecting the Lien in favor of Lender pursuant to this Agreement and the other Loan Documents; (g) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the other Loan Documents, the Property, or any other security given for the Loan; and (h) enforcing any obligations of or collecting any payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; provided, however, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender.

ARTICLE XVIII
WAIVERS

SECTION 18.1. REMEDIES CUMULATIVE; WAIVERS

The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower or Borrower Principal pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise except as limited by Article XV hereof. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

SECTION 18.2. MODIFICATION, WAIVER IN WRITING

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, or of the Note, or of any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

SECTION 18.3. DELAY NOT A WAIVER

Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.

SECTION 18.4. TRIAL BY JURY

BORROWER, BORROWER PRINCIPAL AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER, BORROWER PRINCIPAL AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF LENDER, BORROWER PRINCIPAL AND BORROWER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER, BORROWER PRINCIPAL AND LENDER.

SECTION 18.5. WAIVER OF NOTICE

Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except

with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower.

SECTION 18.6. REMEDIES OF BORROWER

In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that neither Lender nor its agents shall be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment. Lender agrees that, in such event, it shall cooperate in expediting any action seeking injunctive relief or declaratory judgment.

SECTION 18.7. WAIVER OF MARSHALLING OF ASSETS

To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners and others with interests in Borrower, and of the Property, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Property for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Property in preference to every other claimant whatsoever.

SECTION 18.8. WAIVER OF STATUTE OF LIMITATIONS

Borrower hereby expressly waives and releases, to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations.

SECTION 18.9. WAIVER OF COUNTERCLAIM

Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents; provided, however, nothing in this section shall prevent Borrower from, subject to the provisions of Section 18.6 above, asserting such claim or counterclaim in a separate action against Lender.

ARTICLE XIX
GOVERNING LAW

SECTION 19.1. CHOICE OF LAW

This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, (a) that with respect to the creation, perfection, priority and enforcement of any Lien created by the Loan Documents, and the determination of deficiency judgments, the laws of the state where the Property is located shall apply, and (b) with respect to the security interest in each of the Reserve Accounts, the laws of the state where each such account is located shall apply.

SECTION 19.2. SEVERABILITY

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

SECTION 19.3. PREFERENCES

During the continuance of an Event of Default, Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditors Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

ARTICLE XX
MISCELLANEOUS

SECTION 20.1. SURVIVAL

This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

SECTION 20.2. LENDER'S DISCRETION

Whenever pursuant to this Agreement, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive absent manifest error.

SECTION 20.3. HEADINGS

The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 20.4. COST OF ENFORCEMENT

In the event (a) that the Mortgage is foreclosed in whole or in part, (b) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, or (c) Lender exercises any of its other remedies under this Agreement or any of the other Loan Documents, Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, together with all required service or use taxes.

SECTION 20.5. SCHEDULES INCORPORATED

The Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

SECTION 20.6. OFFSETS, COUNTERCLAIMS AND DEFENSES

Any assignee of Lender's interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

SECTION 20.7. NO JOINT VENTURE OR PARTNERSHIP; NO THIRD PARTY BENEFICIARIES

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender, Borrower and Borrower Principal any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

(c) The general partners, members, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

(d) Notwithstanding anything to the contrary contained herein, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(e) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Agreement, the Mortgage, the Note or the other Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

(f) Borrower recognizes and acknowledges that in accepting this Agreement, the Note, the Mortgage and the other Loan Documents, Lender is expressly and primarily relying on the truth and accuracy of the representations and warranties set forth in Article 4 of this Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof, that the warranties and representations are a material inducement to Lender in making the Loan; and that Lender would not be willing to make the Loan and accept this Agreement, the Note, the Mortgage and the other Loan Documents in the absence of the warranties and representations as set forth in Article 4 of this Agreement.

SECTION 20.8. PUBLICITY

All news releases, publicity or advertising by Borrower or its Affiliates through any media intended to reach the general public which refers to the Loan, Lender, Banc of America Securities LLC, or any of their Affiliates shall be subject to the prior written approval of Lender, not to be unreasonably withheld. Lender shall be permitted to make any news,

releases, publicity or advertising by Lender or its Affiliates through any media intended to reach the general public which refers to the Loan, the Property, Borrower, Borrower Principal and their respective Affiliates without the approval of Borrower or any such Persons; provided, however, Lender agrees to consult with the timing of any such publicity if Lender reasonably believes that Lender's disclosure of such information would have an affect on SCI's compliance with the Securities Act. Borrower also agrees that Lender may share any information pertaining to the Loan with Bank of America Corporation, including its bank subsidiaries, Banc of America Securities LLC and any other Affiliates of the foregoing, in connection with the sale or transfer of the Loan or any Participations and/or Securities created.

SECTION 20.9. CONFLICT; CONSTRUCTION OF DOCUMENTS; RELIANCE

In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

SECTION 20.10. ENTIRE AGREEMENT

This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Borrower and Lender are superseded by the terms of this Agreement and the other Loan Documents.

SECTION 20.11. TAX DISCLOSURE

Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, each party (and each employee, representative or other agent of each party) hereto may disclose to any and all persons, without limitation of any kind, any information with respect to the United States federal income "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such parties (or their representatives) relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case

contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the United States federal income tax treatment or tax structure of the transactions contemplated hereby.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

SUN CANDLEWICK LLC, a Michigan limited liability company

By: Sun QRS Pool 9, Inc., a Michigan corporation, its managing member

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

BORROWER:

SUN SILVER STAR LLC, a Michigan limited liability company

By: Sun QRS Pool 9, Inc., a Michigan corporation, its managing member

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

BORROWER:

ASPEN-HOLLAND ESTATES LLC, a Michigan
limited liability company

By: Sun QRS Pool 9, Inc., a Michigan
corporation, its managing member

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

BORROWER PRINCIPAL:

Acknowledged and agreed to with respect
to its obligations set forth in Article
4, Section 12.6, Article 13, Article 15
and Article 18 hereof:

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP, a Michigan limited
partnership

By: Sun Communities, Inc., a Maryland
corporation, its general partner

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

LENDER:

BANK OF AMERICA, N.A., a national
banking association

By: /s/ Fay Smith

Fay Smith, Executive Vice President

Schedule Identifying Substantially Identical Agreements to Exhibit No. 10.1

Various subsidiaries of the Company each entered into loan agreements which are substantially identical to the loan agreement filed under Exhibit 10.1. The following table lists the borrower(s), loan amounts, interest rates and maturity dates which differ from that in Exhibit 10.1 for each of the loan agreements listed below.

Borrower(s) - - - - -	Loan Amount - - - - -	Interest Rate - - - - -	Maturity Date - - - - -
Sun/York L.L.C., Sun Groves LLC, Sun Pheasant Ridge Limited Partnership and Sun Richmond LLC	\$34,910,525.00	4.9308%	7/1/2011
Sun Pool 5 LLC, Sun Gold Coaster LLC, Sun Texas Pool Limited Partnership and Aspen-Alpine Project LLC	\$41,200,000.00	5.051%	7/1/2014

LOAN AGREEMENT

Dated as of June 9, 2004

Between

SUN POOL 8 LLC,
as Borrower

and

BANK OF AMERICA, N.A.,
as Lender

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EXHIBIT A Borrower Equity Ownership Structure

SCHEDULE I Required Repairs

SCHEDULE II Allocated Loan Amounts

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 9, 2004 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "AGREEMENT"), between BANK OF AMERICA, N.A., a national banking association, having an address at Bank of America Corporate Center, 214 North Tryon Street, Charlotte, North Carolina 28255 (together with its successors and/or assigns, "LENDER") and SUN POOL 8 LLC, a Michigan limited liability company, having an address at The American Center, 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 (together with its successors and/or assigns, "BORROWER").

RECITALS:

Borrower desires to obtain the Loan (defined below) from Lender.

Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (defined below).

In consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE I
DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1. DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"ACCEPTABLE ACCOUNTANT" shall mean a "Big Four" accounting firm or other independent certified public accountant reasonably acceptable to Lender (it being agreed that for purposes herein Grant Thornton LLP and any other accounting firm similar in size, expertise and reputation as Grant Thornton LLP are each deemed an Acceptable Accountant).

"ACQUIRED PROPERTY" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACQUIRED PROPERTY STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACT" shall have the meaning set forth in Section 6.1(c).

"ADDITIONAL REPLACEMENT" shall have the meaning set forth in Section 9.5(g) hereof.

"ADDITIONAL REQUIRED REPAIR" shall have the meaning set forth in Section 9.5(f) hereof.

"AFFILIATE" shall mean, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person or of an Affiliate of such Person.

"AFFILIATED MANAGER" shall have the meaning set forth in Section 7.1 hereof.

"ALLOCATED LOAN AMOUNT" shall mean the portion of the amount of the Loan allocated to each Parcel, as set forth in Schedule II attached hereto and made a part hereof.

"ALTA" shall mean American Land Title Association, or any successor thereto.

"ALTERATION THRESHOLD" means \$250,000.00.

"ANNEX" shall have the meaning set forth in Section 4.40 hereof.

"ANNUAL BUDGET" shall mean the operating budget consistent with the annual operating statements described in Section 5.11 of this Agreement for each Parcel, including all planned capital expenditures, for each Parcel, for the applicable calendar year or other period.

"APPRAISAL" shall mean an "as is" appraisal of the Property conforming to FIRREA and USPAP requirements and prepared at the Borrower's expense by a qualified appraiser designated by and reasonably satisfactory to the Lender, in accordance with written instructions from the Lender, dated as of a date reasonably acceptable to the Lender and otherwise reasonably satisfactory in form and substance to the Lender.

"ASSIGNMENT OF MANAGEMENT AGREEMENT" shall mean any Assignment and Subordination of Management Agreement entered into among Lender, Borrower and any Qualified Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"ASSUMED NOTE" shall have the meaning set forth in Section 7.6(b) hereof.

"AWARD" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of the Property.

"BORROWER PRINCIPAL" shall mean SCOLP and, solely with respect to the recourse carveouts set forth in Section 15.1(b)(viii) and (ix), SCI.

"BUSINESS DAY" shall mean a day on which Lender is open for the conduct of substantially all of its banking business at its office in the city in which the Note is payable (excluding Saturdays and Sundays).

"CASUALTY" shall have the meaning set forth in Section 8.2.

"CLOSING DATE" shall mean the date of the funding of the Loan.

"CONTROL" shall have the meaning set forth in Section 7.1 hereof.

"CONDEMNATION" shall mean a temporary or permanent taking by any Governmental Authority as the result, in lieu or in anticipation, of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof.

"CONDEMNATION PROCEEDS" shall have the meaning set forth in Section 8.4(b)

"CREDITORS RIGHTS LAWS" shall mean with respect to any Person any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

"CROSSED PROPERTY" any Parcel which secures the obligations of an Additional Borrower (as defined in any Mortgage) under any Additional Note (as defined in any Mortgage) (each Crossed Property being collectively referred to as the "CROSSED PROPERTIES").

"DEBT" shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, this Agreement, the Mortgage or any other Loan Document.

"DEBT SERVICE" shall mean, with respect to any particular period of time, scheduled principal and/or interest payments under the Note.

"DEBT SERVICE COVERAGE RATIO" shall mean, as of any date of determination, for the applicable period of calculation, the ratio, as reasonably determined by Lender using the same standards and criteria used by Lender in underwriting the Loan, of (i) Net Operating Income to (ii) the aggregate amount of Debt Service which would be due for the same period based on the outstanding principal amount of the Loan. Unless otherwise expressly specified herein, the Debt Service Coverage Ratio shall be computed with respect to the Property, Remaining Property and/or Crossed Property, as applicable, and not any individual Parcel.

"DEFAULT" shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would be an Event of Default.

"DEFAULT RATE" shall mean, with respect to the Loan, a rate per annum equal to the lesser of (a) the maximum rate permitted by applicable law, or (b) four percent (4%) above the Note Rate.

"DEFEASANCE COLLATERAL" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASANCE COLLATERAL ACCOUNT" shall have the meaning set forth in Section 2.4(h) hereof.

"DEFEASANCE SECURITY AGREEMENT" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASED NOTE" shall have the meaning set forth in Section 2.4(g) (i) (D) hereof.

"DISCLOSURE DOCUMENT" shall have the meaning set forth in Section 13.5 hereof.

"ELIGIBLE ACCOUNT" shall mean a separate and identifiable account from all other funds held by the holding institution that is either (a) an account or accounts maintained with a federal or state chartered depository institution or trust company which complies with the definition of Eligible Institution or (b) a segregated trust account or accounts maintained with a federal or state chartered depository institution or trust company acting in its fiduciary capacity which, in the case of a state chartered depository institution or trust company, is subject to regulations substantially similar to 12 C.F.R. Section 9.10(b), having in either case a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal and state authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"ELIGIBLE INSTITUTION" shall mean either Bank of America, N.A. or a depository institution or trust company insured by the Federal Deposit Insurance Corporation, the short term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by S&P, "P-1" by Moody's and "F-1+" by Fitch in the case of accounts in which funds are held for thirty (30) days or less (or, in the case of accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least "AA" by Fitch and S&P and "Aa2" by Moody's).

"EMBARGOED PERSON" shall the meaning set forth in Section 4.39.

"ENVIRONMENTAL LAW" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL LIENS" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL REPORT" shall have the meaning set forth in Section 12.5 hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statutes thereto and applicable regulations issued pursuant thereto in temporary or final form.

"EVENT OF DEFAULT" shall have the meaning set forth in Section 11.1 hereof.

"EXCHANGE ACT" shall mean the Securities and Exchange Act of 1934, as amended.

"EXCHANGE ACT FILING" shall have the meaning set forth in Section 5.11(c) hereof.

"FITCH" shall mean Fitch, Inc.

"GAAP" shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

"GOVERNMENTAL AUTHORITY" shall mean any court, board, agency, department, commission, office or other authority of any nature whatsoever for any governmental unit (federal, state, county, municipal, city, town, special district or otherwise) whether now or hereafter in existence.

"HAZARDOUS MATERIALS" shall have the meaning set forth in Section 12.5 hereof.

"IMPROVEMENTS" shall have the meaning set forth in the granting clause of the Mortgage.

"INDEMNIFIED PARTIES" shall mean (a) Lender, (b) any prior owner or holder of the Loan or Participations in the Loan, (c) any servicer or prior servicer of the Loan, (d) any Investor or any prior Investor in any Securities, (e) any trustees, custodians or other fiduciaries who hold or who have held a full or partial interest in the Loan for the benefit of any Investor or other third party, (f) any receiver or other fiduciary appointed in a foreclosure or other Creditors Rights Laws proceeding, (g) any officers, directors, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates or subsidiaries of any and all of the foregoing, and (h) the heirs, legal representatives, successors and assigns of any and all of the foregoing (including, without limitation, any successors by merger, consolidation or acquisition of all or a substantial portion of the Indemnified Parties' assets and business), in all cases whether during the term of the Loan or as part of or following a foreclosure of the Mortgage.

"INDEPENDENT DIRECTOR" shall mean a director of the SPE Component Entity who is not at the time of such individual's initial appointment, and shall not have been at any time during the preceding five (5) years, and shall not be at any time while serving as a director of such SPE Component Entity, either (a) a shareholder (or other equity owner) of, or an officer, director (with the exception of serving as the Independent Director of such SPE Component Entity), partner, manager, member (other than as a Special Member in the case of single member Delaware limited liability companies), employee, attorney or counsel of, Borrower, such SPE Component Entity or any Affiliate of either of them (other than a holder of interests in a mutual fund or other professionally managed fund of stocks, bonds, options, commodities, money market securities or other investments that pools the assets of individuals and/or organizations and is registered (if required) with the SEC, which may hold shares in SCI); (b) a customer or creditor of, or supplier to, Borrower who derives any of its purchases or revenue from its activities with Borrower or such SPE Component Entity or any Affiliate of any of them; (c) a Person who Controls or is under common Control with any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer; or (d) a member of the immediate family (by blood or marriage) of any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer.

A natural person who satisfies the foregoing definition of Independent Director other than clause (b) shall not be disqualified from serving as an Independent Director of such SPE Component Entity if such individual is an independent director provided by a nationally

recognized company that provides professional independent directors and that also provides other corporate services in the ordinary course of its business.

A natural person who otherwise satisfies the foregoing definition other than clause (a) by reason of being the Independent Director of a "special purpose entity" Affiliated with the SPE Component Entity, the Borrower, or SCOLP, shall not be disqualified from serving as an Independent Director of the SPE Component Entity if either (i) such individual is a professional Independent Director, or (ii) the fees that such individual earns from serving as an Independent Director of the Affiliate of the SPE Component Entity or the Borrower constitute in the aggregate less than five percent (5%) of such individual's annual income. For purposes of this definition, "special purpose entity" means an entity whose organizational documents contain restrictions on its activities similar to those set forth in Section 6.1 hereof.

"INSURANCE PREMIUMS" shall have the meaning set forth in 8.1(b) hereof.

"INSURANCE PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"INVESTOR" shall have the meaning set forth in Section 13.3 hereof.

"IO MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest due on each IO Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"IO SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"ISSUER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

"ISSUER PERSON" shall have the meaning set forth in Section 13.5(b) hereof.

"LEASE" shall have the meaning set forth in the Mortgage.

"LEGAL REQUIREMENTS" shall mean all statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (a) require repairs, modifications or alterations in or to the Property or any part thereof, or (b) in any way limit the use and enjoyment thereof.

"LETTER OF CREDIT" shall mean an irrevocable, unconditional, transferable, clean sight draft letter of credit acceptable to Lender and the Rating Agencies (either an evergreen

letter of credit or one which does not expire until at least thirty (30) Business Days after the Maturity Date) in favor of Lender and entitling Lender to draw thereon in New York, New York, issued by a domestic Eligible Institution or the U.S. agency or branch of a foreign Eligible Institution and providing for no reimbursement or other obligations by Borrower or any SPE Component Entity. If at any time the bank issuing any such Letter of Credit shall cease to be an Eligible Institution, Lender shall have the right immediately to draw down the same in full and hold the proceeds of such draw in accordance with the applicable provisions hereof.

"LIEN" shall mean, with respect to any Parcel, any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or transfer of, on or affecting Borrower, the Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

"LLC AGREEMENT" shall have the meaning set forth in Section 6.1(c).

"LOAN" shall mean the loan made by Lender to Borrower pursuant to this Agreement.

"LOAN DOCUMENTS" shall mean, collectively, this Agreement, the Note, the Mortgage, the Assignment of Management Agreement, if any, and any and all other documents, agreements and certificates executed and/or delivered in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"LOCKOUT PERIOD" shall mean the period commencing on the date hereof and ending on the date which is six (6) months prior to the Maturity Date.

"LOSSES" shall mean any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments, awards, amounts paid in settlement of whatever kind or nature (including but not limited to legal fees and other costs of defense).

"MAJOR LEASE" shall mean as to the Property (i) any Lease which, individually or when aggregated with all other leases at the Property with the same Tenant or its Affiliate, either (A) accounts for five percent (5%) or more of the Property's aggregate Net Operating Income, or (B) demises 5,000 square feet or more of the Property's gross leasable area, (ii) any Lease which contains any option, offer, right of first refusal or other similar entitlement to acquire all or any portion of the Property, or (iii) any instrument guaranteeing or providing credit support for any Lease meeting the requirements of (i) or (ii) above.

"MANAGEMENT AGREEMENT" shall mean any management agreement entered into by and between Borrower and any Manager, pursuant to which such Manager is to provide management and other services with respect to the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified in accordance with the terms of this Agreement.

"MANAGER" shall mean any entity selected as the manager of the Property in accordance with the terms of this Agreement, which in all cases shall be required to be a Qualified Manager.

"MATERIAL ADVERSE EFFECT" shall mean any event, change, circumstance or effect that is, or that may, reasonably be expected to be, materially adverse to the operations, condition (financial or otherwise), assets, results of operations or liabilities of Borrower or the Property.

"MATURITY DATE" shall mean July 1, 2016.

"MAXIMUM LEGAL RATE" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"MEMBER" shall have the meaning set forth in Section 6.1(c).

"MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and/or principal due on each Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"MOODY'S" shall mean Moody's Investor Services, Inc.

"MORTGAGE" shall mean, individually, each of, and collectively, all of (i) that certain first priority Mortgage, Assignment of Leases and Rent, Security Agreement and Fixture Filing dated the date hereof, executed and delivered by Borrower and encumbering the Liberty Farms Parcel and (ii) that certain first priority Mortgage, Assignment of Leases and Rent, Security Agreement and Fixture Filing dated the date hereof, executed and delivered by Borrower and encumbering the West Glen Village Parcel, each as security for the Loan and encumbering such Parcel, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NET OPERATING INCOME" shall mean, with respect to any period of time, the amount obtained by subtracting Operating Expenses from Operating Income, as such amount may be adjusted by Lender in its good faith discretion based on Lender's underwriting standards and consistent with the standards and criteria used by Lender in underwriting the Loan, including without limitation, adjustments for vacancy allowance not to exceed the greater of (x) actual vacancy or (y) five percent (5%).

"NET PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"NET PROCEEDS DEFICIENCY" shall have the meaning set forth in Section 8.4(b) (vi) hereof.

"NOTE" shall mean that certain promissory note of even date herewith in the principal amount of \$22,640,000.00, made by Borrower in favor of Lender, together with any Assumed Note, Defeased Note, Unassumed Note and Undefeased Note as may exist from time to

time, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NOTE RATE" shall mean an interest rate equal to 5.32% per annum.

"OFFERING DOCUMENT DATE" shall have the meaning set forth in Section 5.11(c) (i) (D) hereof.

"OPERATING EXPENSES" shall mean, with respect to any period of time and any Parcel or the Property, as applicable, the total of all expenses actually paid or payable, computed in accordance with GAAP, of whatever kind relating to the operation, maintenance and management of the Property, including without limitation, utilities, ordinary repairs and maintenance, Insurance Premiums, license fees, Taxes and Other Charges, advertising expenses, payroll and related taxes, computer processing charges, management fees equal to the greater of 4% of the Operating Income and the management fees actually paid under the Management Agreement, operational equipment or other lease payments as approved by Lender, normalized capital expenditures equal to \$50.00 per homesite per annum, but specifically excluding depreciation and amortization, income taxes (or other payments due in lieu thereof), Debt Service, any incentive fees due under the Management Agreement, any item of expense that in accordance with GAAP should be capitalized but only to the extent the same would qualify for funding from the Reserve Accounts, any item of expense that would otherwise be covered by the provisions hereof but which is paid by any Tenant under such Tenant's Lease or other agreement, and deposits into the Reserve Accounts.

"OPERATING INCOME" shall mean, with respect to any period of time and any Parcel or the Property, as applicable, all income, computed in accordance with GAAP, derived from the ownership and operation of the Property from whatever source, including, but not limited to, Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, and other required pass-throughs but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, interest income from any source other than the escrow accounts, Reserve Accounts or other accounts required pursuant to the Loan Documents, Insurance Proceeds (other than business interruption or other loss of income insurance), Awards, percentage rents, unforfeited security deposits, utility and other similar deposits, non-recurring or extraordinary income, including, without limitation lease termination payments, and any disbursements to Borrower from the Reserve Funds.

"OTHER CHARGES" shall mean all ground rents, maintenance charges, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

"PARTIAL ASSUMPTION" shall have the meaning set forth in Section 7.6 hereof.

"PARTIAL ASSUMPTION AMOUNT" shall mean with respect to a Parcel, the Allocated Loan Amount for such Parcel, less the pro rata portion (calculated based on (x) the Allocated

Loan Amount for such Parcel and (y) the original principal balance of the Loan) to the of any amortization payments made with respect to the Loan.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PARCEL" shall mean any of the parcels of real property, including the Improvements thereon and all Personal Property owned by Borrower thereon together with all rights pertaining to such property and Improvements, more particularly known as (i) Liberty Farms (the "LIBERTY FARMS PARCEL") and (ii) West Glen Village (the "WEST GLEN VILLAGE PARCEL").

"PARTIAL DEFEASANCE COLLATERAL" shall mean direct non-callable obligations of the United States of America (or any agency thereof to the extent acceptable to the applicable Rating Agencies) or, to the extent acceptable to the applicable Rating Agencies, other obligations which are "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 that provide for payments prior and as close as possible to (but in no event later than) all successive Scheduled Payment Dates occurring after the Partial Defeasance Date, with each such payment being equal to or greater than the amount of the corresponding Monthly Payment Amount required to be paid under the Defeased Note for the balance of the Lockout Period (including the amount necessary to pay the outstanding principal balance on the Loan on the first Scheduled Payment Date occurring after the expiration of the Lockout Period).

"PARTIAL DEFEASANCE DATE" shall have the meaning set forth in Section 2.4(g)(i)(A) hereof.

"PARTIAL DEFEASANCE EVENT" shall have the meaning set forth in Section 2.4(g)(i) hereof.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PATRIOT ACT" shall have the meaning set forth in Section 4.40 hereof.

"PERMITTED ENCUMBRANCES" shall mean collectively, (a) the Lien and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed in the Title Insurance Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent, and (d) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's sole discretion.

"PERMITTED INVESTMENTS" shall mean to the extent available from Lender or Lender's servicer for deposits in the Reserve Accounts, any one or more of the following obligations or securities acquired at a purchase price of not greater than par, including those issued by a servicer of the Loan, the trustee under any securitization or any of their respective Affiliates, payable on demand or having a maturity date not later than the Business Day immediately prior to the date on which the funds used to acquire such investment are required to be used under this Agreement and meeting one of the appropriate standards set forth below:

(a) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such

obligations are backed by the full faith and credit of the United States of America including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) be rated "AAA" or the equivalent by each of the Rating Agencies, (iii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iv) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (v) such investments must not be subject to liquidation prior to their maturity;

(b) Federal Housing Administration debentures;

(c) obligations of the following United States government sponsored agencies: Federal Home Loan Mortgage Corp. (debt obligations), the Farm Credit System (consolidated systemwide bonds and notes), the Federal Home Loan Banks (consolidated debt obligations), the Federal National Mortgage Association (debt obligations), the Financing Corp. (debt obligations), and the Resolution Funding Corp. (debt obligations); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(d) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements with maturities of not more than 365 days of any bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(e) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances with maturities of not

more than 365 days and issued by, any bank or trust company, savings and loan association or savings bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(f) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest long-term unsecured rating category; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(g) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days and that at all times is rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest short-term unsecured debt rating; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(h) units of taxable money market funds, with maturities of not more than 365 days and which funds are regulated investment companies, seek to maintain a constant net asset value per share and invest solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating

Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(i) any other security, obligation or investment which has been approved as a Permitted Investment in writing by (i) Lender and (ii) each Rating Agency, as evidenced by a written confirmation that the designation of such security, obligation or investment as a Permitted Investment will not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities by such Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments, (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of one hundred twenty percent (120%) of the yield to maturity at par of such underlying investment or (C) such obligation or security has a remaining term to maturity in excess of one (1) year.

"PERSON" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"PERSONAL PROPERTY" shall have the meaning set forth in the granting clause of the Mortgage.

"PHYSICAL CONDITIONS REPORT" shall mean a report prepared by a company satisfactory to Lender regarding the physical condition of the Property, satisfactory in form and substance to Lender in its sole discretion.

"POLICIES" shall have the meaning set forth in Section 8.1 hereof.

"PROHIBITED TRANSFER" shall have the meaning set forth in Section 7.2 hereof.

"PROPERTY" shall mean, collectively, all Parcels of real property, the Improvements thereon and all Personal Property owned by Borrower and encumbered by the Mortgages, together with all rights pertaining to such property and Improvements, as more particularly described in the granting clause of the Mortgage and referred to therein as the "Property".

"PROPERTY OPERATING ACCOUNT" shall have the meaning set forth in Section 10.1 hereof.

"PROPERTY OPERATING ACCOUNT BANK" shall have the meaning set forth in Section 10.1 hereof.

"PROVIDED INFORMATION" shall have the meaning set forth in Section 13.4(a) hereof.

"P&I MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and principal due on each P&I Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"P&I SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"QUALIFIED MANAGER" shall mean Manager or a reputable and experienced professional management organization (a) which manages, together with its affiliates, manufactured home communities of a type, quality and size similar to the Property, totaling in the aggregate no less than 1,000 home sites, exclusive of the Property and (b) approved by Lender, which approval shall not have been unreasonably withheld and for which Lender shall have received (i) written confirmation from the Rating Agencies that the employment of such manager will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, and (ii) with respect to any Affiliated Manager, a revised substantive non-consolidation opinion if one was delivered in connection with the closing of the Loan. For purposes hereof, Borrower Principal and any Affiliate of Borrower Principal which is Controlled by Borrower Principal or an Affiliate of Borrower Principal, shall be deemed a Qualified Manager.

"RATING AGENCIES" shall mean each of S&P, Moody's and Fitch, or any other nationally-recognized statistical rating agency which has been approved by Lender.

"REA" shall mean any construction, operation and reciprocal easement agreement or similar agreement (including any separate agreement or other agreement between Borrower and one or more other parties to an REA with respect to such REA) affecting the Property or portion thereof.

"RELEASE" shall have the meaning set forth in Section 12.5 hereof.

"RELEASE AMOUNT" shall mean the greater of (a) with respect to any Parcel, 110% of the Allocated Loan Amount for such Parcel, or (b) an amount which, if applied to the outstanding principal balance of the Loan, would cause the Remaining Properties to have a Debt Service Coverage Ratio of not less than 1.275 to 1.00 at the time of such calculation.

"REMAINING PROPERTY" each Parcel remaining subject to the Lien of the Mortgages after a Partial Defeasance Event or Partial Assumption (each Remaining Property being collectively referred to as the "REMAINING PROPERTIES").

"REMIC PROHIBITION PERIOD" shall have the meaning set forth in Section 2.4(b) (iv) hereof.

"REMIC TRUST" shall mean a "real estate mortgage investment conduit" (within the meaning of Section 860D, or applicable successor provisions, of the Code) that holds the Note.

"RENT ROLL" shall have the meaning set forth in Section 4.25 hereof.

"RENTS" shall have the meaning set forth in the Mortgage.

"REPLACEMENT RESERVE ACCOUNT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE FUNDS" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE MONTHLY DEPOSIT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENTS" shall have the meaning set forth in Section 9.2(a) hereof.

"REQUIRED REPAIR ACCOUNT" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIR FUNDS" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIRS" shall have the meaning set forth in Section 9.1(a) hereof.

"REQUIRED WORK" shall have the meaning set forth in Section 9.4 hereof.

"RESERVE ACCOUNTS" shall mean the following accounts: the Tax and Insurance Reserve Account, the Replacement Reserve Account, and the Required Repair Account, or any other escrow account established by the Loan Documents.

"RESERVE DSCR PERIOD" shall mean the period commencing upon the date that Lender determines that the Debt Service Coverage Ratio for the Property (or the Remaining Property in the event of a Partial Defeasance Event or Partial Assumption) and Crossed Property computed on a combined basis for the immediately preceding three (3) month period is less than 1.10 to 1.00, and continuing through the date that Lender determines that the Debt Service Coverage Ratio for the immediately preceding six (6) month period is not less than 1.10 to 1.00.

"RESERVE FUNDS" shall mean the Tax and Insurance Reserve Funds, the Replacement Reserve Funds, and the Required Repair Funds, or any other escrow funds established by the Loan Documents.

"RESTORATION" shall mean, following the occurrence of a Casualty or a Condemnation which is of a type necessitating the repair of the Property, the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such Casualty or Condemnation, with such alterations as may be reasonably approved by Lender.

"RESTORATION CONSULTANT" shall have the meaning set forth in Section 8.4(b)(iii) hereof.

"RESTORATION RETAINAGE" shall have the meaning set forth in Section 8.4(b) (iv) hereof.

"RESTRICTED PARTY" shall have the meaning set forth in Section 7.1 hereof.

"SALE OR PLEDGE" shall have the meaning set forth in Section 7.1 hereof.

"SCHEDULED DEFEASANCE PAYMENTS" shall mean scheduled payments of interest and/or principal under the under the Defeased Note in the case of a Partial Defeasance Event for all Scheduled Payment Dates occurring after the Partial Defeasance Date and up to and including the expiration of the Lockout Period (including the amount necessary to pay the outstanding principal balance on the Defeased Note on the first Scheduled Payment Date occurring after the expiration of the Lockout Period), and all payments required after the Partial Defeasance Date, if any, under the Loan Documents for servicing fees, any charges for rating surveillance services on any certificates issued in a Securitization and other similar charges.

"SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"SCI" shall mean Sun Communities, Inc., a Maryland corporation.

"SCOLP" shall mean Sun Communities Operating Limited Partnership, a Michigan limited partnership.

"SECURITIES" shall have the meaning set forth in Section 13.1 hereof.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SECURITIES LIABILITIES" shall have the meaning set forth in Section 13.5 hereof.

"SECURITIZATION" shall have the meaning set forth in Section 13.1 hereof.

"SPECIAL MEMBER" shall have the meaning set forth in Section 6.1(c).

"SPE COMPONENT ENTITY" shall have the meaning set forth in Section 6.1(b) hereof.

"STANDARD STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"STATE" shall mean the state in which the Property or any part thereof is located.

"SUCCESSOR BORROWER" shall have the meaning set forth in Section 2.4(b) (iii) hereof.

"TAX AND INSURANCE RESERVE FUNDS" shall have the meaning set forth in Section 9.6 hereof.

"TAX AND INSURANCE RESERVE ACCOUNT" shall have the meaning set forth in Section 9.6 hereof.

"TAXES" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against the Property or part thereof.

"TENANT" shall mean any Person leasing, subleasing or otherwise occupying any portion of the Property under a Lease or other occupancy agreement with Borrower.

"TITLE INSURANCE POLICY" shall mean that certain ALTA mortgagee title insurance policy issued with respect to the Property and insuring the lien of the Mortgage.

"TRANSFEREE" shall have the meaning set forth in Section 7.5 hereof.

"TRIBUNAL" shall mean any state, commonwealth, federal, foreign, territorial or other court or governmental department, commission, board, bureau, district, authority, agency, central bank, or instrumentality, or any arbitration authority.

"UCC" or "UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the State where the applicable Property is located.

"UNASSUMED NOTE" shall have the meaning set forth in Section 7.6(b) hereof.

"UNDEFEASED NOTE" shall have the meaning set forth in Section 2.4(g) (i) (D) hereof.

"UNDERWRITER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

SECTION 1.2. PRINCIPLES OF CONSTRUCTION.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE II
GENERAL TERMS

SECTION 2.1. LOAN COMMITMENT; DISBURSEMENT TO BORROWER

(a) Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

(b) Borrower may request and receive only one borrowing in respect of the Loan and any amount borrowed and repaid in respect of the Loan may not be reborrowed.

(c) The Loan shall be evidenced by the Note and secured by the Mortgage and the other Loan Documents.

(d) Borrower shall use the proceeds of the Loan to (i) pay certain costs in connection with the financing of the Property, (ii) make deposits into the Reserve Funds on the Closing Date in the amounts provided herein, (iii) pay costs and expenses incurred in connection with the closing of the Loan, as approved by Lender, (iv) fund any working capital requirements of the Property, and (v) distribute the balance, if any, to its partners or members, as applicable.

SECTION 2.2. LOAN PAYMENTS

(a) The Loan shall bear interest at a fixed rate per annum equal to the Note Rate. Interest shall be computed based on the daily rate produced assuming a three hundred sixty (360) day year, multiplied by the actual number of days elapsed. Except as otherwise set forth in this Agreement, interest shall be paid in arrears.

(b) Borrower hereby agrees to pay sums due under the Note as follows: An initial payment of \$73,605.18 is due on the Closing Date for interest from the Closing Date through and including June 30, 2004. Thereafter, consecutive monthly installments of interest only computed in accordance with Section 2.2(a) shall be payable (the "IO MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on August 1, 2004 through an including the first (1st) day of January 1, 2007 (each an "IO SCHEDULED PAYMENT DATE"). Thereafter, except as may be adjusted in accordance with the last sentence of Section 2.2(c), consecutive monthly installments of principal and interest in an amount equal \$126,002.31 shall be payable (the "P&I MONTHLY PAYMENT AMOUNT"; collectively with the IO Monthly Payment Amount, the "MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on February 1, 2007 (each a "P&I SCHEDULED PAYMENT DATE"; collectively with the IO Scheduled Payment Date, each a "SCHEDULED PAYMENT DATE") until the entire indebtedness evidenced hereby is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due and payable on the Maturity Date.

(c) The P&I Monthly Payment Amount shall mean the amount of interest and principal which would be due in order to fully amortize the principal amount of the Loan, over an amortization term of thirty (30) years assuming an annual interest rate equal to the Note Rate, computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each. Borrower expressly understands and agrees that such computation of interest based on a three hundred sixty (360) day year consisting of twelve (12) months of thirty

(30) days each is solely for the purpose of determining the P&I Monthly Payment Amount, and, notwithstanding such computation, interest shall accrue on the outstanding principal amount of the Loan as provided in Section 2.2(a) above. Borrower understands and acknowledges that such interest accrual requirement results in more interest accruing on the Loan than if either a thirty (30) day month and a three hundred sixty (360) day year or the actual number of days and a three hundred sixty-five (365) day year were used to compute the accrual of interest on the Loan. Borrower recognizes that such interest accrual requirement will not fully amortize the Loan within the amortization period set forth above. Following any partial prepayment occurring solely as a result of the application of Insurance Proceeds or Awards pursuant to the terms of this Agreement, Lender may, in its sole and absolute discretion, adjust the P&I Monthly Payment Amount to give effect to any such partial prepayment, provided, however, that in no event will any such adjustment result in any such installment becoming due and payable on any date after the Maturity Date.

(d) Each payment by Borrower hereunder or under the Note shall be payable at P. O. Box 515228, Los Angeles, California 90051-6528, Attn: Commercial Mortgage Loan Servicing #1777, or at such other place as the Lender may designate from time to time in writing, on the date such payment is due, to Lender by deposit to such account as Lender may designate by written notice to Borrower. Whenever any payment hereunder or under the Note shall be stated to be due on a day which is not a Business Day, such payment shall be made on the first Business Day preceding such scheduled due date.

(e) Prior to the occurrence of an Event of Default, all monthly payments made as scheduled under this Agreement and the Note shall be applied first to the payment of interest computed at the Note Rate, and the balance toward the reduction of the principal amount of the Note. All voluntary and involuntary prepayments on the Note shall be applied, to the extent thereof, to accrued but unpaid interest on the amount prepaid, to the remaining principal amount, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion, including, but not limited to, application to principal installments in inverse order of maturity. Following the occurrence of an Event of Default, any payment made on the Note shall be applied to accrued but unpaid interest, late charges, accrued fees, the unpaid principal amount of the Note, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion.

(f) All payments made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without any deduction for, any setoff, defense or counterclaims.

SECTION 2.3. LATE PAYMENT CHARGE

If any regularly scheduled monthly principal or interest payment is not paid by Borrower within five (5) days after the date the same is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the

use of such delinquent payment. Any such amount shall be secured by the Mortgage and the other Loan Documents to the extent permitted by applicable law.

SECTION 2.4. PREPAYMENT; DEFEASANCE

Except as otherwise expressly permitted by this Section 2.4 no voluntary prepayments, whether in whole or in part, of the Loan or any other amount at any time due and owing under the Note can be made by Borrower or any other Person without the express written consent of Lender.

(a) Lockout Period. Borrower has no right to make, and Lender shall have no obligation to accept, any voluntary prepayment, whether in whole or in part, of the Loan during the Lockout Period. Notwithstanding the foregoing, if either (i) Lender, in its sole and absolute discretion, accepts a full or partial voluntary prepayment during the Lockout Period or (ii) there is an involuntary prepayment during the Lockout Period, then, in either case, Borrower shall, in addition to any portion of the Loan prepaid (together with all interest accrued and unpaid thereon), pay to Lender a prepayment premium in an amount calculated in accordance with Section 2.4(c) hereof.

(b) Defeasance.

(i) Notwithstanding any provisions of this Section 2.4 to the contrary, including, without limitation, subsection (a) of this Section 2.4, at any time other than during a REMIC Prohibition Period, Borrower may cause the release of the Property from the lien of the Mortgage and the other Loan Documents upon the satisfaction of the following conditions:

(A) no default shall exist under any of the Loan Documents;

(B) not less than thirty (30) (but not more than ninety (90)) days prior written notice shall be given to Lender specifying a date on which the Defeasance Collateral (as hereinafter defined) is to be delivered (the "RELEASE DATE"), such date being on a Scheduled Payment Date; provided, however, that Borrower shall have the right (i) to cancel such notice by providing Lender with notice of cancellation not less than five (5) days prior to the scheduled Release Date, or (ii) to extend the scheduled Release Date until the next Scheduled Payment Date; provided that in each case, Borrower shall pay all of Lender's costs and expenses incurred as a result of such cancellation or extension;

(C) all accrued and unpaid interest and all other sums due under the Note, this Agreement and under the other Loan Documents up to the Release Date, including, without limitation, all fees, costs and expenses incurred by Lender and its agents in connection with such release (including, without limitation, legal fees and expenses for the review and preparation of the Defeasance Security Agreement (as hereinafter defined) and of the other materials described in Section 2.4(b)(i)(D) below and any related documentation, and any servicing fees, Rating Agency fees or other costs related to such release), shall be paid in full on or prior to the Release Date;

(D) Borrower shall deliver to Lender on or prior to the Release Date:

(1) a pledge and security agreement, in form and substance satisfactory to a prudent lender, creating a first priority security interest in favor of Lender in the Defeasance Collateral and the Defeasance Collateral Account, each as defined herein (the "DEFEASANCE SECURITY AGREEMENT"), which shall provide, among other things, that any excess amounts received by Lender from the Defeasance Collateral over the amounts payable by Borrower on a given Scheduled Payment Date, which excess amounts are not required to cover all or any portion of amounts payable on a future Scheduled Payment Date, shall be refunded to Borrower promptly after each such Scheduled Payment Date;

(2) direct non-callable obligations of the United States of America (or any agency thereof to the extent acceptable to the applicable Rating Agencies) or other obligations which are "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, to the extent the applicable Rating Agencies rating the Securities have confirmed in writing will not cause a downgrade, withdrawal or qualification of the initial, or, if higher, then applicable ratings of the Securities, that provide for payments prior and as close as possible to (but in no event later than) all successive Scheduled Payment Dates occurring after the Release Date, with each such payment being equal to or greater than the amount of the corresponding Monthly Payment Amount required to be paid under this Agreement and the Note (including the amount necessary to pay the outstanding principal balance of the Loan on the first Scheduled Payment Date occurring after the expiration of the Lockout Period) for the balance of the Lockout Period (the "DEFEASANCE COLLATERAL"), each of which shall be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance wholly satisfactory to Lender in its sole discretion (including, without limitation, such certificates, documents and instruments as may be required by the depository institution holding such securities or the issuer thereof, as the case may be, to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the Defeasance Security Agreement the first priority security interest therein in favor of Lender in conformity with all applicable state and federal laws governing granting of such security interests;

(3) a certificate of Borrower certifying that all of the requirements set forth in this Section 2.4(b)(i) have been satisfied;

(4) one or more opinions of counsel for Borrower in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (i) Lender has a perfected first priority

security interest in the Defeasance Collateral and the Defeasance Collateral Account and that the Defeasance Security Agreement is enforceable against Borrower in accordance with its terms, (ii) in the event of a bankruptcy proceeding or similar occurrence with respect to Borrower, none of the Defeasance Collateral nor any proceeds thereof will be property of Borrower's estate under Section 541 of the U.S. Bankruptcy Code or any similar statute and the grant of security interest therein to Lender shall not constitute an avoidable preference under Section 547 of the U.S. Bankruptcy Code or applicable state law, (iii) the release of the lien of the Mortgage and the pledge of Defeasance Collateral will not directly or indirectly result in or cause any REMIC Trust that then holds the Note to fail to maintain its status as a REMIC Trust and (iv) the defeasance will not cause any REMIC Trust to be an "investment company" under the Investment Company Act of 1940;

(5) a certificate in form and scope acceptable to Lender in its sole discretion from an Acceptable Accountant or such other accountant whose certification is customarily acceptable by lenders in defeasance transactions certifying that the Defeasance Collateral will generate amounts sufficient to make all payments of principal and interest due under the Note (including the scheduled outstanding principal balance of the Loan due on the Maturity Date); and

(6) such other certificates, documents and instruments customarily delivered in connection with similar defeasance transactions as Lender may in its sole and reasonable discretion require; and

(E) in the event the Loan is held by a REMIC Trust, Lender has received written confirmation from any Rating Agency rating any Securities that substitution of the Defeasance Collateral will not result in a downgrade, withdrawal, or qualification of the ratings then assigned to any of the Securities.

(ii) Upon compliance with the requirements of Section 2.4(b)(i), the Property shall be released from the lien of the Mortgage and the other Loan Documents, and the Defeasance Collateral shall constitute collateral which shall secure the Note and all other obligations under the Loan Documents. Lender will, at Borrower's expense, execute and deliver any agreements reasonably requested by Borrower to release the lien of the Mortgage and the other Loan Documents from the Property.

(iii) Upon the release of the Property in accordance with this Section 2.4(b), Borrower shall (at Lender's sole and absolute discretion) assign all its obligations and rights under the Note, together with the pledged Defeasance Collateral, to a successor entity designated and approved by Lender in its sole and reasonable discretion ("SUCCESSOR BORROWER"). Successor Borrower shall execute an assignment and assumption agreement in form and substance satisfactory to Lender in its sole and reasonable discretion pursuant to which it shall assume Borrower's obligations under the Note and the Defeasance Security Agreement. As conditions to such assignment and

assumption, Borrower shall (A) deliver to Lender one or more opinions of counsel in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that such assignment and assumption agreement is enforceable against Borrower and the Successor Borrower in accordance with its terms and that the Note, the Defeasance Security Agreement and the other Loan Documents, as so assigned and assumed, are enforceable against the Successor Borrower in accordance with their respective terms, and opining to such other matters relating to Successor Borrower and its organizational structure as Lender may reasonably require, and (B) pay all reasonable fees, costs and expenses incurred by Lender or its agents in connection with such assignment and assumption (including, without limitation, legal fees and expenses and for the review of the proposed transferee and the preparation of the assignment and assumption agreement and related certificates, documents and instruments and any fees payable to any Rating Agencies and their counsel in connection with the issuance of the confirmation referred to in subsection (b) (i) (E) above). Upon such assignment and assumption, Borrower shall be relieved of its obligations hereunder, under the Note, under the other Loan Documents and under the Defeasance Security Agreement, except as expressly set forth in the assignment and assumption agreement.

(iv) For purposes of this Section 2.4, "REMIC PROHIBITION PERIOD" means the earlier of (x) the period commencing on the date hereof and ending on the date which is four (4) years after the first Scheduled Payment Date following the date hereof or (y) the two-year period commencing with the "startup day" within the meaning of Section 860G(a) (9) of the Code of any REMIC Trust that holds the Note. In no event shall Lender have any obligation to notify Borrower that a REMIC Prohibition Period is in effect with respect to the Loan, except that Lender shall notify Borrower if any REMIC Prohibition Period is in effect with respect to the Loan after receiving any notice described in Section 2.4(b) (i) (B); provided, however, that the failure of Lender to so notify Borrower shall not impose any liability on Lender or grant Borrower any right to defease the Loan during any such REMIC Prohibition Period.

(v) At Borrower's request, Lender shall assign the Security Instrument and the Note, each without recourse, covenant or warranty of any nature, express or implied, except that Lender is the holder of the Note and the outstanding amount owed under the Note by Borrower to such new mortgagee designated by Borrower (other than Borrower or a nominee of Borrower) provided that Borrower or Successor Borrower, as applicable (i) has executed and delivered to such new mortgagee a new note to be secured by the Defeasance Collateral pursuant to the Defeasance Security Agreement between Borrower and such new mortgagee (such new note to have the same term, interest rate, unpaid principal balance and all other material terms and conditions of the Note), which new note, together with the Defeasance Security Agreement and the rights of such new mortgagee in and to the Defeasance Collateral, shall be assigned by such new mortgagee to Lender simultaneously with the assignment of the Note and Security Instrument by Lender and (ii) has complied with all other provisions of this Section 2.4(b) to the extent not inconsistent with this subparagraph (v). In addition, any such assignment shall be conditioned on the following: (A) payment by Borrower of (I) Lender's then customary administrative fee for processing assignments of mortgage; (II) the reasonable expenses

of Lender incurred in connection therewith; and (III) Lender's reasonable attorney's fees for the preparation, delivery and performance of such an assignment; (B) such new mortgagee shall not substantially modify the Note such that it shall be treated as a new loan for federal tax purposes; (C) such an assignment is not then prohibited by any federal, state or local law, rule, regulation, order or by any other governmental authority; (D) such assignment and the actions described above do not constitute a prohibited transaction for any REMIC Trust formed in connection with a Securitization and will not disqualify such REMIC Trust as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code as a result of such assignment and the Defeasance, and an opinion of counsel to Borrower that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions; and (E) Borrower shall provide such other opinions, items, information and documents which a prudent lender would require to effectuate such assignment. Borrower shall be responsible for all mortgage recording taxes, recording fees and other charges payable in connection with any such assignment. Lender agrees that the assignment of the Note and Security Instrument to the new mortgagee and the assignment of the new note, the Defeasance Collateral and the Defeasance Security Agreement by the new mortgagee to Lender shall be accomplished by an escrow closing conducted through an escrow agent satisfactory to Lender and pursuant to an escrow agreement satisfactory to Lender in form and substance.

(c) Involuntary Prepayment During the Lockout Period. During the Lockout Period, in the event of any involuntary prepayment of the Loan or any other amount under the Note, whether in whole or in part, in connection with or following Lender's acceleration of the Note or otherwise, and whether the Mortgage is satisfied or released by foreclosure (whether by power of sale or judicial proceeding), deed in lieu of foreclosure or by any other means, including, without limitation, repayment of the Loan by Borrower or any other Person pursuant to any statutory or common law right of redemption, Borrower shall, in addition to any portion of the principal balance of the Loan prepaid (together with all interest accrued and unpaid thereon and in the event the prepayment is made on a date other than a Scheduled Payment Date, a sum equal to the amount of interest which would have accrued under the Note on the amount of such prepayment if such prepayment had occurred on the next Scheduled Payment Date), pay to Lender a prepayment premium in an amount calculated in accordance with this Section 2.4(c). Such prepayment premium shall be in an amount equal to the greater of:

(i) 1% of the portion of the Loan being prepaid; or

(ii) the product obtained by multiplying:

(A) the portion of the Loan being prepaid, times;

(B) the difference obtained by subtracting (I) the Yield Rate from (II) the Note Rate, times;

(C) the present value factor calculated using the following formula:

(x) $1 - (1+r)^{-n}$
r -----

(y) r = Yield Rate

(z) n = the number of years and any fraction thereof, remaining between the date the prepayment is made and first Scheduled Payment Date occurring after the expiration of the Lockout Period.

As used herein, "YIELD RATE" means the yield calculated by the linear interpolation of the yields, as reported in the Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading "U.S. government securities" and the sub-heading "Treasury constant maturities" for the week ending prior to the Prepayment Calculation Date, of the U.S. Treasury constant maturities with maturity dates (one longer and one equal to or shorter) most nearly approximating the Maturity Date, and converted to a monthly compounded nominal yield. In the event Release H.15 is no longer published, Lender shall select a comparable publication to determine the Yield Rate. The "PREPAYMENT CALCULATION DATE" shall mean, as applicable, the date on which (i) Lender applies any partial prepayment to the reduction of the outstanding principal amount the Note, in the case of a voluntary partial prepayment which is accepted by Lender, (ii) Lender accelerates the Loan, in the case of a prepayment resulting from acceleration, or (iii) Lender applies funds held under any Reserve Account, in the case of a prepayment resulting from such an application (other than in connection with acceleration of the Loan).

(d) Insurance and Condemnation Proceeds; Excess Interest.

Notwithstanding any other provision herein to the contrary, and provided no Event of Default exists, Borrower shall not be required to pay any prepayment premium in connection with any prepayment occurring solely as a result of (i) the application of Insurance Proceeds or Condemnation Proceeds pursuant to the terms of the Loan Documents, or (ii) the application of any interest in excess of the maximum rate permitted by applicable law to the reduction of the Loan.

(e) After the Lockout Period. Commencing on the day after the expiration of the Lockout Period, and upon giving Lender at least thirty (30) days (but not more than ninety (90) days) prior written notice, Borrower may voluntarily prepay (without premium) the Note in whole (but not in part) on a Scheduled Payment Date. Lender shall accept a prepayment pursuant to this Section 2.4(e) on a day other than a Scheduled Payment Date provided that, in addition to payment of the full outstanding principal balance of the Note, Borrower pays to Lender a sum equal to the amount of interest which would have accrued on the Note if such prepayment occurred on the next Scheduled Payment Date.

(f) Limitation on Partial Prepayments. In no event shall Lender have any obligation to accept a partial prepayment.

(g) Partial Defeasance. (i) Provided no Event of Default shall have occurred and remain uncured, Borrower shall have the right at any time after the REMIC Prohibition Period to voluntarily defease a portion of the Loan and obtain a release of the lien of the Mortgage as to any Parcel by providing Lender with the Partial Defeasance Collateral

(hereinafter, a "PARTIAL DEFEASANCE EVENT") upon satisfaction of the following conditions precedent:

(A) Borrower shall provide Lender not less than thirty (30) (but not more than ninety (90)) days notice (or a shorter period of time if permitted by Lender in its sole discretion) specifying (1) a date (the "PARTIAL DEFEASANCE DATE") on which the Partial Defeasance Event is to occur, (2) the principal amount of the Loan subject to the Partial Defeasance Event, and (3) the Parcel to be released from the lien of the Mortgage;

(B) Borrower shall pay to Lender (A) all payments of principal and interest due on the Loan to and including the Partial Defeasance Date and (B) all other sums then due under the Note, this Agreement, the Mortgage and the other Loan Documents;

(C) Borrower shall deposit the Partial Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of Sections 2.4(h) hereof;

(D) Lender shall prepare, at Borrower's sole cost and expense, all necessary documents to modify this Agreement and to amend and restate the Note and issue two substitute notes, one note having a principal balance equal to the Release Amount for the subject Parcel (the "DEFEASED NOTE"), and the other note having a principal balance equal to the excess of (A) the original principal amount of the Loan, over (B) the amount of the Defeased Note (the "UNDEFEASED NOTE"). The Defeased Note and Undefeased Note shall have identical terms as the Note except for the principal balance; and, in connection therewith, the P&I Monthly Payment Amount and the amount of each such payment applied to principal thereafter shall be divided between the Defeased Note and the Undefeased Note in the same proportion as the unpaid principal balance (in each case immediately after the Partial Defeasance Event) of the Defeased Note and the Undefeased Note, as the case may be, bears to the aggregate principal balance due under the Defeased Note and the Undefeased Note immediately after the Partial Defeasance Event. The Defeased Note and the Undefeased Note shall be cross defaulted and cross collateralized unless the Rating Agencies shall require otherwise or unless a Successor Borrower that is not an Affiliate of Borrower is established pursuant to Section 2.4(b)(iii) hereof. A Defeased Note may not be the subject of any further defeasance;

(E) Borrower shall execute and deliver to Lender a Defeasance Security Agreement in respect of the Defeasance Collateral Account and the Partial Defeasance Collateral;

(F) Borrower shall deliver to Lender an opinion of counsel for Borrower that is standard in commercial lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (1) Lender has a perfected first priority security interest in the

Defeasance Collateral and the Defeasance Collateral Account and that the Defeasance Security Agreement is enforceable against Borrower in accordance with its terms, (2) in the event of a bankruptcy proceeding or similar occurrence with respect to Borrower, none of the Partial Defeasance Collateral nor any proceeds thereof will be property of Borrower's estate under Section 541 of the U.S. Bankruptcy Code or any similar statute and the grant of security interest therein to Lender shall not constitute an avoidable preference under Section 547 of the U.S. Bankruptcy Code or applicable state law, (3) the release of the lien of the Mortgage on the Parcel and the pledge of the Partial Defeasance Collateral will not directly or indirectly result in or cause any REMIC Trust that then holds the Note to fail to maintain its status as a REMIC Trust, (4) the defeasance will not cause any REMIC Trust to be an "investment company" under the Investment Company Act of 1940 and (5) a non-consolidation opinion with respect to the Successor Borrower;

(G) Borrower shall deliver to Lender a written confirmation from any Rating Agency rating any Securities that the Partial Defeasance Event will not result in a downgrade, withdrawal, or qualification of the ratings then assigned to any of the Securities;

(H) Borrower shall have delivered to Lender a certificate in form and scope acceptable to Lender in its sole discretion from an Acceptable Accountant or such other accountant whose certification is customarily acceptable by lenders in defeasance transactions certifying that the certifying that the Partial Defeasance Collateral will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(I) Borrower shall deliver to Lender evidence, satisfactory to a reasonably prudent lender, that the Undeferred Note will continue to be secured by the Mortgages;

(J) Lender shall have received, at Borrower's sole cost and expense, one or more endorsements to the Title Insurance Policy insuring that, after giving effect to the subject release, the Liens of the Mortgages insured thereunder continue to be first priority Liens on the Remaining Properties, subject only to Permitted Encumbrances; and

(K) Borrower shall pay all costs and expenses of Lender incurred in connection with the Partial Defeasance Event, including due diligence review and Lender's reasonable attorneys' fees and expenses.

(ii) If Borrower has elected to make a partial defeasance and the requirements of this Section 2.4 have been satisfied, the applicable Parcel shall be released from the lien of the Mortgage. In connection with the release of the Lien, Borrower shall submit to Lender, not less than ten (10) days prior to the Partial Defeasance Date (or such shorter time as is acceptable to Lender in its sole discretion), a release of Lien (and related Loan Documents) for execution by Lender. Such release shall be in a form appropriate in the

jurisdiction in which the Property is located and that contains standard provisions protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release, together with an officer's certificate certifying that such documentation (i) is in substantive compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all costs, taxes and expenses associated with the release of the lien of the Mortgage, including Lender's reasonable attorneys' fees. Borrower shall cause title to the applicable Parcel so released from the lien of the Mortgage to be transferred to and held by a Person other than Borrower. Except as set forth in this Section 2.4, no repayment, prepayment or defeasance of all or any portion of the Note shall cause, give rise to a right to require, or otherwise result in, the release of the lien of the Mortgage from the Property.

(iii) Upon compliance with the requirements of this Section 2.4(g), the applicable Parcel shall be released from the lien of the Mortgage and the other Loan Documents, and the Partial Defeasance Collateral shall constitute collateral which shall secure the Defeased Note and all other obligations under the Loan Documents. Lender will, at Borrower's expense, execute and deliver any agreements reasonably requested by Borrower to release the lien of the Mortgage and the other Loan Documents from the applicable Parcel.

(iv) Upon the release of a Parcel in accordance with this Section 2.4(g), Borrower shall (at Lender's sole and absolute discretion) assign all its obligations and rights under the Defeased Note, together with the pledged Partial Defeasance Collateral, to a Successor Borrower. Successor Borrower shall execute an assignment and assumption agreement in form and substance which would be satisfactory to a prudent lender pursuant to which it shall assume Borrower's obligations under the Defeased Note and the Defeasance Security Agreement. As conditions to such assignment and assumption, Borrower shall (A) deliver to Lender one or more opinions of counsel in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that such assignment and assumption agreement is enforceable against Borrower and the Successor Borrower in accordance with its terms and that the Defeased Note, the Defeasance Security Agreement and the other Loan Documents, as so assigned and assumed, are enforceable against the Successor Borrower, and the Undefeased Note Remains enforceable against Borrower, each in accordance with their respective terms, and opining to such other matters relating to Successor Borrower and its organizational structure as Lender may reasonably require, and (B) pay all reasonable fees, costs and expenses incurred by Lender or its agents in connection with such assignment and assumption (including, without limitation, legal fees and expenses and for the review of the proposed transferee and the preparation of the assignment and assumption agreement and related certificates, documents and instruments). Upon such assignment and assumption, Borrower shall be relieved of its obligations hereunder, under the Defeased Note, under the other Loan Documents and under the Defeasance Security Agreement, except as expressly set forth in the assignment and assumption agreement.

(h) Defeasance Collateral Account. On or before the date on which Borrower delivers the Defeasance Collateral or Partial Defeasance Collateral, Borrower shall open at any Eligible Institution the defeasance collateral account (the "DEFEASANCE COLLATERAL ACCOUNT") which shall at all times be an Eligible Account. The Defeasance Collateral Account shall contain only (i) Defeasance Collateral or Partial Defeasance Collateral, and (ii) cash from interest and principal paid on the Defeasance Collateral or Partial Defeasance Collateral. All cash from interest and principal payments paid on the Defeasance Collateral or Partial Defeasance Collateral shall be paid over to Lender on each Scheduled Payment Date and applied first to accrued and unpaid interest and then to principal. Any cash from interest and principal paid on the Defeasance Collateral or Partial Defeasance Collateral not needed to pay the Scheduled Defeasance Payments shall be paid to Borrower. Borrower shall cause the Eligible Institution at which the Defeasance Collateral or Partial Defeasance Collateral is deposited to enter an agreement with Borrower and Lender, satisfactory to Lender in its sole discretion, pursuant to which such Eligible Institution shall agree to hold and distribute the Defeasance Collateral or Partial Defeasance Collateral in accordance with this Agreement. The Borrower or Successor Borrower, as applicable, shall be the owner of the Defeasance Collateral Account and shall report all income accrued on the Defeasance Collateral or Partial Defeasance Collateral for federal, state and local income tax purposes in its income tax return. Borrower shall prepay all cost and expenses associated with opening and maintaining the Defeasance Collateral Account. Lender shall not in any way be liable by reason of any insufficiency in the Defeasance Collateral Account.

SECTION 2.5. PAYMENTS AFTER DEFAULT

Upon the occurrence and during the continuance of an Event of Default, interest on the outstanding principal balance of the Loan and, to the extent permitted by law, other amounts due in respect of the Loan, (a) shall accrue at the Default Rate, and (b) Lender shall be entitled to receive and Borrower shall pay to Lender all cash flow from the Property in accordance with the terms of Article 10 hereof, such amount to be applied by Lender to the payment of the Debt in such order as Lender shall determine in its sole discretion, including, without limitation, alternating applications thereof between interest and principal. Interest at the Default Rate shall be computed from the occurrence of the Event of Default until the earlier of (i) the actual receipt and collection of the Debt (or that portion thereof that is then due) and (ii) the cure of such Event of Default. This paragraph shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default; the acceptance of any payment from Borrower shall not be deemed to cure or constitute a waiver of any Event of Default; and Lender retains its rights under this Agreement to accelerate and to continue to demand payment of the Debt upon the happening of and during the continuance any Event of Default, despite any payment by Borrower to Lender.

SECTION 2.6. USURY SAVINGS

This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents,

Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Note Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

ARTICLE III
CONDITIONS PRECEDENT

The obligation of Lender to make the Loan hereunder is subject to the fulfillment by Borrower or waiver by Lender of the following conditions precedent no later than the Closing Date.

SECTION 3.1. REPRESENTATIONS AND WARRANTIES; COMPLIANCE WITH
CONDITIONS

The representations and warranties of Borrower contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of such date, and Lender shall have determined that no Default or an Event of Default shall have occurred and be continuing nor will any Default or Event of Default occur immediately following the Closing Date; and Borrower shall be in compliance in all material respects with all terms and conditions set forth in this Agreement and in each other Loan Document on its part to be observed or performed.

SECTION 3.2. DELIVERY OF LOAN DOCUMENTS; TITLE INSURANCE; REPORTS;
LEASES

(a) Mortgage, Loan Agreement and Note. Lender shall have received from Borrower a fully executed and acknowledged counterpart of the Mortgage and evidence that counterparts of the Mortgage and Uniform Commercial Code financing statements have been delivered to the title company for recording, in the reasonable judgment of Lender, so as to effectively create upon such recording valid and enforceable Liens upon the Property, of the requisite priority, in favor of Lender (or such other trustee as may be required or desired under local law), subject only to the Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents. Lender shall have also received from Borrower fully executed counterparts of this Agreement, the Note and all other Loan Documents.

(b) Title Insurance. Lender shall have received a Title Insurance Policy issued by a title company acceptable to Lender and dated as of the Closing Date, with reinsurance and direct access agreements acceptable to Lender. Such Title Insurance Policy shall (i) provide coverage in the amount of the Loan, (ii) insure Lender that the Mortgage creates a valid lien on the Property of the requisite priority, free and clear of all exceptions from coverage other than Permitted Encumbrances and standard exceptions and exclusions from coverage (as modified by the terms of any endorsements), (iii) contain such endorsements and affirmative

coverages as Lender may reasonably request, and (iv) name Lender as the insured. The Title Insurance Policy shall be assignable. Lender also shall have received evidence that all premiums in respect of such Title Insurance Policy have been paid.

(c) Survey. Lender shall have received a current title survey for each Parcel, certified to the title company and Lender and their successors and assigns, in form and content satisfactory to Lender and prepared by a professional and properly licensed land surveyor satisfactory to Lender in accordance with the 1999 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys. The survey shall meet the classification of an "Urban Survey" and the following additional items from the list of "Optional Survey Responsibilities and Specifications" (Table A) should be added to each survey: 2, 3, 4, 6, 8, 9, 10, 11 and 13. Such survey shall reflect the same legal description contained in the Title Insurance Policy referred to in subsection (b) above and shall include, among other things, a metes and bounds description of the real property comprising part of the Property reasonably satisfactory to Lender. The surveyor's seal shall be affixed to the survey and the surveyor shall provide a certification for each survey in form and substance acceptable to Lender.

(d) Insurance. Lender shall have received copies of the Policies required hereunder, satisfactory to Lender in its sole discretion, and evidence of the payment of all Insurance Premiums payable for the existing policy period.

(e) Environmental Reports. Lender shall have received an Environmental Report in respect of the Property satisfactory to Lender.

(f) Zoning/Building Code. Lender shall have received evidence of compliance with zoning and building ordinances and codes, including, without limitation, required certificates of occupancy, reasonably acceptable to Lender.

(g) Encumbrances. Borrower shall have taken or caused to be taken such actions in such a manner so that Lender has a valid and perfected first Lien as of the Closing Date on the Property, subject only to applicable Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents, and Lender shall have received satisfactory evidence thereof.

(h) Lien Searches. Borrower shall have delivered to Lender certified search results pertaining to the Borrower, Borrower Principal and such other Persons or any SPE Component Entity as reasonably required by Lender for state and federal tax liens, bankruptcy, judgment, litigation and state and local UCC filings

SECTION 3.3. RELATED DOCUMENTS

Each additional document not specifically referenced herein, but relating to the transactions contemplated herein, shall have been duly authorized, executed and delivered by all parties thereto and at Lender's written request, Lender shall have received and approved certified copies thereof.

SECTION 3.4. ORGANIZATIONAL DOCUMENTS

On or before the Closing Date, Borrower shall deliver or cause to be delivered to Lender (a) copies certified by Borrower of all organizational documentation related to Borrower, each SPE Component Entity and Borrower Principal which must be acceptable to Lender in its sole and reasonable discretion, and (b) such other evidence of the formation, structure, existence, good standing and/or qualification to do business of the Borrower, each SPE Component Entity and Borrower Principal, as Lender may request in its sole and reasonable discretion, including, without limitation, good standing or existence certificates, qualifications to do business in the appropriate jurisdictions, resolutions authorizing the entering into of the Loan and incumbency certificates as may be requested by Lender.

SECTION 3.5. OPINIONS OF BORROWER'S COUNSEL

Lender shall have received opinions of Borrower's counsel (a) with respect to non-consolidation issues and (b) with respect to due execution, authority, enforceability of the Loan Documents and such other matters as Lender may require, all such opinions in form, scope and substance satisfactory to Lender and Lender's counsel in their sole discretion.

SECTION 3.6. ANNUAL BUDGET

Borrower shall have delivered, and Lender shall have approved, the Annual Budget for the current fiscal year, a copy of which has been delivered to Lender prior to the date hereof.

SECTION 3.7. TAXES AND OTHER CHARGES

Borrower shall have paid all Taxes and Other Charges (including any in arrears) relating to the Property, which amounts may be funded with proceeds of the Loan.

SECTION 3.8. COMPLETION OF PROCEEDINGS

All corporate and other proceedings taken or to be taken in connection with the transactions contemplated by this Agreement and other Loan Documents and all documents incidental thereto shall be satisfactory in form and substance to Lender, and Lender shall have received all such counterpart originals or certified copies of such documents as Lender may reasonably request.

SECTION 3.9. PAYMENTS

All payments, deposits or escrows required to be made or established by Borrower under this Agreement, the Note and the other Loan Documents on or before the Closing Date shall have been paid.

SECTION 3.10. TRANSACTION COSTS

Except as otherwise expressly provided herein, Borrower shall have paid or reimbursed Lender for all out of pocket expenses in connection with the underwriting,

negotiation, Securitization and closing of the Loan, including title insurance premiums and other title company charges; recording, registration, filing and similar fees, taxes and charges; transfer, mortgage, deed, stamp or documentary taxes or similar fees or charges; costs of third-party reports, including without limitation, environmental studies, credit reports, seismic reports, engineer's reports, appraisals and surveys; underwriting and origination expenses; Securitization expenses; and all actual, reasonable legal fees and expenses charged by counsel to Lender.

SECTION 3.11. NO MATERIAL ADVERSE CHANGE

There shall have been no material adverse change in the financial condition or business condition of the Property, Borrower, Borrower Principal, any SPE Component Entity, Manager or any other person or party contributing to the operating income and operations of the Property since the date of the most recent financial statements and/or other information delivered to Lender. The income and expenses of the Property, the occupancy and leases thereof, and all other features of the transaction shall be as represented to Lender without material adverse change. Neither Borrower nor Borrower Principal, any SPE Component Entity or Affiliated Manager shall be the subject of any bankruptcy, reorganization, or insolvency proceeding.

SECTION 3.12. LEASES AND RENT ROLL

Lender shall have received a current certified rent roll of the Property, reasonably satisfactory in form and substance to Lender.

SECTION 3.13. INTENTIONALLY RESERVED

SECTION 3.14. INTENTIONALLY RESERVED

SECTION 3.15. INTENTIONALLY RESERVED

SECTION 3.16. TAX LOT

Lender shall have received evidence that each Parcel constitutes one (1) or more separate tax lots, which evidence shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.17. PHYSICAL CONDITIONS REPORT

Lender shall have received a Physical Conditions Report with respect to the Property, which report shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.18. INTENTIONALLY RESERVED

SECTION 3.19. APPRAISAL

Lender shall have received an appraisal of the Property, which shall be satisfactory in form and substance to Lender.

SECTION 3.20. FINANCIAL STATEMENTS

Lender shall have received financial statements and related information in form and substance satisfactory to Lender and in compliance with any Legal Requirements promulgated by the Securities and Exchange Commission, including, without limitation, a balance sheet, income and expense statement with respect to Borrower and an operating statement with respect to the Property for the year-to-date 2004, 2003 and 2002.

SECTION 3.21. INTENTIONALLY RESERVED

SECTION 3.22. FURTHER DOCUMENTS

Lender or its counsel shall have received such other and further approvals, opinions, documents and information as Lender or its counsel may have reasonably requested including the Loan Documents in form and substance satisfactory to Lender and its counsel.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Borrower and, where specifically indicated, Borrower Principal (subject to Section 4.43 below) represents and warrants to Lender as of the Closing Date that:

SECTION 4.1. ORGANIZATION

Borrower and each Borrower Principal (when not an individual) (a) has been duly organized and is validly existing and in good standing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged, (b) is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, (c) possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged (except for any such rights, licenses, permits and authorization for which the failure to obtain would not have a Material Adverse Effect), and the sole business of Borrower is the ownership, management and operation of the Property, and (d) in the case of Borrower, has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to the terms of the Loan Documents, and in the case of Borrower and each Borrower Principal, has full power, authority and legal right to keep and observe all of the terms of the Loan Documents to which it is a party. The chart attached hereto as Exhibit A sets forth an accurate listing of the direct and indirect owners of the equity interests in Borrower and each SPE Component Entity (if any).

SECTION 4.2. STATUS OF BORROWER

Borrower's exact legal name is correctly set forth on the first page of this Agreement, on the Mortgage and on any UCC-1 Financing Statements filed in connection with the Loan. Borrower is an organization of the type specified on the first page of this Agreement. Borrower is incorporated in or organized under the laws of the State of Michigan. Borrower's

principal place of business and chief executive office, and the place where Borrower keeps its books and records, including recorded data of any kind or nature, regardless of the medium of recording, including software, writings, plans, specifications and schematics, has been for the preceding four months (or, if less, the entire period of the existence of Borrower) the address of Borrower set forth on the first page of this Agreement. Borrower's organizational identification number, if any, assigned by the state of incorporation or organization is as set forth on the Lender's closing statement executed by Borrower in connection with the Loan.

SECTION 4.3. VALIDITY OF DOCUMENTS

Borrower and each Borrower Principal have taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents to which they are parties. This Agreement and such other Loan Documents have been duly executed and delivered by or on behalf of Borrower and each Borrower Principal and constitute the legal, valid and binding obligations of Borrower and each Borrower Principal enforceable against Borrower and each Borrower Principal in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 4.4. NO CONFLICTS

The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower and each Borrower Principal will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than pursuant to the Loan Documents) which would have a Material Adverse Effect upon any of the property or assets of Borrower or any Borrower Principal pursuant to the terms of any agreement or instrument to which Borrower or any Borrower Principal is a party or by which any of Borrower's or Borrower Principal's property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having jurisdiction over Borrower or any Borrower Principal or any of Borrower's or Borrower Principal's properties or assets which would have a Material Adverse Effect, and any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by Borrower or Borrower Principal of this Agreement or any of the other Loan Documents has been obtained and is in full force and effect.

SECTION 4.5. LITIGATION

There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to Borrower's or Borrower Principal's knowledge, threatened against or affecting Borrower, any Borrower Principal, Manager or the Property, which actions, suits or proceedings, if determined against Borrower, any Borrower Principal, Manager or the Property, would materially adversely affect the condition (financial or otherwise) or business of Borrower or any Borrower Principal or the condition or ownership of the Property.

SECTION 4.6. AGREEMENTS

Borrower is not a party to any agreement or instrument or subject to any restriction which would materially and adversely affect Borrower or the Property, or Borrower's business, properties or assets, operations or condition, financial or otherwise. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or the Property is bound. Borrower has no material financial obligation under any agreement or instrument to which Borrower is a party or by which Borrower or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Property (b) obligations under the Loan Documents, (c) obligations reflected in the financial statements delivered to Lender, (d) the Permitted Encumbrances, and (e) as previously disclosed in writing to Lender.

SECTION 4.7. SOLVENCY

Borrower and each Borrower Principal have (a) not entered into the transaction or executed the Note, this Agreement or any other Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for their obligations under such Loan Documents. Giving effect to the Loan, the fair saleable value of the assets of Borrower and each Borrower Principal exceeds and will, immediately following the making of the Loan, exceed the total liabilities of Borrower and each Borrower Principal, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. No petition in bankruptcy has been filed against Borrower, any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years, and neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years has made an assignment for the benefit of creditors or taken advantage of any Creditors Rights Laws. Neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager is contemplating either the filing of a petition by it under any Creditors Rights Laws or the liquidation of all or a major portion of Borrower's assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against Borrower or any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager.

SECTION 4.8. FULL AND ACCURATE DISCLOSURE

No statement of fact made by or on behalf of Borrower or any Borrower Principal in this Agreement or in any of the other Loan Documents or in any other document or certificate delivered by or on behalf of Borrower or any Borrower Principal contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no material fact presently known to Borrower or any Borrower Principal which has not been disclosed to Lender which materially and adversely affects, nor as far as Borrower or any Borrower Principal can reasonably foresee, might materially and adversely affect, the Property or the business, operations or condition (financial or otherwise) of Borrower or any Borrower Principal.

SECTION 4.9. NO PLAN ASSETS

Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101. In addition, (a) Borrower is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with Borrower are not subject to state statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Agreement.

SECTION 4.10. NOT A FOREIGN PERSON

Neither Borrower nor Borrower Principal is a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

SECTION 4.11. ENFORCEABILITY

The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by Borrower, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and neither Borrower nor Borrower Principal has asserted any right of rescission, set-off, counterclaim or defense with respect thereto. No Default or Event of Default exists under or with respect to any Loan Document.

SECTION 4.12. BUSINESS PURPOSES

The Loan is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

SECTION 4.13. COMPLIANCE

Borrower and the Property, and the use and operation thereof, comply in all material respects with all Legal Requirements, including, without limitation, building and zoning ordinances and codes and the Americans with Disabilities Act, except for any noncompliance which would not have a Material Adverse Effect. To Borrower's knowledge, Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority and Borrower has received no written notice of any such default or violation which would have a Material Adverse Effect. There has not been committed by Borrower or, to Borrower's knowledge, any other Person in occupancy of or involved with the operation or use of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents.

SECTION 4.14. FINANCIAL INFORMATION

All financial data, including, without limitation, the balance sheets, statements of income and operating expense and rent rolls, that have been delivered to Lender by or on behalf

of Borrower and/or Borrower Principal in respect of Borrower, any Borrower Principal and/or the Property (a) are true, complete and correct in all material respects, (b) accurately represent the financial condition of Borrower, Borrower Principal or the Property, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a material adverse effect on the Property or the current and/or intended operation thereof, except as referred to or reflected in said financial statements, the Permitted Encumbrances or otherwise disclosed in writing to Lender. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower or Borrower Principal from that set forth in said financial statements. Lender acknowledges that Lender has not received any of the foregoing statements from the Borrower, but only with respect to the Borrower Principal and the Property.

SECTION 4.15. CONDEMNATION

Except as previously disclosed in writing to Lender, no Condemnation or other proceeding has been commenced or, to Borrower's best knowledge, is threatened or contemplated with respect to all or any portion of the Property or for the relocation of roadways providing access to the Property.

SECTION 4.16. UTILITIES AND PUBLIC ACCESS; PARKING

The Property has adequate rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities (public or private) adequate to service the Property as currently operated. All public utilities necessary to the full use and enjoyment of the Property as currently used and enjoyed are, to Borrower's knowledge, located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property. All roads necessary for the use of the Property for its current purposes (i) have been completed and dedicated to public use and accepted by all Governmental Authorities or (ii) are provided by means of private ingress and egress easements benefiting the Property. The Property has, or is served by, parking to the extent required to comply with all Legal Requirements.

SECTION 4.17. SEPARATE LOTS

Each Parcel is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Property or any portion thereof.

SECTION 4.18. ASSESSMENTS

To Borrower's knowledge after due inquiry, there are no pending or proposed special or other assessments for public improvements or otherwise affecting the Property, nor are

there any contemplated improvements to the Property that may result in such special or other assessments which, in either case, would have a Material Adverse Effect.

SECTION 4.19. INSURANCE

Borrower has obtained and has delivered to Lender certified copies of all Policies or, to the extent such Policies are not available as of the Closing Date, certificates of insurance with respect to all such Policies reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. To Borrower's knowledge, no Person, including Borrower, has done, by act or omission, anything which would impair the coverage of any of the Policies.

SECTION 4.20. USE OF PROPERTY

The Property is used exclusively for a manufactured home community and other appurtenant and related uses.

SECTION 4.21. CERTIFICATE OF OCCUPANCY; LICENSES

All certifications, permits, licenses and approvals, including, without limitation, certificates of completion or occupancy, if any, and any applicable liquor license required for the legal use, occupancy and operation of the Property for the purpose intended herein, have been obtained and are valid and in full force and effect, except for those which, if not obtained, would not have a Material Adverse Affect. Borrower shall keep and maintain all licenses necessary for the operation of the Property for the purpose intended herein. The use being made of the Property is in conformity with the certificate of occupancy, if any, and any permits or licenses issued for the Property, except for those which, if not obtained, would not have a Material Adverse Affect.

SECTION 4.22. FLOOD ZONE

None of the Improvements on the Property are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards, or, if any portion of the Improvements (it being understood that for purposes of this representation only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is located within such area, Borrower has obtained the insurance prescribed in Section 8.1(a) (i).

SECTION 4.23. PHYSICAL CONDITION

To Borrower's knowledge after due inquiry, and except as set forth in the Property Conditions Report and the Appraisal delivered to Lender in connection with the Loan, the Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, electrical systems, equipment, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects in light of the age, design and utility. To Borrower's knowledge after due inquiry, there exists no structural or other material defects or damages in the Property, as a result of a Casualty or otherwise, and whether latent or otherwise. Borrower has not received notice from any

insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

SECTION 4.24. BOUNDARIES

Except as shown in the Title Insurance Policy or as shown on the Survey, (a) none of the Improvements which were included in determining the appraised value of the Property lie outside the boundaries and building restriction lines of the Property to any material extent, and (b) no improvements on adjoining properties encroach upon the Property and no easements or other encumbrances upon the Property encroach upon any of the Improvements so as to materially affect the value or marketability of the Property.

SECTION 4.25. LEASES AND RENT ROLL

Borrower has delivered to Lender a true, correct and complete rent roll for the Property (a "RENT ROLL") which includes all Leases affecting the Property. Except as set forth in the Rent Roll (as same has been updated by written notice thereof to Lender) and estoppel certificates delivered to Lender on or prior to the Closing Date: (a) each Lease is in full force and effect; (b) the premises demised under the Leases have been completed and the Tenants under the Leases have accepted possession of their respective demised premises; (c) the Tenants under the Leases have commenced the payment of rent under the Leases, there are no offsets, claims or defenses to the enforcement thereof, and Borrower has no monetary obligations to any Tenant under any Lease; (d) all Rents due and payable under the Leases have been paid and no substantial portion thereof has been paid for any period more than thirty (30) days in advance; (e) the rent payable under each Lease is the amount of fixed rent set forth in the Rent Roll, and, to Borrower's knowledge, there is no claim or basis for a claim by the Tenant thereunder for an offset or adjustment to the rent; (f) no Tenant has made any written claim of a material default against the landlord under any Lease which remains outstanding nor has Borrower or Manager received, by telephonic, in-person, e-mail or other communication, any notice of a material default under any Lease; (g) to Borrower's knowledge there is no present material default by the Tenant under any Lease; (h) all security deposits under the Leases have been collected by Borrower; (i) Borrower is the sole owner of the entire landlord's interest in each Lease; (j) to Borrower's knowledge, each Lease is the valid, binding and enforceable obligation of Borrower and the applicable Tenant thereunder and there are no agreements between the Borrower and Tenants under the Leases other than as expressly set forth in the Leases; (k) no Person has any possessory interest in, or right to occupy, the Property or any portion thereof except under the terms of a Lease or the Permitted Encumbrances; (l) none of the Leases contains any option or offer to purchase or right of first refusal to purchase the Property or any part thereof (except as may be required by any applicable Legal Requirements); and (m) neither the Leases nor the Rents have been assigned, pledged or hypothecated except to Lender, and, to Borrower's knowledge, no other Person has any interest therein except the Tenants thereunder. Lender hereby recognizes that in addition to the Leases, the relationship between the Borrower and the Tenants of a Parcel may be governed by the terms of an agreement between the Borrower (or its predecessor in interest) and the homeowners association established by the Tenants of such Parcel and the prospectus for such Parcel filed with the State where such Parcel is located.

SECTION 4.26. FILING AND RECORDING TAXES

All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Mortgage, have been paid or will be paid, and, under current Legal Requirements, the Mortgage is enforceable in accordance with its terms by Lender (or any subsequent holder thereof).

SECTION 4.27. INTENTIONALLY RESERVED.

SECTION 4.28. ILLEGAL ACTIVITY

No portion of the Property has been or will be purchased with proceeds of any illegal activity, and no part of the proceeds of the Loan will be used in connection with any illegal activity.

SECTION 4.29. CONSTRUCTION EXPENSES

All costs and expenses of any and all labor, materials, supplies and equipment used in the construction maintenance or repair of the Improvements have been paid in full or will be paid in the ordinary course of business. To Borrower's knowledge after due inquiry, there are no claims for payment for work, labor or materials affecting the Property which are or may become a lien prior to, or of equal priority with, the Liens created by the Loan Documents.

SECTION 4.30. PERSONAL PROPERTY

Borrower has paid in full for, and is the owner of, all Personal Property (other than tenants' property) used in connection with the operation of the Property, free and clear of any and all security interests, liens or encumbrances, except for Permitted Encumbrances and the Lien and security interest created by the Loan Documents.

SECTION 4.31. TAXES

Borrower and Borrower Principal have filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by them and have paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by them. Neither Borrower nor Borrower Principal knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

SECTION 4.32. PERMITTED ENCUMBRANCES

None of the Permitted Encumbrances, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by the Loan Documents, materially and adversely affects the value of the Property, materially impairs the use or the operation of the Property or materially impairs Borrower's ability to pay its obligations in a timely manner.

SECTION 4.33. FEDERAL RESERVE REGULATIONS

Borrower will use the proceeds of the Loan for the purposes set forth in Section 2.1(d) hereof and not for any illegal activity. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements or prohibited by the terms and conditions of this Agreement or the other Loan Documents.

SECTION 4.34. INVESTMENT COMPANY ACT

Borrower is not (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

SECTION 4.35. RECIPROCAL EASEMENT AGREEMENTS

Except as set forth in the Title Insurance Policy, there is no REA affecting any portion of the Property.

SECTION 4.36. NO CHANGE IN FACTS OR CIRCUMSTANCES; DISCLOSURE

All information submitted by Borrower or its agents to Lender and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan or in satisfaction of the terms thereof and all statements of fact made by Borrower in this Agreement or in any other Loan Document, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects or might materially and adversely affect the Property or the business operations or the financial condition of Borrower. To Borrower's knowledge, Borrower has disclosed to Lender all material facts relating to Borrower, Borrower Principal and the Property and has not failed to disclose any material fact relating to Borrower, Borrower Principal and the Property that could cause any representation or warranty made herein to be materially misleading.

SECTION 4.37. INTELLECTUAL PROPERTY

To Borrower's knowledge, all trademarks, trade names and service marks necessary to the business of Borrower as presently conducted or as Borrower contemplates conducting its business are in good standing, except any such trademarks, trade names and service marks which, if not in good standing, would not have a Material Adverse Effect, and, to the extent of Borrower's actual knowledge, uncontested. Borrower has not infringed, is not infringing, and has not received notice of infringement with respect to asserted trademarks, trade

names and service marks of others. To Borrower's knowledge, there is no infringement by others of trademarks, trade names and service marks of Borrower.

SECTION 4.38. SURVEY

The Survey for the Property delivered to Lender in connection with this Agreement does not, to the knowledge of Borrower, fail to reflect any material matter affecting the Property or the title thereto.

SECTION 4.39. EMBARGOED PERSON

As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, (a) none of the funds or other assets of Borrower and Borrower Principal constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by Lender is in violation of law ("EMBARGOED PERSON"); (b) no Embargoed Person has any interest of any nature whatsoever in Borrower or Borrower Principal, as applicable, with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower or Borrower Principal, as applicable, have been derived from any unlawful activity with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law. Notwithstanding anything to the contrary set forth in this Section 4.39, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.40. PATRIOT ACT

All capitalized words and phrases and all defined terms used in the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and in other statutes and all orders, rules and regulations of the United States government and its various executive departments, agencies and offices related to the subject matter of the Patriot Act, including Executive Order 13224 effective September 24, 2001 (collectively referred to in this Section only as the "PATRIOT ACT") and are incorporated into this Section. Each of Borrower and Borrower Principal hereby represents and warrants that Borrower and Borrower Principal and each and every Person affiliated with Borrower or Borrower Principal or that to Borrower's knowledge has an economic interest in Borrower, or, to Borrower's knowledge, that has or will have an interest in the transaction contemplated by this Agreement or in the Property or will participate, in any manner whatsoever, in the Loan, is: (i) not a "blocked" person listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and all modifications thereto or thereof (as used in this Section only, the "ANNEX"); (ii) in full compliance with the requirements of the Patriot Act and all other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (as used in this Section only, "OFAC"); (iii) operated under policies,

procedures and practices, if any, that are in compliance with the Patriot Act and available to Lender for Lender's review and inspection during normal business hours and upon reasonable prior notice; (iv) not in receipt of any notice from the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States claiming a violation or possible violation of the Patriot Act; (v) not listed as a Specially Designated Terrorist or as a "blocked" person on any lists maintained by the OFAC pursuant to the Patriot Act or any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of the OFAC issued pursuant to the Patriot Act or on any other list of terrorists or terrorist organizations maintained pursuant to the Patriot Act; (vi) not a person who has been determined by competent authority to be subject to any of the prohibitions contained in the Patriot Act; and (vii) not owned or controlled by or now acting and or will in the future act for or on behalf of any person named in the Annex or any other list promulgated under the Patriot Act or any other person who has been determined to be subject to the prohibitions contained in the Patriot Act. Borrower covenants and agrees that in the event Borrower receives any notice that Borrower Principal or Borrower (or any of its beneficial owners or affiliates or participants) become listed on the Annex or any other list promulgated under the Patriot Act or is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering, Borrower shall immediately notify Lender. It shall be an Event of Default hereunder if Borrower, Borrower Principal or any other party to any Loan Document becomes listed on any list promulgated under the Patriot Act or is indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering. Notwithstanding anything to the contrary set forth in this Section 4.40, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.41. ASSUMPTIONS

Each of the assumptions contained in the opinion related to issues of substantive consolidation delivered by Borrower to Lender on the date hereof relating to the Borrower, SPE Component Entity and their operations are true and accurate in all material respects.

SECTION 4.42. SURVIVAL

Borrower agrees that, unless expressly provided otherwise, all of the representations and warranties of Borrower set forth in this Agreement and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any portion of the Debt remains owing to Lender. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Borrower shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf; provided, however, Lender shall not be entitled to rely upon such representation or warranty if any employee of Lender who has been actively involved with the making of the Loan has actual knowledge that such representation or warranty is false as of the date made.

SECTION 4.43. REPRESENTATIONS, WARRANTIES AND COVENANTS

Notwithstanding any provision in this Agreement to the contrary, any covenant, representation, warranty, undertaking or agreement made by Borrower Principal hereunder is

being made by Borrower Principal only with respect to Borrower Principal and shall not be construed to mean that Borrower Principal is making any covenant, representation, warranty, undertaking or agreement with respect to the Borrower, the Property or any other matter herein; provided, however, nothing in this Section shall in any way limit the liability and obligations of Borrower or Borrower Principal if Borrower and/or Borrower Principal breaches any covenant, representation, warranty, undertaking or agreement which gives rise to recourse liability pursuant to Article 15 hereof. Notwithstanding any provision in this Agreement to the contrary, any covenant, representation or warranty made by a Borrower hereunder is being made by a Borrower only with respect to such Borrower and the Parcel(s) owned by such Borrower and shall not be construed to mean that such Borrower is making any covenant, representation, warranty, undertaking or agreement with respect to another Borrower or any Parcels owned by such other Borrower; provided, however, nothing in this Section shall in any way limit (a) the liability and obligations of any Borrower or Borrower Principal if Borrower and/or Borrower Principal breaches any covenant, representation or warranty which gives rise to recourse liability pursuant to Article 15 hereof, nor (b) the joint and several liability of each Borrower pursuant to the Loan Documents.

ARTICLE V
BORROWER COVENANTS

From the date hereof and until repayment of the Debt in full and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Lien of the Mortgage (and all related obligations) in accordance with the terms of this Agreement and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

SECTION 5.1. EXISTENCE; COMPLIANCE WITH LEGAL REQUIREMENTS

(a) Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all Legal Requirements applicable to it and the Property. Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents. Borrower shall at all times maintain, preserve and protect all franchises and trade names used in connection with the operation of the Property.

(b) Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the Legal Requirements affecting the Property, provided that (i) no Default or Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower or the Property is subject and shall not constitute a default thereunder; (iii) neither the Property, any part thereof or interest therein, any of the tenants or occupants thereof, nor Borrower shall be affected in any material adverse way as a result of such proceeding; (iv) non-compliance with the Legal Requirements shall not impose civil or criminal liability on Borrower or Lender and (v) Borrower shall have furnished to Lender all other items reasonably requested by Lender.

SECTION 5.2. MAINTENANCE AND USE OF PROPERTY

Borrower shall cause the Property to be maintained in a good and safe condition and repair. The Improvements and the Personal Property shall not be removed or demolished other than in accordance with the provisions of Section 5.21, materially altered (except for normal replacement of the Personal Property or as otherwise permitted herein) without the prior written consent of Lender. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower will not cause or permit the nonconforming use to be discontinued or the nonconforming Improvement to be abandoned without the express written consent of Lender.

SECTION 5.3. WASTE

Borrower shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that is likely to invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that is likely to materially impair the value of the Property or the security for the Loan. Borrower will not, without the prior written consent of Lender, and except to the extent required under the Permitted Encumbrances, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof.

SECTION 5.4. TAXES AND OTHER CHARGES

(a) Borrower shall pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Property or any part thereof before the same become delinquent; provided, however, Borrower's obligation to directly pay Taxes shall be suspended for so long as Borrower complies with the terms and provisions of Section 9.6 hereof. Borrower shall furnish to Lender receipts for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent (provided, however, that Borrower is not required to furnish such receipts for payment of Taxes in the event that such Taxes have been paid by Lender pursuant to Section 9.6 hereof). Borrower shall not suffer and shall promptly cause to be paid and discharged any Lien or charge whatsoever which may be or become a Lien or charge against the Property, and shall promptly pay for all utility services provided to the Property.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Default or Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the

collection of such contested Taxes or Other Charges from the Property; and (vi) if Borrower is required to make reserve deposits, or deliver a Letter of Credit, to Lender for Taxes and Other Charges, then Borrower shall furnish such security as may be required in the proceeding, or deliver to Lender such reserve deposits as may be requested by Lender, to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon (unless Borrower has paid all of the Taxes or Other Charges under protest). Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the judgment of Lender, the entitlement of such claimant is established or the Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the Lien of the Mortgage being primed by any related Lien.

SECTION 5.5. LITIGATION

Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower which, if adversely decided, would have a Material Adverse Effect.

SECTION 5.6. ACCESS TO PROPERTY

Borrower shall permit agents, representatives and employees of Lender to inspect the Property or any part thereof at reasonable hours upon reasonable advance notice.

SECTION 5.7. NOTICE OF DEFAULT

Borrower shall promptly advise Lender of any material adverse change in the condition (financial or otherwise) of Borrower, any Borrower Principal or the Property or of the occurrence of any Default or Event of Default of which Borrower has knowledge.

SECTION 5.8. COOPERATE IN LEGAL PROCEEDINGS

Borrower shall at Borrower's expense cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

SECTION 5.9. PERFORMANCE BY BORROWER

Borrower shall in a timely manner observe, perform and fulfill in all material respects each and every covenant, term and provision to be observed and performed by Borrower under this Agreement and the other Loan Documents and any other agreement or instrument affecting or pertaining to the Property and any amendments, modifications or changes thereto.

SECTION 5.10. AWARDS; INSURANCE PROCEEDS

Borrower shall cooperate with Lender in obtaining the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with the Property (to be held and

applied in accordance with Section 8.4 hereof), and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable, actual attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Lender in case of a Casualty or Condemnation affecting the Property or any part thereof) out of such Awards or Insurance Proceeds.

SECTION 5.11. FINANCIAL REPORTING

(a) Borrower and Borrower Principal shall each keep separate adequate books and records of account in accordance with GAAP, or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and shall furnish to Lender:

(i) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, certified rent rolls with respect to each Parcel signed and dated by Borrower, detailing the names of all Tenants, the home site occupied by each Tenant, the rent, and any other charges payable under each Lease, and the term of each Lease, including the commencement and expiration dates and any tenant extension, expansion or renewal options, the extent to which any Tenant is in default under any Lease, and any other information as is reasonably required by Lender, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(ii) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, operating statements, profit and loss statements, and statements of the Property Operating Account of each Parcel, prepared and certified by Borrower, detailing, among other things, the revenues received, the expenses incurred and the net operating income before and after debt service (principal and interest) and major capital improvements for the period of calculation and containing appropriate year-to-date information, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(iii) quarterly and annual balance sheets of Borrower (with respect to each Parcel) and SCI, profit and loss statements and statements of cash flows of SCI (with the annual financial statements of SCI prepared and audited by an Acceptable Accountant), within forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower and SCI, as applicable, as the case may be; and

(iv) an Annual Budget not later than thirty (30) days after the commencement of each fiscal year of Borrower.

(b) Upon request from Lender, Borrower shall promptly furnish to Lender:

(i) a property management report for the Property, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in

reasonable detail and certified by Borrower under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits held in connection with any Lease of any part of the Property, 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 of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Intentionally reserved.

(d) Borrower and Borrower Principal shall furnish Lender with such other additional financial or management information (including state and federal tax returns) as may, from time to time, be reasonably required by Lender in form and substance satisfactory to Lender and shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

(e) All items requiring the certification of Borrower shall require a certificate executed by the general partner, managing member or chief executive officer of Borrower, as applicable (and the same rules shall apply to any sole shareholder, general partner or managing member which is not an individual).

SECTION 5.12. ESTOPPEL STATEMENT

(a) After request by Lender, Borrower shall within fifteen (15) Business Days furnish Lender with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the rate of interest on the Note, (iii) the unpaid principal amount of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, if any, and (vi) that the Note, this Agreement, the Mortgage and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification.

(b) Borrower shall use its best efforts to deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more Tenants as required by Lender attesting to such facts regarding the related Lease as Lender may require, including, but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, and that the Tenant claims no defense or offset against the full and timely performance of its obligations under the Lease.

SECTION 5.13. LEASING MATTERS.

(a) Except as otherwise consented to by Lender in writing, all Leases shall be written on the standard form of lease for such Parcel delivered to Lender prior to the closing of the Loan. Upon request, Borrower shall furnish Lender with executed copies of all Major Leases. No material changes (other than changes which are in the ordinary course of the Borrower's business and/or are required by applicable law, so long as such changes do not have

a Material Adverse Effect) may be made to the standard form of lease without the prior written consent of Lender. In addition, all renewals of Leases and all proposed leases shall provide for rental rates and terms comparable to existing local market rates and terms and shall be arm's-length transactions with bona fide, independent third party tenants. All proposed commercial Leases and renewals of existing Leases for commercial space shall be subject to the prior approval of Lender and its counsel, at Borrower's expense, such approval not to be unreasonably withheld or delayed. All commercial Leases shall provide that they are subordinate to the Mortgage and that the tenant agrees to attorn to Lender. Notwithstanding the foregoing, Lender acknowledges that certain homesites are not leased to Tenants pursuant to written instruments. From and after the date hereof, Borrower shall agree to offer written Leases to new Tenants in accordance with its current ordinary course of business practices.

(b) Borrower (i) shall observe and perform all the obligations imposed upon the landlord under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall enforce all of the material terms, covenants and conditions contained in the Leases upon the part of the Tenant thereunder to be observed or performed, short of termination thereof; provided however, with respect to mobile home or recreational vehicle community residential property, a residential Lease may be terminated in the event of a default by the tenant thereunder; (iii) shall not collect any of the Rents more than one (1) month in advance, except for (A) Rents aggregating in an amount equal to less than five percent (5.0%) of the Operating Income of the Property and (B) Rents collected with respect to recreational vehicle sites; and (iv) shall not execute any other assignment of the landlord's interest in the Leases or the Rents.

(c) Notwithstanding the provisions of subsection (a) above, renewals of existing commercial Leases and proposed Leases for commercial space shall not be subject to the prior approval of Lender, provided all of the following conditions are satisfied: (i) the rental income pursuant to the renewal or proposed Lease is not more than five (5%) percent of the total rental income for the Property (exclusive of any rental income from recreational vehicle sites), (ii) the renewal or proposed Lease has a base term of less than six (6) years including options to renew (other than leases for laundry facilities which may include a 10-year term), (iii) the renewal or proposed Lease is subject and subordinate to the Mortgage and the tenant thereunder shall have agreed to attorn to Lender, (iv) the renewal or proposed Lease is on the standard form of lease approved by Lender, (v) the renewal or proposed Lease does not contain any option, offer, right of first refusal, or other similar right to acquire all or any portion of the Property, and (vi) the renewal or proposed Lease provides for rental rates and terms comparable to existing market rates and terms and is an arm's-length transaction with a bona fide, independent third party tenant. Borrower shall deliver to Lender copies of all Leases which are entered into pursuant to the preceding sentence together with Borrower's certification that it has satisfied all of the conditions of the preceding sentence within thirty (30) days after the execution of the Lease.

SECTION 5.14. PROPERTY MANAGEMENT

(a) Borrower shall (i) promptly perform and observe in all material respects all of the covenants required to be performed and observed by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its material rights

thereunder; (ii) promptly notify Lender of any material default under the Management Agreement of which it is aware; (iii) promptly deliver to Lender a copy of any notice of default or other material notice received by Borrower under the Management Agreement; (iv) promptly give notice to Lender of any notice or information that Borrower receives which indicates that Manager is terminating the Management Agreement or that Manager is otherwise discontinuing its management of the Property; and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement.

(b) If at any time, (i) Manager shall become insolvent or a debtor in a bankruptcy proceeding; (ii) an Event of Default has occurred and is continuing; (iii) a default has occurred and is continuing under the Management Agreement, or (iv) while the Manager is not an Affiliate of the Borrower, the Debt Service Coverage Ratio for the preceding twelve (12) month period ending with the most recently completed calendar quarter is less than 1.10 to 1.0, Borrower shall, at the request of Lender, terminate the Management Agreement upon thirty (30) days prior notice to Manager and replace Manager with a Qualified Manager approved by Lender on terms and conditions satisfactory to Lender, it being understood and agreed that the management fee for such replacement manager shall not exceed then prevailing market rates.

(c) Intentionally reserved.

(d) Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed): (i) surrender, terminate or cancel the Management Agreement or otherwise replace Manager or enter into any other management agreement with respect to the Property, unless the replacement Manager is a Qualified Manager; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; or (iv) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, the Management Agreement in any material respect. In the event that Borrower replaces Manager at any time during the term of Loan pursuant to this subsection, such Manager shall be a Qualified Manager.

(e) If during the term of the Loan the Borrower engages or replaces the Manager with a new property manager that is an Affiliated Manager, the Borrower shall deliver to Lender an opinion as to non-consolidation issues between the Borrower and such Affiliated Manager, such opinion to be acceptable to the Lender and the Rating Agencies.

(f) Notwithstanding the foregoing, Lender and Borrower acknowledge and agree that as of the date hereof the Property is self-managed by Borrower. If during the term of the Loan Borrower engages a property manager, then the provisions of the Management Agreement with such property manager shall be subject to the provisions of this Section 5.14.

SECTION 5.15. LIENS

Borrower shall not, without the prior written consent of Lender, create, incur, assume or suffer to exist any Lien on any portion of the Property or permit any such action to be taken, except Permitted Encumbrances.

SECTION 5.16. DEBT CANCELLATION

Borrower shall not cancel or otherwise forgive or release any claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration or in the ordinary course of Borrower's business.

SECTION 5.17. ZONING

Borrower shall not initiate or consent to any zoning reclassification of any portion of the Property or seek any variance (other than in the ordinary course of business) under any existing zoning ordinance or use or permit the use of any portion of the Property in any manner that could result in such use becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, without the prior written consent of Lender.

SECTION 5.18. ERISA

(a) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as requested by Lender in its sole discretion, that (i) Borrower is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2);

(B) Less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); or

(C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e).

SECTION 5.19. NO JOINT ASSESSMENT

Borrower shall not suffer, permit or initiate the joint assessment of any Parcel with (a) any other real property constituting a tax lot separate from such Parcel, or (b) any portion of such Parcel which may be deemed to constitute personal property, or any other procedure whereby the Lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to the Property.

SECTION 5.20. RECIPROCAL EASEMENT AGREEMENTS

Borrower shall not enter into, terminate or modify any REA without Lender's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Borrower shall enforce, comply with, and cause each of the parties to the REA to comply with all of the material economic terms and conditions contained in the REA.

SECTION 5.21. ALTERATIONS

Lender's prior approval shall be required in connection with any alterations to any Improvements (a) that will have a Material Adverse Effect on the affected Parcel or (b) that, together with any other alterations undertaken at the same time (including any related alterations, improvements or replacements), are reasonably anticipated to have a cost in excess of the Alteration Threshold.

SECTION 5.22. TRADE INDEBTEDNESS

Borrower shall pay its trade payables and operational debt upon the earlier to occur of (a) sixty (60) days of the date invoiced, and (b) the date the same is due and payable.

SECTION 5.23. TAX CREDITS

Borrower shall not claim a low income housing credit for the Property under Section 42 of the Internal Revenue Code without Lender's prior written consent.

ARTICLE VI
ENTITY COVENANTS

SECTION 6.1. SINGLE PURPOSE ENTITY/SEPARATENESS

Until the Debt has been paid in full, Borrower represents, warrants and covenants as follows:

(a) Borrower will not:

(i) engage in any business or activity other than the ownership, operation and maintenance of the Property, and activities incidental thereto;

(ii) acquire or own any assets other than (A) the Property, and (B) such incidental Personal Property as may be necessary for the operation of the Property;

(iii) except as otherwise expressly permitted hereunder, merge into or consolidate with any Person, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) except as otherwise permitted therein, fail to observe all organizational formalities, or fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the applicable Legal Requirements of the

jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply with the material provisions of its organizational documents;

(v) own any subsidiary, or make any investment in, any Person;

(vi) commingle its assets with the assets of any other Person;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) the Debt, (B) trade and operational indebtedness incurred in the ordinary course of business with trade creditors, provided such indebtedness is (1) unsecured, (2) not evidenced by a note, (3) on commercially reasonable terms and conditions, and (4) due not more than sixty (60) days past the date invoiced and paid on or prior to such date, and/or (C) financing leases and purchase money indebtedness incurred in the ordinary course of business relating to Personal Property on commercially reasonable terms and conditions; provided however, the aggregate amount of the indebtedness described in (B) and (C) shall not exceed at any time three percent (3%) of the outstanding principal amount of the Note;

(viii) (A) fail to maintain its records, books of account, bank accounts, financial statements, accounting records and other entity documents for each Parcel separate and apart from those of any other Person showing such Parcel's assets and liabilities separate and apart from those of any other Person and (B) include its assets listed on any financial statement of any other person; provided, however, that Borrower's assets may be included in a consolidated operating or financial statement of its Affiliate provided that an appropriate notation shall be made on such consolidated operating or financial statements to indicate the separateness of Borrower from such Affiliate and to indicate Borrower's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person;

(ix) enter into any contract or agreement with any general partner, member, shareholder, principal, guarantor of the obligations of Borrower, or any Affiliate of the foregoing, except upon terms and conditions that are intrinsically fair, commercially reasonable and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(x) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xi) assume or guaranty the debts of any other Person, hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person, except for the Debt;

(xii) make any loans or advances to any Person;

(xiii) fail to file its own tax returns or files a consolidated federal income tax return with any Person (unless prohibited or required, as the case may be, by applicable Legal Requirements);

(xiv) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity;

(xv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xvi) if it is a partnership or limited liability company, without the unanimous written consent of all of its partners or members, as applicable, and the written consent of 100% of the directors of each SPE Component Entity (if any), including, without limitation, each Independent Director, (a) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any Creditors Rights Laws, (b) seek or consent to the appointment of a receiver, liquidator or any similar official, (c) take any action that might cause such entity to become insolvent, or (d) make an assignment for the benefit of creditors;

(xvii) fail to allocate shared expenses (including, without limitation, shared office space and services performed by an employee of an Affiliate) among the Persons sharing such expenses and to use separate stationery, invoices and checks;

(xviii) fail to remain solvent or pay its own liabilities (including, without limitation, salaries of its own employees) only from its own funds;

(xix) acquire obligations or securities of its partners, members, shareholders or other affiliates, as applicable;

(xx) violate or cause to be violated the assumptions made with respect to Borrower and its principals in any opinion letter pertaining to substantive consolidation delivered to Lender in connection with the Loan; or

(xxi) fail to maintain a sufficient number of employees in light of its contemplated business operations.

Notwithstanding anything contained in this Section 6.1(a) to the contrary, whether express or implied, Lender and Borrower agree that the following operations and activities of Borrower, SPE Component Entity (if any) and their Affiliates shall not be considered a violation of any obligation set forth in this Section 6.1(a): (i) offering services to residents of the Property through Affiliates or other third parties for which fees and charges may be collected by Borrower or the Affiliate and paid to such Affiliate or third party, which may include, without limitation, cable and internet services, landscaping, snow removal, lease or sale of manufactured homes, and child care; provided that such Affiliates do not conduct their business in the name of the Borrower and that any agreements between the Borrower and its Affiliates relating to such services are on commercially reasonable terms similar to those of an arm's-length transaction; (ii) depositing all gross revenue, whether cash, cash equivalents or similar assets, in the Property Operating Account, after paying expenses of the Borrower or causing SCOLP and/or SCI to pay such expenses in accordance with Article 10 hereof, and subject to the provisions of the applicable Borrower's organizational documents, distributing such remaining cash to SCI,

SCOLP or at the direction of SCI or SCOLP, as applicable, to any other Affiliate, and in any case, distributing such remaining cash that does not belong to the Borrower promptly to such entities; (iii) paying all payables, debts and other liabilities arising from or in connection with the operation of the Property from the Property Operating Accounts, or causing SCOLP and/or SCI to pay such liabilities pursuant to Article 10 hereof; (iv) subject to the provisions of the applicable Borrower's organizational documents, using ancillary assets in connection with the operation of the Property held in the name of SCI, SCOLP or any Affiliates, such as vehicles and office and maintenance equipment; (v) treating the Property for all purposes as part of and within the portfolio of manufactured housing communities owned by the SCOLP or any Affiliate, for marketing, promotion and providing information and reports to the public or as required by any Legal Requirements; provided, however, that the Borrower shall conduct business in its own name or its assumed or trade name; and (vi) allocating general overhead and administrative costs incurred by SCI and SCOLP and/or other Affiliates to the Borrower in a fair and equitable manner.

(b) If Borrower is a partnership or limited liability company, each general partner in the case of a general partnership, each general partner in the case of a limited partnership, or the managing member in the case of a limited liability company (each an "SPE COMPONENT ENTITY") of Borrower, as applicable, shall be a corporation whose sole asset is its interest in Borrower. Each SPE Component Entity (i) will at all times comply with each of the covenants, terms and provisions contained in Section 6.1(a)(iii) - (vi) and (viii) - (xxi), as if such representation, warranty or covenant was made directly by such SPE Component Entity; (ii) will not engage in any business or activity other than owning an interest in Borrower and acting as the managing member or general partner of Borrower; (iii) will not acquire or own any assets other than its partnership, membership, or other equity interest in Borrower; (iv) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation); and (v) will cause Borrower to comply with the provisions of this Section 6.1 and Section 6.4. Prior to the withdrawal or the disassociation of any SPE Component Entity from Borrower, Borrower shall immediately appoint a new general partner or managing member whose articles of incorporation are substantially similar to those of such SPE Component Entity and, if an opinion letter pertaining to substantive consolidation was required at closing, deliver a new opinion letter acceptable to Lender and the Rating Agencies with respect to the new SPE Component Entity and its equity owners. Notwithstanding the foregoing, to the extent Borrower is a single member Delaware limited liability company, so long as Borrower maintains such formation status, no SPE Component Entity shall be required.

(c) In the event Borrower is a single member Delaware limited liability company, the limited liability company agreement of Borrower (the "LLC AGREEMENT") shall provide that (i) upon the occurrence of any event that causes the sole member of Borrower ("MEMBER") to cease to be the member of Borrower (other than (A) upon an assignment by Member of all of its limited liability company interest in Borrower and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (B) the resignation of Member and the admission of an additional member of Borrower in accordance with the terms of the Loan Documents and the LLC Agreement), any person acting as Independent Director of Borrower shall, without any action of any other Person and simultaneously with the Member ceasing to be the member of Borrower, automatically be admitted to Borrower ("SPECIAL MEMBER") and shall continue Borrower without dissolution and

(ii) Special Member may not resign from Borrower or transfer its rights as Special Member unless (A) a successor Special Member has been admitted to Borrower as Special Member in accordance with requirements of Delaware law and (B) such successor Special Member has also accepted its appointment as an Independent Director. The LLC Agreement shall further provide that (i) Special Member shall automatically cease to be a member of Borrower upon the admission to Borrower of a substitute Member, (ii) Special Member shall be a member of Borrower that has no interest in the profits, losses and capital of Borrower and has no right to receive any distributions of Borrower assets, (iii) pursuant to Section 18-301 of the Delaware Limited Liability Company Act (the "ACT"), Special Member shall not be required to make any capital contributions to Borrower and shall not receive a limited liability company interest in Borrower, (iv) Special Member, in its capacity as Special Member, may not bind Borrower and (v) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower, including, without limitation, the merger, consolidation or conversion of Borrower; provided, however, such prohibition shall not limit the obligations of Special Member, in its capacity as Independent Director, to vote on such matters required by the Loan Documents or the LLC Agreement. In order to implement the admission to Borrower of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower as Special Member, Special Member shall not be a member of Borrower.

Upon the occurrence of any event that causes the Member to cease to be a member of Borrower, to the fullest extent permitted by law, the personal representative of Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Member in Borrower, agree in writing (i) to continue Borrower and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower, effective as of the occurrence of the event that terminated the continued membership of Member of Borrower in Borrower. Any action initiated by or brought against Member or Special Member under any Creditors Rights Laws shall not cause Member or Special Member to cease to be a member of Borrower and upon the occurrence of such an event, the business of Borrower shall continue without dissolution. The LLC Agreement shall provide that each of Member and Special Member waives any right it might have to agree in writing to dissolve Borrower upon the occurrence of any action initiated by or brought against Member or Special Member under any Creditors Rights Laws, or the occurrence of an event that causes Member or Special Member to cease to be a member of Borrower.

SECTION 6.2. CHANGE OF NAME, IDENTITY OR STRUCTURE

Borrower shall not change or permit to be changed (a) Borrower's name, (b) Borrower's identity (including its trade name or names) although Borrower may change the name of any Parcel without prior notice to, or the consent of, Lender, (c) Borrower's principal place of business set forth on the first page of this Agreement, (d) the corporate, partnership or other organizational structure of Borrower, each SPE Component Entity (if any), or Borrower Principal, (e) Borrower's state of organization, or (f) Borrower's organizational identification number, without in each case notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's structure, without first obtaining the prior written consent of Lender. In addition, Borrower shall not change or permit to be changed any organizational documents of Borrower or any SPE

Component Entity (if any) if such change would adversely impact the covenants set forth in Section 6.1 and Section 6.4 hereof. Borrower authorizes Lender to file any financing statement or financing statement amendment required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall execute a certificate in form satisfactory to Lender listing the trade names under which Borrower intends to operate the Property, and representing and warranting that Borrower does business under no other trade name with respect to the Property. If Borrower does not now have an organizational identification number and later obtains one, or if the organizational identification number assigned to Borrower subsequently changes, Borrower shall promptly notify Lender of such organizational identification number or change.

SECTION 6.3. BUSINESS AND OPERATIONS

Borrower will qualify to do business and will remain in good standing under the laws of the State as and to the extent the same are required for the ownership, maintenance, management and operation of the Property.

SECTION 6.4. INDEPENDENT DIRECTOR

(a) The organizational documents of each SPE Component Entity (if any) shall provide that at all times there shall be, and Borrower shall cause there to be, at least two Independent Directors of such SPE Component Entity reasonably satisfactory to Lender.

(b) The organizational documents of each SPE Component Entity (if any) shall provide that the board of directors of such SPE Component Entity shall not take any ID Action (defined below) unless at the time of such ID Action there shall be at least two (2) members of the board of directors who are Independent Directors. Such SPE Component Entity will not, without the unanimous written consent of its board of directors including each Independent Director, on behalf of itself or Borrower, (i) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable Creditors Rights Laws; (ii) seek or consent to the appointment of a receiver, liquidator or any similar official; (iii) take any action that might cause such entity to become insolvent; or (iv) make an assignment for the benefit of creditors (individually and collectively, as the case may be, an "ID ACTION").

ARTICLE VII NO SALE OR ENCUMBRANCE

SECTION 7.1. TRANSFER DEFINITIONS

For purposes of this Article 7 an "AFFILIATED MANAGER" shall mean any managing agent in which Borrower, Borrower Principal, any SPE Component Entity (if any) or any affiliate of such entities has, directly or indirectly, any legal, beneficial or economic interest; "CONTROL" shall mean the power to direct the management and policies of a Restricted Party, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise; provided, however, any change in the members of the board of directors of SCI, or SPE Component Entity shall not, in and of itself, constitute a change in control; "RESTRICTED PARTY" shall mean Borrower, Borrower Principal, any SPE Component

Entity (if any), any Affiliated Manager, or any shareholder, partner, member or non-member manager, or any direct or indirect legal or beneficial owner of Borrower, Borrower Principal, any SPE Component Entity (if any), any Affiliated Manager or any non-member manager; and a "SALE OR PLEDGE" shall mean a voluntary or involuntary sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest.

SECTION 7.2. NO SALE/ENCUMBRANCE

(a) Borrower shall not cause or permit a Sale or Pledge of the Property or any part thereof or any legal or beneficial interest therein nor permit a Sale or Pledge of an interest in any Restricted Party (in each case, a "PROHIBITED TRANSFER"), other than pursuant to Leases of space in the Improvements to Tenants in accordance with the provisions of Section 5.13, without the prior written consent of Lender.

(b) A Prohibited Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party (other than SCI) is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock in one or a series of transactions; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general or limited partner or any profits or proceeds relating to such partnership interests or the creation or issuance of new partnership interests; provided, however, the foregoing shall not apply to interests in SCOLP other than those owned by SCI, provided, further, that SCI's ownership interest in SCOLP shall be permitted to decrease so long as after any such decrease SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of any member or any profits or proceeds relating to such membership interest other than transfers by or among SCOLP, SCI or their Affiliates and transfers within SCOLP and SCI as permitted under clause (iv) above; (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests; or (vii) the removal or the resignation of Manager (including, without limitation, an Affiliated Manager) other than in accordance with Section 5.14.

SECTION 7.3. PERMITTED TRANSFERS

Notwithstanding the provisions of Section 7.2, the following transfers shall not be deemed to be a Prohibited Transfer: (a) a transfer by devise or descent or by operation of law upon the death of a member, partner or shareholder of a Restricted Party; (b) the Sale or Pledge,

in one or a series of transactions, of not more than forty-nine percent (49%) of the stock, limited partnership interests or non-managing membership interests (as the case may be) in a Restricted Party; provided, however, no such transfers shall result in a change in Control in the Restricted Party, or change in control of the Property, or the Property to be managed by a Person who is not a Qualified Manager, and as a condition to each such transfer, Lender shall receive not less than thirty (30) days prior written notice of such proposed transfer (c) the sale or transfer of stock in SCI provided such stock is listed on a nationally recognized stock exchange, (d) subject to providing prior notice to Lender, transfers of the direct or indirect interest in Borrower by and among SCI, SCOLP and their Affiliates, provided that no such transfers shall result in a change in Control of the Borrower or a change in control of the Property, (e) transfers of the limited partnership interests in SCOLP or reductions of SCI's ownership interest in SCOLP, provided that after such transfer (or reduction of ownership interests in the case of SCI) SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP, or (f) the issuance of additional stock in, or redemption of stock in, SCI, the issuance of additional limited partnership interests in, or redemption of limited partnership interests in, SCOLP, and the issuance of additional ownership interests in, or the redemption of the ownership interests in, the Affiliates of SCI and SCOLP (other than Borrower and the SPE Component Entity, if any). Notwithstanding the foregoing, any transfer that results in any Person owning in excess of forty-nine percent (49%) of the ownership interest in a Restricted Party shall comply with the requirements of Section 7.4 hereof.

SECTION 7.4. LENDER'S RIGHTS

Lender reserves the right to condition the consent to a Prohibited Transfer requested hereunder upon (a) a modification of the terms hereof (other than the economic terms) and an assumption of the Note and the other Loan Documents as so modified by the proposed Prohibited Transfer, (b) receipt of payment of a transfer fee equal to one percent (1%) of the outstanding principal balance of the Loan and all of Lender's expenses incurred in connection with such Prohibited Transfer, (c) receipt of written confirmation from the Rating Agencies that the Prohibited Transfer will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, (d) the proposed transferee's continued compliance with the covenants set forth in this Agreement (including, without limitation, the covenants in Article 6) and the other Loan Documents, (e) the Property being managed by a Qualified Manager and a new management agreement satisfactory to Lender, and (f) the satisfaction of such other conditions and/or legal opinions as Lender shall determine in its sole discretion to be in the interest of Lender. All expenses incurred by Lender shall be payable by Borrower whether or not Lender consents to the Prohibited Transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a Prohibited Transfer made without Lender's consent. This provision shall apply to each and every Prohibited Transfer, whether or not Lender has consented to any previous Prohibited Transfer. Notwithstanding anything to the contrary contained in this Section 7.4, in the event a substantive non-consolidation opinion was delivered to Lender and the Rating Agencies in connection with the closing of the Loan, and if any Sale or Pledge permitted under this Article 7 results in any Person and its Affiliates owning in excess of forty-nine percent (49%) of the ownership interests in a Restricted Party, Borrower shall, prior to such transfer, and in addition to any other

requirement for Lender consent contained herein, deliver a revised substantive non-consolidation opinion to Lender reflecting such Prohibited Transfer, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies.

SECTION 7.5. ASSUMPTION

Notwithstanding the foregoing provisions of this Article 7, following the date which is six (6) months from the Closing Date, Lender shall not unreasonably withhold, delay or condition consent to a transfer of the Property in its entirety to or of one hundred percent (100%) of the ownership interests in the Borrower, and the related assumption of the Loan by, any Person (a "TRANSFeree") provided that each of the following terms and conditions are satisfied:

(a) no Default or Event of Default has occurred;

(b) Borrower shall have (i) delivered written notice to Lender of the terms of such prospective transfer not less than thirty (30) days before the date on which such transfer is scheduled to close and, concurrently therewith, all such information concerning the proposed Transferee as Lender shall reasonably require and (ii) paid to Lender a non-refundable processing fee in the amount of \$10,000. Lender shall have the right to approve or disapprove the proposed transfer based on its then current underwriting and credit requirements for similar loans secured by similar properties which loans are sold in the secondary market, such approval not to be unreasonably withheld, conditioned or delayed. In determining whether to give or withhold its approval of the proposed transfer, Lender shall consider the experience and track record of Transferee and its principals in owning and operating facilities similar to the Property, the financial strength of Transferee and its principals, the general business standing of Transferee and its principals and Transferee's and its principals' relationships and experience with contractors, vendors, tenants, lenders and other business entities; provided, however, that, notwithstanding Lender's agreement to consider the foregoing factors in determining whether to give or withhold such approval, such approval shall be given or withheld based on what Lender determines to be commercially reasonable and, if given, may be given subject to such conditions as Lender may deem reasonably appropriate. In no event shall Lender consent to a proposed transfer prior to a Securitization if the consideration to be paid by the Transferee for the Property, as determined by Lender in its sole discretion, is less than the appraised value of the Property as determined by Lender based upon the Appraisal delivered to Lender in connection with Lender's underwriting of the Loan;

(c) Borrower shall have paid to Lender, concurrently with the closing of such transfer, (i) a non-refundable assumption fee in an amount equal to one percent (1.0%) of the then outstanding principal balance of the Note and (ii) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection with the transfer;

(d) Transferee assumes and agrees to pay the Debt as and when due subject to the provisions of Article 15 hereof and, prior to or concurrently with the closing of such transfer, Transferee and its constituent partners, members or shareholders as Lender may require, shall execute, without any cost or expense to Lender, such documents and agreements as Lender shall reasonably require to evidence and effectuate said assumption;

(e) Borrower and Transferee, without any cost to Lender, shall furnish any information requested by Lender for the preparation of, and shall authorize Lender to file, new financing statements and financing statement amendments and other documents to the fullest extent permitted by applicable law, and shall execute any additional documents reasonably requested by Lender;

(f) Borrower shall have delivered to Lender, without any cost or expense to Lender, such endorsements to Lender's Title Insurance Policy insuring that fee simple or leasehold title to the Property, as applicable, is vested in Transferee (subject to Permitted Encumbrances), hazard insurance endorsements or certificates and other similar materials as Lender may deem necessary at the time of the transfer, all in form and substance satisfactory to Lender;

(g) Transferee shall have furnished to Lender, if Transferee is a corporation, partnership, limited liability company or other entity, all appropriate papers evidencing Transferee's organization and good standing, and the qualification of the signers to execute the assumption of the Debt, which papers shall include certified copies of all documents relating to the organization and formation of Transferee and of the entities, if any, which are partners or members of Transferee. Transferee and such constituent partners, members or shareholders of Transferee (as the case may be), as Lender shall require, shall comply with the covenants set forth in Article 6 hereof;

(h) Transferee shall assume the obligations of Borrower under any Management Agreement or provide a new management agreement with a new Qualified Manager which meets with the requirements of Section 5.14 hereof and assign to Lender as additional security such new management agreement;

(i) Transferee shall furnish an opinion of counsel satisfactory to Lender and its counsel (A) that Transferee's formation documents provide for the matters described in subparagraph (g) above, (B) that the assumption of the Debt has been duly authorized, executed and delivered, and that the Note, the Mortgage, this Agreement, the assumption agreement and the other Loan Documents are valid, binding and enforceable against Transferee in accordance with their terms, (C) that Transferee and any entity which is a controlling stockholder, member or general partner of Transferee, have been duly organized, and are in existence and good standing, and (D) with respect to such other matters as Lender may reasonably request;

(j) if required by Lender, Lender shall have received confirmation in writing from the Rating Agencies that rate the Securities to the effect that the transfer will not result in a qualification, downgrade or withdrawal of any rating initially assigned or to be assigned to the Securities;

(k) Borrower's obligations under the contract of sale pursuant to which the transfer is proposed to occur shall expressly be subject to the satisfaction of the terms and conditions of this Section 7.5;

(l) Transferee shall, prior to such transfer, deliver a substantive non-consolidation opinion to Lender, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies.

(m) In connection with an assumption of the Loan, Lender shall release the Property and the Loan from any cross collateralization and cross default provisions contained the other Loan Documents; and

(n) Lender shall have determined that the Debt Service Coverage Ratio with respect to each of (i) the Property and (ii) any Crossed Properties and the Remaining Properties computed on a combined basis which are not subject to such assumption, after giving effect to the assumption (assuming a loan amount equal to the principal balance of the Note which is not being assumed immediately following the subject assumption) shall be at least equal to 1.275 to 1.0 for the twelve (12) full calendar months immediately preceding the assumption of the Loan.

A consent by Lender with respect to a transfer of the Property in its entirety or one hundred percent (100%) of the ownership interests in Borrower to, and the related assumption of the Loan by, a Transferee pursuant to this Section 7.5 shall not be construed to be a waiver of the right of Lender to consent to any subsequent Sale of Pledge of the Property.

SECTION 7.6. PARTIAL ASSUMPTION

Notwithstanding the foregoing provisions of this Article 7, following the date which is six (6) months from the Closing Date, Lender shall not unreasonably withhold, delay or condition its consent to a transfer of any Parcel in its entirety (a "PARTIAL ASSUMPTION") to, and the related assumption of the Loan by, a Transferee provided that each of the following terms and conditions are satisfied:

(a) Borrower complies with each of the conditions set forth in Section 7.5 above (it being understood that the fee payable pursuant to Section 7.5(c) shall be calculated based on the outstanding principal balance of the Allocated Loan Amount for each of the Parcels which are part of the Partial Assumption);

(b) The aggregate Allocated Loan Amount for each of the Parcels which are, or have been, subject to a Partial Assumption shall not exceed forty percent (40%) of the original principal amount of the Loan as of the date hereof.

(c) Lender shall have determined that the Debt Service Coverage Ratio with respect to each of (i) the Parcel which is subject to the Partial Assumption, and (ii) any Crossed Properties and the Remaining Properties computed on a combined basis which are not subject to such assumption, after giving effect to the Partial Assumption (assuming a loan amount equal to the principal balance of the Note which is not being assumed immediately following the subject assumption) shall be at least equal to 1.275 to 1.0 for the twelve (12) full calendar months immediately preceding the assumption of the portion of the Loan pursuant to this Section 7.6.

(d) Borrower shall prepare all necessary documents to modify this Agreement and to amend and restate the Note and issue two substitute notes, one note having a principal balance equal to Partial Assumption Amount for the subject Parcel (the "ASSUMED NOTE"), and

the other note having a principal balance equal to the excess of (A) the original principal amount of the Loan, over (B) the amount of the Assumed Note (the "UNASSUMED NOTE"). The Assumed Note and Unassumed Note shall have identical terms as the Note except for the principal balance; and, in connection therewith, the Monthly Payment Amount and the amount of each such payment applied to principal thereafter shall be divided between the Assumed Note and the Unassumed Note in the same proportion as the unpaid principal balance (in each case immediately after a Partial Assumption) of the Assumed Note and the Unassumed Note, as the case may be, bears to the aggregate principal balance due under the Assumed Note and the Unassumed Note immediately after the Partial Assumption. An Assumed Note may not be the subject of any further assumption.

In connection with a Partial Assumption, Lender may condition its consent upon the related transferee agreeing to (a) make additional deposits into the Reserve Accounts, and/or (b) the related transferee establishing such additional reserves with Lender as Lender may require in its reasonable discretion; provided, however, the such deposits or additional reserves shall be determined by Lender based upon its standard underwriting criteria and the amounts shall be computed in accordance with the provisions set forth in Article IX hereof. Upon Borrower's compliance with the provisions of this Section 7.6, Lender shall release the Parcel subject to the Partial Assumption from the cross collateralization and cross default provisions contained in this Agreement and the other Loan Documents.

SECTION 7.7. EASEMENTS; LICENSES.

Notwithstanding anything contained to the contrary herein, Borrower may grant easements, covenants, reservations and rights of way with respect to the Property in the ordinary course of business for utilities, ingress and egress and other similar purposes provided such grants, transfers, conveyances or easements (i) do not impair the utility or operation of the affected Parcel, materially adversely affect the value of such Parcel or adversely affect Borrower's ability to repay the Loan and (ii) shall be in form reasonably acceptable to Lender, and, in such case, Lender shall subordinate the Lien of the Security Instrument to such grant, easement, transfer or conveyance.

ARTICLE VIII

INSURANCE; CASUALTY; CONDEMNATION; RESTORATION

SECTION 8.1. INSURANCE

(a) Borrower shall obtain and maintain, or cause to be maintained, at all times insurance for Borrower and the Property providing at least the following coverages:

(i) comprehensive "all risk" insurance on the Improvements and the Personal Property, in each case (A) in an amount equal to one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions; (C) providing for no deductible in excess of \$100,000 for all such insurance coverage;

and (D) if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses, providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements and containing an "Ordinance or Law Coverage" or "Enforcement" endorsement. In addition, Borrower shall obtain: (y) if any portion of the Improvements (it being understood that for purposes of this clause (y) only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is currently or at any time in the future located in a "special flood hazard area" designated by the Federal Emergency Management Agency, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended; and (z) earthquake insurance in amounts and in form and substance reasonably satisfactory to Lender in the event the Property is located in an area with a high degree of seismic risk, provided that the insurance pursuant to clauses (y) and (z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this subsection (i);

(ii) Commercial General Liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, with such insurance (A) to be on the so-called "occurrence" form with a general aggregate limit of not less than \$2,000,000 and a per occurrence limit of not less than \$1,000,000; and (B) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations; (3) independent contractors; (4) blanket contractual liability; and (5) contractual liability covering the indemnities contained in Article 12 and Article 14 hereof to the extent the same is available;

(iii) loss of rents insurance or business income insurance, as applicable, (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in subsection (i) above; and (C) which provides that after the physical loss to the Improvements and Personal Property occurs, the loss of rents or income, as applicable, will be insured until completion of Restoration or the expiration of twelve (12) months, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (D) which contains 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 six (6) months from the date that the Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such loss of rents or business income insurance, as applicable, shall be determined prior to the date hereof and at least once each year thereafter based on Borrower's reasonable estimate of the gross income from the Property for the succeeding period of coverage required above. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied to the obligations secured by the Loan Documents from time to time due and payable hereunder and under the Note; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured by the Loan Documents on the respective dates of payment provided for in the Note, this Agreement

and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such loss of rents or business income insurance, as applicable;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Property coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in subsection (i) above written in a so-called Builder's Risk Completed Value form (1) on a non-reporting basis, (2) against "all risks" insured against pursuant to subsection (i) above, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the State, and employer's liability insurance in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable);

(vi) comprehensive equipment breakdown insurance, if applicable, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above;

(vii) excess liability insurance in an amount not less than \$50,000,000 per occurrence on terms consistent with the commercial general liability insurance required under subsection (ii) above; and

(viii) insurance against damage resulting from acts of terrorism, on terms consistent with the commercial property insurance policy required under subsection (i) above and on terms consistent with the business income policy required under subsection (iii) above; provided such coverage shall not be in an amount less than \$5,000,000.00; provided, further, Borrower shall only be required to maintain such terrorism insurance (and in no way limiting the coverage for the all risk insurance except as such coverage relates to perils resulting from terrorism) equal to the lesser of (A) the amount of coverage Borrower is required to maintain pursuant to this clause (viii) or (B) in the event that terrorism coverage is not available at commercially reasonable rates at any time, then the maximum amount of coverage that Borrower can obtain by paying an annual premium in the amount of 200% of the portion of the Borrower's insurance premiums allocable to terrorism insurance coverage as of the date hereof.

(ix) upon sixty (60) days' written notice, such other reasonable insurance and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(b) All insurance provided for in Section 8.1(a) shall be obtained under valid and enforceable policies (collectively, the "POLICIES" or in the singular, the "POLICY"), and shall be subject to the reasonable approval of Lender as to insurance companies, amounts, deductibles, loss payees and insureds. The Policies shall be issued by financially sound and responsible

insurance companies authorized to do business in the State and having (i) with respect to the primary layer(s) of coverage (which shall not be less than \$5,000,000.00) a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender, and (ii) with respect to additional layers of coverage, a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender. To the extent such Policies are not available as of the Closing Date, Borrower shall deliver certified copies of all Policies to Lender not later than thirty (30) days after the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, renewal Policies accompanied by evidence satisfactory to Lender of payment of the premiums due thereunder (the "INSURANCE PREMIUMS") shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 8.1(a).

(d) All Policies provided for or contemplated by Section 8.1(a), except for the Policy referenced in Section 8.1(a)(v), shall name Borrower as the insured and Lender as the additional insured, as its interests may appear, and in the case of property damage, equipment breakdown, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies provided for in Section 8.1(a) shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policies shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least thirty (30) days' prior written notice to Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give written notice to Lender if the Policies have not been renewed thirty (30) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, obtaining such insurance coverage as Lender in its sole discretion deems appropriate. All premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon

demand and, until paid, shall be secured by the Mortgage and shall bear interest at the Default Rate.

SECTION 8.2. CASUALTY

If any Parcel shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "CASUALTY"), Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the Restoration of such Parcel in accordance with Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. Borrower shall pay all costs of such Restoration to the extent such costs are not covered by insurance. Lender may, but shall not be obligated to make proof of loss if not made timely by Borrower. Borrower shall adjust all claims for Insurance Proceeds in consultation with, and approval of, Lender; provided, however, if an Event of Default has occurred and is continuing, Lender shall have the exclusive right to participate in the adjustment of all claims for Insurance Proceeds.

SECTION 8.3. CONDEMNATION

Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of any Parcel of which Borrower has knowledge and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If any Parcel or any portion thereof is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of such Parcel and otherwise comply with the provisions of Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. If such Parcel is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Debt.

SECTION 8.4. RESTORATION

The following provisions shall apply in connection with the Restoration of any Parcel:

(a) If the Net Proceeds shall be less than \$250,000 and the costs of completing the Restoration shall be less than \$250,000, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 8.4(b)(i) are met (except for Section 8.1(b)(i)(J)) and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement; provided, however, with respect to the budget delivered to Lender pursuant to Section 8.4(b)(i)(I), such budget is not subject to the prior approval of Lender.

(b) If the Net Proceeds are equal to or greater than \$250,000 or the costs of completing the Restoration are equal to or greater than \$250,000, Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 8.4. The term "NET PROCEEDS" for purposes of this Section 8.4 shall mean: (i) the net amount of all insurance proceeds received by Lender pursuant to Section 8.1(a)(i), (iv), (vi) and (viii) as a result of a Casualty, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("INSURANCE PROCEEDS"), or (ii) the net amount of the Award as a result of a Condemnation, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("CONDEMNATION PROCEEDS"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower for Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing;

(B) No later than the date the insurance described in Section 8.1(a)(iii) hereof expires or would expire, Tenants under Leases covering in the aggregate at least fifty percent (50%) of the total rentable space in the Parcel which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such Casualty or Condemnation, whichever the case may be shall remain in full force and effect during and after the completion of the Restoration;

(C) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than sixty (60) days after such Casualty or Condemnation or thirty (30) days after adjustment of the Net Proceeds, whichever is later, whichever the case may be, occurs) and shall diligently pursue the same to satisfactory completion;

(D) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Parcel as a result of the occurrence of any such Casualty or Condemnation, whichever the case may be, will be covered out of the insurance coverage referred to in Section 8.1(a)(iii) above or funds provided by the Borrower;

(E) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date, (2)

such time as may be required under applicable zoning law, ordinance, rule or regulation, or (3) the expiration of the insurance coverage referred to in Section 8.1(a) (iii) unless Borrower Principal agrees to make capital contributions to Borrower which are sufficient to make any payments to Lender pursuant to the terms hereof;

(F) the Parcel and the use thereof after the Restoration will be in compliance with and permitted under all Legal Requirements;

(G) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in substantial compliance with all applicable Legal Requirements;

(H) such Casualty or Condemnation, as applicable, does not result in the loss of access to the Parcel or the Improvements;

(I) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender; and

(J) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's reasonable judgment to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender until disbursements commence, and, until disbursed in accordance with the provisions of this Section 8.4, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all the conditions precedent to such advance, including those set forth in Section 8.4(b) (i), have been satisfied, (B) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the related Restoration item have been paid for in full, and (C) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Parcel which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy. Notwithstanding the foregoing, Insurance Proceeds from the Policies required to be maintained by Borrower pursuant to Section 8.1(a) (iii) shall be controlled by Lender at all times, shall not be subject to the provisions of this Section 8.4 and shall be used solely for the payment of the obligations under the Loan Documents and Operating Expenses.

(iii) All plans and specifications required in connection with a Restoration in excess of \$250,000 shall be subject to prior review and reasonable acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the

"RESTORATION CONSULTANT"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts in excess of \$50,000 under which they have been engaged, shall be subject to prior review and reasonable acceptance by Lender and the Restoration Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration, including, without limitation, reasonable counsel fees and disbursements and the Restoration Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Restoration Consultant, minus the Restoration Retainage. The term "RESTORATION RETAINAGE" shall mean an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Restoration Consultant, until the Restoration has been completed. The Restoration Retainage shall be reduced to five percent (5%) of the costs incurred upon receipt by Lender of satisfactory evidence that fifty percent (50%) of the Restoration has been completed. The Restoration Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 8.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Restoration Retainage shall not be released until the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b) and that all approvals necessary for the re-occupancy and use of the Parcel have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Restoration Retainage; provided, however, that Lender will release the portion of the Restoration Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Restoration Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Restoration Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender in consultation with the Restoration Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Restoration Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "NET PROCEEDS DEFICIENCY") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 8.4(b) shall constitute additional security for the Debt and other obligations under the Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing under the Note, this Agreement or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Section 8.4(b)(vii) may (x) be retained and applied by Lender toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as Lender in its sole discretion shall deem proper, or, (y) at the sole discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes and upon such conditions as Lender shall designate.

(d) In the event of foreclosure of the Mortgage, or other transfer of title to the Parcel in extinguishment in whole or in part of the Debt, all right, title and interest of Borrower in and to the Policies then in force concerning the Parcel and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure, Lender or other transferee in the event of such other transfer of title.

ARTICLE IX RESERVE FUNDS

SECTION 9.1. REQUIRED REPAIRS

(a) Borrower shall make the repairs and improvements to the Property set forth on Schedule I and as more particularly described in the Physical Conditions Report prepared in connection with the closing of the Loan (such repairs hereinafter referred to as "REQUIRED REPAIRS"). Borrower shall complete the Required Repairs in a good and workmanlike manner on or before the date that is twelve (12) months from the date hereof or within such other time frame for completion specifically set forth on Schedule I.

(b) Borrower shall establish on the date hereof an account with Lender or Lender's agent to fund the Required Repairs (the "REQUIRED REPAIR ACCOUNT") into which Borrower shall deposit on the date hereof the amount of \$0.00. Amounts so deposited shall hereinafter be referred to as the "REQUIRED REPAIR FUNDS".

SECTION 9.2. REPLACEMENTS

(a) On an ongoing basis throughout the term of the Loan, Borrower shall make capital repairs, replacements and improvements necessary to keep the Property in good order and repair and in a good marketable condition or prevent deterioration of the Property (collectively, the "REPLACEMENTS"). Borrower shall complete all Replacements in a good and workmanlike manner as soon as commercially reasonable after commencing to make each such Replacement.

(b) Upon the commencement of a Reserve DSCR Period Borrower shall establish an Eligible Account with Lender or Lender's agent to fund the Replacements (the "REPLACEMENT RESERVE ACCOUNT"). Borrower shall deposit, during the continuance of a Reserve DSCR Period, one-twelfth (1/12) of the sum \$50.00 per pad site on each Parcel (the "Replacement Reserve Monthly Deposit") into the Replacement Reserve Account on each Scheduled Payment Date. Amounts so deposited shall hereinafter be referred to as "Replacement Reserve Funds".

SECTION 9.3. INTENTIONALLY RESERVED

SECTION 9.4. REQUIRED WORK

Borrower shall diligently pursue all Required Repairs and Replacements (collectively, the "Required Work") to completion in accordance with the following requirements:

(a) Lender reserves the right, at its option, to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Required Work to the extent such contracts or work orders exceed \$50,000, which approval shall not be unreasonably withheld, conditioned or delayed. Upon Lender's request, Borrower shall assign any contract or subcontract to Lender.

(b) In the event Lender determines in its reasonable discretion that any Required Repair is not being or has not been performed in a workmanlike or timely manner (consistent with the time deadlines provided herein). Upon written notice to Borrower and Borrower's failure to commence performance thereof within thirty (30) days, weather permitting, Lender shall have the option to withhold disbursement for such unsatisfactory Required Repairs and to proceed under existing contracts or to contract with third parties to complete such Required Repairs and to apply the Required Repair Funds, toward the labor and materials necessary to complete such Required Repairs and to exercise any and all other remedies available to Lender upon an Event of Default hereunder.

(c) In order to facilitate Lender's completion of the Required Repair, effective only when Lender has the right to exercise its rights under Section 9.4(b), Borrower grants

Lender the right to enter onto the Property and perform any and all work and labor necessary to complete Required Work and/or employ watchmen to protect the Property from damage. All sums so expended by Lender, to the extent not from the Reserve Funds, shall be deemed to have been advanced under the Loan to Borrower and secured by the Mortgage. For this purpose and subject to the limitations contained in the first sentence of this Section 9.4(c), Borrower constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution to complete or undertake the Required Repair in the name of Borrower upon Borrower's failure to do so in a workmanlike and timely manner. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked. Borrower empowers said attorney-in-fact as follows: (i) to use any of the Reserve Funds for the purpose of making or completing the Required Repair; (ii) to make such additions, changes and corrections to the Required Repair as shall be necessary or desirable to complete the Required Repair as set forth herein and the schedules hereto; (iii) to employ or retain such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes at commercially reasonable prices to the extent such work is not being performed by contractors or subcontractors retained by Borrower; (iv) to pay, settle or compromise all existing bills and claims which are or may become Liens against the Property, or as may be necessary or desirable for the completion of the Required Repair, or for clearance of title; (v) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Property or the rehabilitation and repair of the Property; and (vii) to do any and every act which Borrower might do on its own behalf to fulfill the terms of this Section 9.4.

(d) Nothing in this Section 9.4 shall: (i) make Lender responsible for making or completing the Required Repair; (ii) require Lender to expend funds in addition to the Reserve Funds to make or complete any Required Repair; (iii) obligate Lender to proceed with the Required Repair; or (iv) obligate Lender to demand from Borrower additional sums to make or complete any Required Repair.

(e) Borrower shall permit Lender and Lender's agents and representatives (including, without limitation, Lender's engineer, architect, or inspector) or third parties performing Required Repair pursuant to this Section 9.4 to enter onto the Property upon reasonable advance notice during normal business hours (subject to the rights of tenants under their Leases) to inspect the progress of any Required Repair and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Required Repair which are or may be kept at the Property, and to complete any Required Repair made pursuant to this Section 9.4. Borrower shall cause all contractors and subcontractors to cooperate with Lender and Lender's representatives or such other persons described above in connection with inspections described in this Section 9.4 or the completion of Required Repair pursuant to this Section 9.4.

(f) Lender may, to the extent any Required Work would reasonably require an inspection of the Property, inspect the Property at Borrower's expense prior to making a disbursement of the Reserve Funds in order to verify completion of the Required Work for which reimbursement is sought. If Borrower has reserved any amounts for such Required Repair pursuant to Section 9.1 hereof, Borrower shall pay Lender a reasonable inspection fee not exceeding \$500.00 for each such inspection. Lender may require that such inspection be

conducted by an appropriate independent qualified professional selected by Lender and/or may require a copy of a certificate of completion by an independent qualified professional acceptable to Lender prior to the disbursement of the Reserve Funds. Borrower shall pay the expense of the inspection as required hereunder, whether such inspection is conducted by Lender or by an independent qualified professional.

(g) The Required Work and all materials, equipment, fixtures, or any other item comprising a part of any Required Work shall be constructed, installed or completed, as applicable, free and clear of all mechanic's, materialman's or other Liens (except for Permitted Encumbrances).

(h) Before each disbursement of the Reserve Funds in excess of \$50,000, Lender may require Borrower to provide Lender with a search of title to the applicable Parcel effective to the date of the disbursement, which search shows that no mechanic's or materialmen's or other Liens of any nature have been placed against the Parcel since the date of recordation of the Mortgage and that title to the Parcel is free and clear of all Liens (except for Permitted Encumbrances).

(i) All Required Work shall comply with all Legal Requirements and applicable insurance requirements including, without limitation, applicable building codes, special use permits, environmental regulations, and requirements of insurance underwriters.

(j) Borrower hereby assigns to Lender all rights and claims Borrower may have against all Persons supplying labor or materials in connection with the Required Work; provided, however, that Lender may not pursue any such rights or claims unless an Event of Default has occurred and remains uncured.

SECTION 9.5. RELEASE OF RESERVE FUNDS

(a) Upon written request from Borrower and satisfaction of the requirements set forth in this Agreement, Lender shall disburse to Borrower amounts from (i) the Required Repair Account to the extent necessary to reimburse Borrower for the actual costs of each Required Repair (but not exceeding 125% of the original estimated cost of such Required Repair as set forth on Schedule I, unless Lender has agreed to reimburse Borrower for such excess cost pursuant to Section 9.5(f)) or (ii) the Replacement Reserve Account to the extent necessary to reimburse Borrower for the actual costs of any approved Replacements. Notwithstanding the preceding sentence, in no event shall Lender be required to (x) disburse any amounts which would cause the amount of funds remaining in the Required Repair Account after any disbursement (other than with respect to the final disbursement) to be less than 125% of the then current estimated cost of completing all remaining Required Repairs for the Property, (y) disburse funds from any of the Reserve Accounts if an Event of Default exists, or (z) disburse funds from the Replacement Reserve Account to reimburse Borrower for the costs of routine repairs or maintenance to the Property or for costs which are to be reimbursed from funds held in the Required Repair Account.

(b) Each request for disbursement from any of the Reserve Accounts shall be on a form provided or approved by Lender and shall (i) include copies of invoices for all items or

materials purchased and all labor or services provided and (ii) specify (A) the Required Work for which the disbursement is requested, (B) the quantity and price of each item purchased, if the Required Work includes the purchase or replacement of specific items, (C) the price of all materials (grouped by type or category) used in any Required Work other than the purchase or replacement of specific items, and (D) the cost of all contracted labor or other services applicable to each Required Work for which such request for disbursement is made. With each request Borrower shall certify that all Required Work has been performed in accordance with all Legal Requirements. Except as provided in Section 9.5(d), each request for disbursement shall be made only after completion of the Required Repair or Replacement (or the portion thereof completed in accordance with Section 9.5(d)), as applicable, for which disbursement is requested. Borrower shall provide Lender evidence satisfactory to Lender in its reasonable judgment of such completion or performance.

(c) Borrower shall pay all invoices in connection with the Required Work with respect to which a disbursement is requested prior to submitting such request for disbursement from the Reserve Accounts or, at the request of Borrower, Lender will issue joint checks, payable to Borrower and the contractor, supplier, materialman, mechanic, subcontractor or other party to whom payment is due in connection with the Required Work. In the case of payments made by joint check, Lender may require a waiver of lien from each Person receiving payment prior to Lender's disbursement of the Reserve Funds. In addition, as a condition to any disbursement, Lender may require Borrower to obtain lien waivers from each contractor, supplier, materialman, mechanic or subcontractor who receives payment in an amount equal to or greater than \$50,000 for completion of its work or delivery of its materials. Any lien waiver delivered hereunder shall conform to all Legal Requirements and shall cover all work performed and materials supplied (including equipment and fixtures) for the Property by that contractor, supplier, subcontractor, mechanic or materialman through the date covered by the current disbursement request (or, in the event that payment to such contractor, supplier, subcontractor, mechanic or materialmen is to be made by a joint check, the release of lien shall be effective through the date covered by the previous release of funds request).

(d) If (i) the cost of any item of Required Work exceeds \$50,000, (ii) the contractor performing such Required Work requires periodic payments pursuant to terms of a written contract, and (iii) Lender has approved in writing in advance such periodic payments (provided, Lender shall not be entitled to approve the contract if Lender has already approved such contract pursuant to the provisions of Section 9.4(a)), a request for disbursement from the Reserve Accounts may be made after completion of a portion of the work under such contract, provided (A) such contract requires payment upon completion of such portion of work, (B) the materials for which the request is made are on site at the Property and are properly secured or have been installed in the Property, and (C) all other conditions in this Agreement for disbursement have been satisfied.

(e) Borrower shall not make a request for, nor shall Lender have any obligation to make, any disbursement from any Reserve Account more frequently than once in any calendar month and (except in connection with the final disbursement) in any amount less than the lesser of (i) \$10,000 or (ii) the total cost of the Required Work for which the disbursement is requested.

(f) In the event any Borrower requests a disbursement from the Required Repair Account to reimburse Borrower for the actual cost of labor or materials used in connection with repairs or improvements other than the Required Repairs specified on Schedule I, or for a Required Repair to the extent the cost of such Required Repair exceeds 125% of the estimated cost of such Required Repair as set forth on Schedule I (in either case, an "ADDITIONAL REQUIRED REPAIR"), Borrower shall disclose in writing to Lender the reason why funds in the Required Repair Account should be used to pay for such Additional Required Repair. If Lender determines that (i) such Additional Required Repair is of the type intended to be covered by the Required Repair Account, (ii) costs for such Additional Required Repair are reasonable, (iii) the funds in the Required Repair Account are sufficient to pay for such Additional Required Repair and all other Required Repairs for the Property specified on Schedule I, (iv) such Additional Required Repair is not covered or is not of the type intended to be covered by the Replacement Reserve Account, and (v) all other conditions for disbursement under this Agreement have been met, Lender may disburse funds from the Required Repair Account.

(g) Intentionally reserved.

(h) Lender's disbursement of any Reserve Funds or other acknowledgment of completion of any Required Work in a manner satisfactory to Lender shall not be deemed a certification or warranty by Lender to any Person that the Required Work has been completed in accordance with Legal Requirements.

(i) If the funds in any Reserve Account should exceed the amount of payments actually applied by Lender for the purposes of the account, Lender shall return any excess to Borrower, unless at the time Borrower is required to make future payments to the Reserve Account, in which case Lender may, in its discretion, credit such excess against future payments to be made to that Reserve Account. In allocating any such excess, Lender may deal with the Person shown on Lender's records as being the owner of the Property. If at any time Lender reasonably determines that the Reserve Funds are not or will not be sufficient to make the required payments, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment thereof.

(j) The insufficiency of any balance in any of the Reserve Accounts shall not relieve Borrower from its obligation to fulfill all preservation and maintenance covenants in the Loan Documents.

(k) Upon the earlier to occur of (i) the timely completion of all Required Repairs and any Additional Required Repairs, if any, in accordance with the requirements of this Agreement, as verified by Lender in its reasonable discretion, or (ii) the payment in full of the Debt, all amounts remaining on deposit, if any, in the Required Repair Account shall be returned to Borrower or the Person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

(l) Upon payment in full of the Debt, all amounts remaining on deposit, if any, in the Replacement Reserve Account shall be returned to Borrower or the Person shown on

Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

SECTION 9.6. TAX AND INSURANCE RESERVE FUNDS

Upon the commencement of a Reserve DSCR Period Borrower shall establish an account with Lender or Lender's agent sufficient to discharge Borrower's obligations for the payment of Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof (the "TAX AND INSURANCE RESERVE ACCOUNT"), which amount, when added to the required monthly deposits set forth in the next sentence, is sufficient to make the payments of Taxes and Insurance Premiums as required herein. Borrower shall deposit into the Tax and Insurance Reserve Account on each Scheduled Payment Date (a) one-twelfth of the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Taxes at least thirty (30) days prior to the earlier of (i) the date that the same will become delinquent and (ii) the date that additional charges or interest will accrue due to the non-payment thereof, and (b) except to the extent Lender has waived the insurance escrow because the insurance required hereunder is maintained under a blanket insurance Policy acceptable to Lender in accordance with Section 8.1(c), one-twelfth of the Insurance Premiums that Lender estimates will be payable during the next ensuing twelve (12) months for the renewal of the coverage afforded by the Policies upon the expiration thereof or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (said amounts in (a) and (b) above hereinafter called the "TAX AND INSURANCE RESERVE FUNDS"). Lender will apply the Tax and Insurance Reserve Funds to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Section 5.4 and Section 8.1 hereof. In making any disbursement from the Tax and Insurance Reserve Account, Lender may do so according to any bill, statement or estimate procured from the appropriate public office or tax lien service (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax and Insurance Reserve Funds shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax and Insurance Reserve Account. In allocating any such excess, Lender may deal with the person shown on Lender's records as being the owner of the Property. Any amount remaining in the Tax and Insurance Reserve Account after the Debt has been paid in full shall be returned to Borrower or the person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto. If at any time Lender reasonably determines that the Tax and Insurance Reserve Funds are not or will not be sufficient to pay Taxes and Insurance Premiums by the dates set forth in (a) and (b) above, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment thereof. Notwithstanding the foregoing, so long as (x) Borrower is maintaining all or a portion of the insurance required under Section 8.1 through a blanket insurance policy in accordance with the terms and conditions hereof, including, but not limited to, Section 8.1(c) hereof and such blanket policy is acceptable to Lender, (y) no Event of Default exists and (z) Borrower provides Lender with evidence in form and substance satisfactory to Lender of the annual

renewal of such blanket insurance policy, Borrower shall not be required to escrow for Insurance Premiums as set forth in this Section 9.6 for that portion of the insurance required under Section 8.1 which is covered by the blanket insurance policy in accordance with the terms hereof. In the event that, at any time, a blanket insurance policy is not in effect in accordance with the terms and conditions hereof, Borrower shall immediately provide for either (i) an individual policy for the Property complying with the terms and conditions set forth herein and shall immediately commence making deposits for Insurance Premiums in accordance with this Section 9.6 or (ii) a replacement blanket policy complying with the terms and conditions set forth herein and acceptable to Lender. Notwithstanding the foregoing, Borrower shall not be required to make monthly deposits for Taxes pursuant to clause (a) above, unless a Reserve DSCR Period is continuing; provided, however, in the event a Reserve DSCR Period is continuing, in lieu of making the monthly deposits required pursuant to clause (a) above, Borrower may elect to deliver to Lender, within ten (10) Business Days after the commencement of a Reserve DSCR Period, a Letter of Credit in an amount equal to the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months. Borrower shall give Lender no less than five (5) Business days notice of Borrower's election to deliver a Letter of Credit pursuant to this Section 9.6 and Borrower shall pay to Lender all of Lender's reasonable out-of-pocket costs and expenses in connection therewith. Borrower shall not be entitled to draw from any such Letter of Credit. Upon thirty (30) days notice to Lender, Borrower may replace a Letter of Credit with a cash deposit to the Tax and Insurance Reserve Fund if a Letter of Credit has been outstanding for more than six (6) months. Prior to the return of a Letter of Credit, Borrower shall deposit an amount equal to the amount that would have accumulated in the Tax and Insurance Reserve Fund and not been disbursed in accordance with this Agreement if such Letter of Credit had not been delivered. Borrower shall provide Lender with notice of any increases in the annual payments for Taxes thirty (30) days prior to the effective date of any such increase and any applicable Letter of Credit shall be increased by such increased amount at least ten (10) days prior to the effective date of such increase. So long as no Event of Default has occurred and is continuing, upon the discontinuance of a Reserve DSCR Period, Lender shall release to Borrower any Letter of Credit delivered to Lender pursuant to this Section 9.6 or return to Borrower all funds in the Tax and Insurance Reserve Account.

SECTION 9.7. INTENTIONALLY RESERVED

SECTION 9.8. INTENTIONALLY RESERVED

SECTION 9.9. LETTERS OF CREDIT

(a) Each Letter of Credit delivered under this Agreement shall be additional security for the payment of the Debt. Upon the occurrence of an Event of Default, Lender shall have the right, at its option, to draw on any Letter of Credit and to apply all or any part thereof to the payment of the items for which such Letter of Credit was established or to apply each such Letter of Credit to payment of the Debt in such order, proportion or priority as Lender may determine. Any such application to the Debt shall be subject to the prepayment premium set forth in Section 2.4(c) hereof.

(b) In addition to any other right Lender may have to draw upon a Letter of Credit pursuant to the terms and conditions of this Agreement, Lender shall have the additional

rights to draw in full any Letter of Credit: (i) with respect to any evergreen Letter of Credit, if Lender has received a notice from the issuing bank that the Letter of Credit will not be renewed and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (ii) with respect to any Letter of Credit with a stated expiration date, if Lender has not received a notice from the issuing bank that it has renewed the Letter of Credit at least thirty (30) days prior to the date on which such Letter of Credit is scheduled to expire and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (iii) upon receipt of notice from the issuing bank that the Letter of Credit will be terminated (except if the termination of such Letter of Credit is permitted pursuant to the terms and conditions of this Agreement or a substitute Letter of Credit is provided); or (iv) if Lender has received notice that the bank issuing the Letter of Credit shall cease to be an Eligible Institution; provided, however, so long as no Event of Default is continuing, any funds resulting from draw made by Lender pursuant to the provisions of clauses (i) - (iv) above shall be deposited into the Reserve Account for which Borrower delivered such Letter of Credit. Notwithstanding anything to the contrary contained in the above, Lender is not obligated to draw any Letter of Credit upon the happening of an event specified in (i), (ii), (iii) or (iv) above and shall not be liable for any losses sustained by Borrower due to the insolvency of the bank issuing the Letter of Credit if Lender has not drawn the Letter of Credit.

SECTION 9.10. RESERVE FUNDS GENERALLY

(a) (i) Except for the Required Repair Account and the Replacement Reserve Account, no earnings or interest on the Reserve Accounts shall be payable to Borrower. Neither Lender nor any loan servicer that at any time holds or maintains such non-interest-bearing Reserve Accounts such Reserve Accounts or any funds deposited therein in interest-bearing accounts. If Lender or any such loan servicer elects in its sole and absolute discretion to keep or maintain any non-interest-bearing Reserve Account or any funds deposited therein in an interest-bearing account, the account shall be an Eligible Account and (A) such funds shall not be invested except in Permitted Investments, and (B) all interest earned or accrued thereon shall be for the account of and be retained by Lender or such loan servicer.

(ii) Funds deposited in the Required Repair Account and the Replacement Reserve Account shall be held in an interest-bearing business savings account and interest shall be credited to Borrower. In no event shall Lender or any loan servicer that at any time holds or maintains the Required Repair Account or Replacement Reserve Account, as applicable, be required to select any particular interest-bearing account or the account that yields the highest rate of interest, provided that selection of the account shall be consistent with the general standards at the time being utilized by Lender or the loan servicer, as applicable, in establishing similar accounts for loans of comparable type. All such interest shall be and become part of the Required Repair Account and the Replacement Reserve Account, as applicable, and shall be disbursed in accordance with Section 9.5 above; provided, however, that Lender may, at its election, retain any such interest for its own account during the occurrence and continuance of an Event of Default. Borrower agrees that it shall include all interest on Required Repair Funds and Replacement Reserve Funds as the income of Borrower (and, if Borrower is a partnership or other pass-through entity, the partners, members or beneficiaries of Borrower, as the

case may be), and shall be the owner of the Required Repair Funds and Replacement Reserve Funds for federal and applicable state and local tax purposes, except to the extent that Lender retains any interest for its own account during the occurrence and continuance of an Event of Default as provided herein.

(b) Borrower grants to Lender a first-priority perfected security interest in, and assigns and pledges to Lender all Reserve Funds now or hereafter deposited in the related Reserve Accounts as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Reserve Accounts and the Reserve Funds shall constitute additional security for the Debt. The provisions of this Section 9.10 are intended to give Lender or any subsequent holder of the Loan "control" of the Reserve Accounts within the meaning of the UCC.

(c) The Reserve Accounts and any and all Reserve Funds now or hereafter deposited in the Reserve Accounts shall be subject to the exclusive dominion and control of Lender, which shall hold the Reserve Accounts and any or all Reserve Funds now or hereafter deposited in the Reserve Accounts subject to the terms and conditions of this Agreement. Borrower shall have no right of withdrawal from the Reserve Accounts or any other right or power with respect to the Reserve Accounts or any or all of the Reserve Funds now or hereafter deposited in the Reserve Accounts, except as expressly provided in this Agreement.

(d) Lender shall furnish or cause to be furnished to Borrower, without charge, a quarterly accounting of each Reserve Account in the normal format of Lender or its loan servicer, showing credits and debits to such Reserve Account, if any, and the purpose for which each debit to each Reserve Account was made, if any.

(e) As long as no Event of Default has occurred, Lender shall make disbursements from the Reserve Accounts in accordance with this Agreement. All such disbursements shall be deemed to have been expressly pre-authorized by Borrower, and shall not be deemed to constitute the exercise by Lender of any remedies against Borrower unless an Event of Default has occurred and is continuing and Lender has expressly stated in writing its intent to proceed to exercise its remedies as a secured party, pledgee or lienholder with respect to the Reserve Accounts.

(f) If any Event of Default occurs, Borrower shall immediately lose all of its rights to receive disbursements from the Reserve Accounts until the earlier to occur of (i) the date on which such Event of Default is cured to Lender's satisfaction, or (ii) the payment in full of the Debt. In addition, at Lender's election, Borrower shall lose all of its rights to receive interest on the Required Repair Account and the Replacement Reserve Account during the occurrence and continuance of an Event of Default. Upon the occurrence of any Event of Default, Lender may exercise any or all of its rights and remedies as a secured party, pledgee and lienholder with respect to the Reserve Accounts. Without limitation of the foregoing, upon any Event of Default, Lender may use and disburse the Reserve Funds (or any portion thereof) for any of the following purposes: (A) repayment of the Debt, including, but not limited to, principal prepayments and the prepayment premium applicable to such full or partial prepayment (as applicable); (B) reimbursement of Lender for all losses, fees, costs and expenses (including, without limitation, reasonable legal fees) suffered or incurred by Lender as a result of such Event

of Default; (C) payment of any amount expended in exercising any or all rights and remedies available to Lender at law or in equity or under this Agreement or under any of the other Loan Documents; (D) payment of any item from any of the Reserve Accounts as required or permitted under this Agreement; or (E) any other purpose permitted by applicable law; provided, however, that any such application of funds shall not cure or be deemed to cure any Event of Default. Without limiting any other provisions hereof, each of the remedial actions described in the immediately preceding sentence shall be deemed to be a commercially reasonable exercise of Lender's rights and remedies as a secured party with respect to the Reserve Funds and shall not in any event be deemed to constitute a setoff or a foreclosure of a statutory banker's lien. Nothing in this Agreement shall obligate Lender to apply all or any portion of the Reserve Funds to effect a cure of any Event of Default, or to pay the Debt, or in any specific order of priority. The exercise of any or all of Lender's rights and remedies under this Agreement or under any of the other Loan Documents shall not in any way prejudice or affect Lender's right to initiate and complete a foreclosure under the Mortgage.

(g) The Reserve Funds shall not constitute escrow or trust funds and may be commingled with other monies held by Lender. Notwithstanding anything else herein to the contrary, Lender may commingle in one or more Eligible Accounts any and all funds controlled by Lender, including, without limitation, funds pledged in favor of Lender by other borrowers, whether for the same purposes as the Reserve Accounts or otherwise. Without limiting any other provisions of this Agreement or any other Loan Document, the Reserve Accounts may be established and held in such name or names as Lender or its loan servicer, as agent for Lender, shall deem appropriate, including, without limitation, in the name of Lender or such loan servicer as agent for Lender. In the case of any Reserve Account which is held in a commingled account, Lender or its loan servicer, as applicable, shall maintain records sufficient to enable it to determine at all times which portion of such account is related to the Loan. Upon assignment of the Loan by Lender, any Reserve Funds shall be turned over to the assignee and any responsibility of Lender as assignor shall terminate. The requirements of this Agreement concerning Reserve Accounts in no way supersede, limit or waive any other rights or obligations of the parties under any of the Loan Documents or under applicable law.

(h) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in the Reserve Accounts or the Reserve Funds deposited therein or permit any Lien to attach thereto, except for the security interest granted in this Section 9.10, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(i) Borrower will maintain the security interest created by this Section 9.10 as a first priority perfected security interest and will defend the right, title and interest of Lender in and to the Reserve Accounts and the Reserve Funds against the claims and demands of all Persons whomsoever. At any time and from time to time, upon the written request of Lender, and at the sole expense of Borrower, Borrower will promptly and duly execute and deliver such further instruments and documents and will take such further actions as Lender reasonably may request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted.

(j) Lender shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper, document or signature believed by Lender to be genuine, and it may be assumed conclusively that any Person purporting to give any of the foregoing in connection with the Reserve Accounts has been duly authorized to do so. Lender may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder and in good faith in accordance therewith. Lender shall not be liable to Borrower for any act or omission done or omitted to be done by Lender in reliance upon any instruction, direction or certification received by Lender and without gross negligence or willful misconduct.

(k) Beyond the exercise of reasonable care in the custody thereof, Lender shall have any duty as to any Reserve Funds in its possession or control as agent therefor or bailee thereof or any income thereon or the preservation of rights against any person or otherwise with respect thereto. In no event shall Lender or its Affiliates, agents, employees or bailees, be liable or responsible for any loss or damage to any of the Reserve Funds, or for any diminution in value thereof, by reason of the act or omission of Lender, except to the extent that such loss or damage results from Lender's gross negligence or willful misconduct or intentional nonperformance by Lender of its obligations under this Agreement.

ARTICLE X
CASH MANAGEMENT

SECTION 10.1. PROPERTY OPERATING ACCOUNT

(a) Borrower acknowledges and confirms that Borrower has established, and Borrower covenants that it shall maintain a deposit account with a federally insured financial institution (whether one or more, individually and collectively, as the case may be, the "PROPERTY OPERATING ACCOUNT BANK") with respect to each Parcel into which Borrower shall, and shall cause Manager to, deposit or cause to be deposited, all Rents and other revenue from the applicable Parcel (such account, all funds at any time on deposit therein and any proceeds, replacements or substitutions of such account or funds therein, are referred to herein as the "PROPERTY OPERATING ACCOUNT").

(b) Borrower agrees to pay the customary fees and expenses of Property Operating Account Bank (incurred in connection with maintaining the Property Operating Account) and any successors thereto in connection therewith, as separately agreed by them from time to time.

(c) Lender shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies. Borrower shall indemnify and hold Lender and its directors, employees, officers and agents harmless from and against any loss, cost or damage (including, without limitation, reasonable attorneys' fees and disbursements) incurred by such parties in connection with the Property Operating Account other than such as result from the gross negligence or willful misconduct of Lender.

SECTION 10.2. DEPOSITS AND WITHDRAWALS.

(a) Borrower represents, warrants and covenants that:

(i) Borrower shall, and shall cause Manager to, instruct all Persons that maintain open accounts with Borrower or Manager with respect to the applicable Parcel or with whom Borrower or Manager does business on an "accounts receivable" basis with respect to the applicable Parcel to deliver all payments due under such accounts to the Property Operating Account. Neither Borrower nor Manager shall direct any such Person to make payments due under such accounts in any other manner;

(ii) All Rents or other income from each Parcel shall (A) be deemed additional security for payment of the Debt and shall be held in trust for the benefit, and as the property, of Lender and (B) not be commingled with any other funds or property of Borrower or Manager prior to being deposited into the Property Operating Account;

(iii) So long as any portion of the Debt remains outstanding, neither Borrower, Manager nor any other Person shall open or maintain any accounts other than the Property Operating Account into which revenues from the ownership and operation of the Property are initially deposited. The foregoing shall not prohibit Borrower from utilizing one or more separate accounts for the disbursement or retention of funds that have been transferred to Borrower pursuant to the express terms of this Agreement; and

(b) Upon the occurrence and during the continuance of an Event of Default, (A) if requested by Lender, the Borrower shall direct all Tenants to pay Rent to such account as may be required by Lender, and (B) the Borrower shall and shall cause the Property Operating Account Bank to promptly execute such documentation and otherwise cooperate in a prompt and timely manner with such other requests of Lender in order to grant Lender (x) a first priority perfected security interest in each Property Operating Account and (y) control with respect to each Property Operating Account all funds on deposit or to be deposited therein.

(c) If an Event of Default shall have occurred and be continuing, Borrower hereby irrevocably authorizes Lender to make any and all withdrawals from each Property Operating Account. Lender's right to withdraw and apply funds as stated herein shall be in addition to all other rights and remedies provided to Lender under this Agreement, the Note, the Mortgage and the other Loan Documents.

ARTICLE XI
EVENTS OF DEFAULT; REMEDIES

SECTION 11.1. EVENT OF DEFAULT

The occurrence of any one or more of the following events shall constitute an "EVENT OF DEFAULT":

(a) if any portion of the Debt is not paid within five (5) days of the date the same is due or if the entire Debt is not paid on or before the Maturity Date;

(b) except as otherwise expressly provided in the Loan Documents, if any of the Taxes or Other Charges are not paid in accordance with the terms hereof, unless there is sufficient money in the Tax and Insurance Reserve Account for payment of amounts then due and payable and Lender's access to such money has not been constrained or restricted in any manner;

(c) if the Policies are not kept in full force and effect, or if certified copies of the Policies are not delivered to Lender as provided in Section 8.1;

(d) if Borrower breaches any covenant with respect to itself or any SPE Component Entity (if any) contained in Article 6 or any covenant contained in Article 7 hereof unless, with respect to the covenants set forth in Article 6 only, such breach is (i) immaterial, (ii) capable of cure and (iii) cured within ten (10) days of the occurrence of such breach;

(e) if any representation or warranty of Borrower, Borrower Principal, any SPE Component Entity, or any member, general partner, principal or beneficial owner of any of the foregoing, made herein, in any other Loan Document, or in any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan shall have been false or misleading in any material respect when made;

(f) if (i) Borrower, or any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall commence any case, proceeding or other action (A) under any Creditors Rights Laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property, whether it be superior or junior in lien to the Mortgage;

(h) if the Property becomes subject to any mechanic's, materialman's or other Lien in excess of \$100,000 other than a Lien for any Taxes or Other Charges not then due and payable and the Lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(i) if any federal tax lien in excess of \$100,000 is filed against Borrower, any member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) or the Property and same is not discharged of record within thirty (30) days after same is filed;

(j) if a judgment is filed against the Borrower in excess of the lesser of (x) ten percent (10%) of the principal amount of the Loan and (y) \$500,000 which is not vacated or discharged or bonded over within 30 days unless the claim(s) set forth in the judgment is covered by insurance;

(k) if any default occurs under any guaranty or indemnity executed in connection herewith and such default continues after the expiration of applicable grace periods, if any;

(l) intentionally reserved;

(m) if Borrower shall continue to be in default under any other term, covenant or condition of this Agreement or any of the Loan Documents for more than ten (10) days after notice from Lender in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days; or

(n) if any of the assumptions contained in any opinion relating to issues of substantive consolidation delivered to the Lender in connection with the Loan, or in any other opinion relating to substantive consolidation delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect.

SECTION 11.2. REMEDIES

(a) Upon the occurrence of an Event of Default (other than an Event of Default described in Section 11.1(f) above) and at any time thereafter Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in the Property, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against Borrower and the Property, including,

without limitation, all rights or remedies available at law or in equity (subject to the terms of Article XV below); and upon any Event of Default described in Section 11.1(f) above, the Debt and all other obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time (subject to the terms of Article XV below), whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents.

ARTICLE XII
ENVIRONMENTAL PROVISIONS

SECTION 12.1. ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants, based upon, and except as otherwise disclosed or described in an Environmental Report of the Property (unless Borrower has actual knowledge that such information disclosed in an Environmental Report is inaccurate in any material respect) and information that Borrower knows or should reasonably have known, that: (a) there are no Hazardous Materials or underground storage tanks in, on, or under the Property, except those that are both (i) in compliance with Environmental Laws and with permits issued pursuant thereto (if such permits are required), if any, and (ii) in the case of Hazardous Materials, in amounts not in excess of that necessary to operate the Property for the purposes set forth herein; (b) there are no past, present or threatened Releases of Hazardous Materials in violation of any Environmental Law or which would require remediation by a Governmental Authority in, on, under or from the Property; (c) there is no threat of any Release of Hazardous Materials migrating to the Property except as described in the Environmental Report; (d) there is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with the Property; (e) Borrower does not know of, and has not received, any written or oral notice or other communication from any Person relating to Hazardous Materials in, on, under or from the Property which would cause a violation of any Environmental Law; and (f) to the extent not included in the Environmental Report prepared for Lender in connection with the Loan, Borrower has truthfully and fully provided to Lender, in writing, any and all information relating to environmental conditions in, on, under or from the Property known to Borrower or

contained in Borrower's files and records, including but not limited to any reports relating to Hazardous Materials in, on, under or migrating to or from the Property and/or to the environmental condition of the Property.

SECTION 12.2. ENVIRONMENTAL COVENANTS

Borrower covenants and agrees that so long as Borrower owns, manages, is in possession of, or otherwise controls the operation of the Property: (a) all uses and operations on or of the Property, whether by Borrower or any other Person, shall be in compliance with all Environmental Laws and permits issued pursuant thereto; (b) there shall be no Releases of Hazardous Materials in, on, under or from the Property in violation of any Environmental Law caused by Borrower, its agents or employees; (c) there shall be no Hazardous Materials in, on, or under the Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto, if and to the extent required, and (ii) (A) in amounts not in excess of that necessary to operate the Property for the purposes set forth herein or (B) fully disclosed to and approved by Lender in writing; (d) Borrower shall keep the Property free and clear of all Environmental Liens; (e) Borrower shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to Section 12.4 below, including but not limited to providing all relevant information and making knowledgeable persons available for interviews; (f) Borrower shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Property, pursuant to any reasonable written request of Lender, upon Lender's reasonable belief that the Property is not in full compliance with all Environmental Laws, and share with Lender the reports and other results thereof, and Lender and other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (g) Borrower shall, at its sole cost and expense, comply with all reasonable written requests of Lender to (i) reasonably effectuate remediation of any Hazardous Materials in, on, under or from the Property; and (ii) comply with any Environmental Law; (h) Borrower shall not allow any tenant or other user of the Property to violate any Environmental Law; and (i) Borrower shall immediately notify Lender in writing after it has become aware of (A) any presence or Release or threatened Release of Hazardous Materials in, on, under, from or migrating towards the Property; (B) any non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential Environmental Lien against the Property; (D) any required or proposed remediation of environmental conditions relating to the Property; and (E) any written notice or other communication of which Borrower becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials.

SECTION 12.3. LENDER'S RIGHTS

Lender and any other Person designated by Lender, including but not limited to any representative of a Governmental Authority, and any environmental consultant, and any receiver appointed by any court of competent jurisdiction, shall have the right, but not the obligation, to enter upon the Property at all reasonable times and upon reasonable advance notice to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole discretion) and taking samples of soil, groundwater or other water,

air, or building materials, and conducting other invasive testing. Borrower shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

SECTION 12.4. OPERATIONS AND MAINTENANCE PROGRAMS

If recommended by the Environmental Report or any other environmental assessment or audit of the Property, Borrower shall establish and comply with an operations and maintenance program with respect to the Property, in form and substance reasonably acceptable to Lender, prepared by an environmental consultant reasonably acceptable to Lender, which program shall address any asbestos-containing material or lead based paint that may now or in the future be detected at or on the Property. Without limiting the generality of the preceding sentence, Lender may require (a) periodic notices or reports to Lender in form, substance and at such intervals as Lender may specify, (b) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (c) at Borrower's sole expense, supplemental examination of the Property by consultants specified by Lender, (d) access to the Property by Lender, its agents or servicer, to review and assess the environmental condition of the Property and Borrower's compliance with any operations and maintenance program, and (e) variation of the operations and maintenance program in response to the reports provided by any such consultants.

SECTION 12.5. ENVIRONMENTAL DEFINITIONS

"ENVIRONMENTAL LAW" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other government directives or requirements, as well as common law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, that apply to Borrower or the Property and relate to Hazardous Materials or protection of human health or the environment. "ENVIRONMENTAL LIENS" means all Liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Borrower or any other Person. "ENVIRONMENTAL REPORT" means the written reports resulting from the environmental site assessments of the Property delivered to Lender in connection with the Loan. "HAZARDOUS MATERIALS" shall mean petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives, flammable materials; radioactive materials; polychlorinated biphenyls and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material", "hazardous waste", "toxic substance", "toxic pollutant", "contaminant", or "pollutant" within the meaning of any Environmental Law. "RELEASE" of any Hazardous Materials includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

SECTION 12.6. INDEMNIFICATION

(a) Borrower and Borrower Principal covenant and agree at their sole cost and expense, to protect, defend, indemnify, release and hold Indemnified Parties harmless from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (i) any presence of any Hazardous Materials in, on, above, or under the Property in violation of any Environmental Law; (ii) any past, present or threatened Release of Hazardous Materials in, on, above, under or from the Property in violation of any Environmental Law; (iii) any activity by Borrower, any Person affiliated with Borrower, and any Tenant in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Hazardous Materials at any time located in, under, on or above the Property or any actual or proposed remediation of any Hazardous Materials at any time located in, under, on or above the Property, whether or not such remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action in each case in violation of any Environmental Law; (iv) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Property or operations thereon, including but not limited to any failure by Borrower, any person or entity affiliated with Borrower, and any tenant or other user of the Property to comply with any order of any Governmental Authority in connection with any Environmental Laws; (v) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Property; (vi) any acts of Borrower, any person or entity affiliated with Borrower, and any tenant in (A) arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Materials at any facility or incineration vessel containing such or similar Hazardous Materials or (B) accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites from which there is a Release, or a threatened Release of any Hazardous Substance which causes the incurrence of costs for remediation; and (vii) any material and intentional misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Agreement relating to environmental matters.

(b) Upon written request by any Indemnified Party, Borrower and Borrower Principal shall defend same (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals reasonably approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding, provided, with respect to such resolution, Lender agrees to obtain Borrower's prior written approval (it being acknowledged and agreed that Borrower shall not unreasonably withhold, condition or delay its approval and any rejection of proposed resolution shall set forth the reasons for the same in reasonable detail); provided, however, so long as there is not a conflict of interest between any Indemnified Party and Borrower, as determined by an Indemnified Party, no Indemnified Party shall engage additional attorneys nor other professionals. Upon demand, Borrower and Borrower Principal shall pay or, in the sole discretion of the Indemnified Parties,

reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

(c) Notwithstanding the foregoing, Borrower shall have no liability for any Losses imposed upon or incurred by or asserted against any Indemnified Parties and described in subsection (a) above to the extent that Borrower can conclusively prove that such Losses were caused (i) solely by actions, conditions or events that occurred after the date that Borrower was no longer in possession or control of the Property, whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver and that such Losses were not caused by the direct or indirect actions of Borrower, Borrower Principal, or any partner, member, principal, officer, director, trustee or manager of Borrower or Borrower Principal or any employee, agent, contractor or Affiliate of Borrower or Borrower Principal or (ii) by the gross negligence or intentional misconduct of any of the Indemnified Parties. The obligations and liabilities of Borrower and Borrower Principal under this Section 12.6 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XIII
SECONDARY MARKET

SECTION 13.1. TRANSFER OF LOAN

Lender may, at any time, sell, transfer or assign the Loan Documents, or grant participations therein ("PARTICIPATIONS") or syndicate the Loan ("SYNDICATION") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement ("SECURITIES") (a Syndication or the issuance of Participations and/or Securities, a "SECURITIZATION").

SECTION 13.2. DELEGATION OF SERVICING

At the option of Lender, the Loan may be serviced by a servicer/trustee selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to such servicer/trustee pursuant to a servicing agreement between Lender and such servicer/trustee.

SECTION 13.3. DISSEMINATION OF INFORMATION

Lender may forward to each purchaser, transferee, assignee, or servicer of, and each participant, or investor in, the Loan, or any Participations and/or Securities or any of their respective successors (collectively, the "INVESTOR") or any Rating Agency rating the Loan, or any Participations and/or Securities, each prospective Investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information which Lender now has or may hereafter acquire relating to the Debt and to Borrower, any managing member or general partner thereof, Borrower Principal, any SPE Component Entity (if any) and the Property, including financial statements, whether furnished by Borrower or otherwise, as Lender determines necessary or desirable. Borrower irrevocably

waives any and all rights it may have under applicable Legal Requirements to prohibit such disclosure, including but not limited to any right of privacy so long as the information is used in accordance with the requirements hereof.

SECTION 13.4. COOPERATION

Borrower and Borrower Principal agree to cooperate with Lender in connection with any sale or transfer of the Loan or any Participation and/or Securities created pursuant to this Article 13, including, without limitation, the delivery of an estoppel certificate required in accordance with Section 5.12(a) and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower and Borrower Principal consent to Lender furnishing to such Investors or such prospective Investors or such Rating Agency and any and all information concerning the Property, the Leases, the financial condition of Borrower or Borrower Principal as may be requested by Lender, any Investor, any prospective Investor or any Rating Agency in connection with any sale or transfer of the Loan or any Participations or Securities. At the request of the holder of the Note and, to the extent not already required to be provided by Borrower under this Agreement, Borrower and Borrower Principal shall use reasonable efforts to provide information not in the possession of the holder of the Note relating to the Property, the Leases, the financial condition of Borrower or Borrower Principal in order to satisfy the market standards to which the holder of the Note customarily adheres or which may be reasonably required in the marketplace or by the Rating Agencies in connection with such sales or transfers, including, without limitation, to:

(a) provide updated financial, budget and other information with respect to the Property, Borrower, Borrower Principal and Manager and provide modifications and/or updates to the appraisals, market studies, environmental reviews and reports (Phase I reports and, if appropriate, Phase II reports) and engineering reports of the Property obtained in connection with the making of the Loan (all of the foregoing being referred to as the "PROVIDED INFORMATION"), together, if customary, with appropriate verification and/or consents of the Provided Information, at Lender's expense, through letters of auditors or opinions of counsel of independent attorneys acceptable to Lender and the Rating Agencies;

(b) make changes to the organizational documents of Borrower, any SPE Component Entity and their respective principals which are consistent with the provisions of Article 6;

(c) at Lender's expense, cause counsel to render or update existing opinion letters as to enforceability and non-consolidation, which may be relied upon by the holder of the Note, the Rating Agencies and their respective counsel, which shall be dated as of the closing date of the Securitization;

(d) permit site inspections, appraisals, market studies and other due diligence investigations of the Property, as may be reasonably requested by the holder of the Note or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization all at Lender's expense;

(e) make the representations and warranties with respect to the Property, Borrower, Borrower Principal and the Loan Documents as are made in the Loan Documents;

(f) execute such amendments to the Loan Documents as may be reasonably requested by the holder of the Note or the Rating Agencies or otherwise to effect the Securitization all at Lender's expense including, without limitation, bifurcation of the Loan into two or more components and/or separate notes and/or creating a senior/subordinate note structure; provided, however, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (i) change the interest rate, the stated maturity or the amortization of principal set forth in the Note, except in connection with a bifurcation of the Loan which may result in varying fixed interest rates and amortization schedules, but which shall have the same weighted average coupon of the original Note throughout the entire term of the Loan, or (ii) in the reasonable judgment of Borrower, modify or amend any other material economic term of the Loan, or (iii) in the reasonable judgment of Borrower, materially increase Borrower's obligations and liabilities under the Loan Documents;

(g) deliver to Lender and/or any Rating Agency, at Lender's expense, (i) one or more certificates executed by an officer of the Borrower certifying as to the accuracy in all material respects, as of the closing date of the Securitization, of all representations made by Borrower in the Loan Documents as of the Closing Date in all relevant jurisdictions or, if such representations are no longer accurate, certifying as to what modifications to the representations would be required to make such representations accurate in all material respects as of the closing date of the Securitization, and (ii) certificates of the relevant Governmental Authorities in all relevant jurisdictions indicating the good standing and qualification of Borrower as of the date of the closing date of the Securitization;

(h) have reasonably appropriate personnel participate in a bank meeting and/or presentation for the Rating Agencies or Investors; and

(i) cooperate with and assist Lender in obtaining ratings of the Securities from two (2) or more of the Rating Agencies.

Except as otherwise provided in this Section 13.4, all reasonable third party costs and expenses incurred by Borrower in connection with Borrower's complying with requests made under this Section 13.4 shall be paid by Borrower, it being acknowledged and agreed that Borrower shall not be obligated to pay Lender's costs and expenses and the costs and expenses of third parties engaged by Lender in connection with requests by Lender pursuant to this Section 13.4, unless otherwise provided in this Section 13.4.

In the event that Borrower requests any consent or approval hereunder and the provisions of this Agreement or any Loan Documents require the receipt of written confirmation from each Rating Agency with respect to the rating on the Securities, or, in accordance with the terms of the transaction documents relating to a Securitization, such a rating confirmation is required in order for the consent of Lender to be given, Borrower shall pay all of the reasonable costs and expenses of Lender, Lender's servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency as a condition to the delivery of such confirmation.

SECTION 13.5. SECURITIZATION INDEMNIFICATION

(a) Borrower and Borrower Principal understand that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including, without limitation, a prospectus, prospectus supplement, offering memorandum or private placement memorandum (each, a "DISCLOSURE DOCUMENT") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act or the Exchange Act, or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, Borrower and Borrower Principal will cooperate with the holder of the Note in updating the Disclosure Document by providing all current information necessary to keep the Disclosure Document accurate and complete in all material respects, subject to the terms and conditions contained in Section 13.4.

(b) Borrower and Borrower Principal agree to provide in connection with each of (i) a preliminary and a final offering memorandum or private placement memorandum or similar document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or (ii) a preliminary and final prospectus or prospectus supplement, as applicable, an indemnification certificate (A) certifying that Borrower and Borrower Principal have carefully examined the specific sections of any memorandum or prospectus describing or disclosing the Property Information (which specific sections shall be provided by Lender) which shall only relate to Borrower, Borrower Principal, Manager, their Affiliates, the Loan, the Loan Documents and the Property, and that, to the best of Borrower's knowledge, such sections (and any other sections reasonably requested) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided, however, Borrower shall not make any representations or warranties concerning the truth, accuracy or completeness of any information or reports prepared by a third party, (B) indemnifying Lender (and for purposes of this Section 13.5, Lender hereunder shall include its officers and directors) and the Affiliate of Lender that (i) has filed the registration statement, if any, relating to the Securitization and/or (ii) which is acting as issuer, depositor, sponsor and/or a similar capacity with respect to the Securitization (any Person described in (i) or (ii), an "ISSUER PERSON"), and each director and officer of any Issuer Person, and each Person or entity who controls any Issuer Person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "ISSUER GROUP"), and each Person which is acting as an underwriter, manager, placement agent, initial purchaser or similar capacity with respect to the Securitization, each of its directors and officers and each Person who controls any such Person within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act (collectively, the "UNDERWRITER GROUP") for any Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Losses directly arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such sections or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such sections or necessary in order to make the statements in such sections or in light of the circumstances under which they were made, not materially misleading (collectively the "SECURITIES LIABILITIES") and (C) agreeing to reimburse Lender, the Issuer Group and the Underwriter Group for any legal or other expenses reasonably incurred by

Lender and Issuer Group in connection with investigating or defending the Securities Liabilities; provided, however, that Borrower will be liable in any such case under clauses (B) or (C) above only to the extent that any such Securities Liabilities arise out of or is based upon any such untrue statement or omission made therein in reliance upon and in conformity with information furnished to Lender or any member of the Issuer Group or Underwriter Group by or on behalf of Borrower or Borrower Principal in connection with the preparation of the memorandum or prospectus or other document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or in connection with the underwriting of the Loan, including, without limitation, financial statements of Borrower or Borrower Principal, operating statements, rent rolls, environmental site assessment reports and Property condition reports with respect to the Property. This indemnity agreement will be in addition to any liability which Borrower and Borrower Principal may otherwise have. Moreover, the indemnification provided for in Clauses (B) and (C) above shall be effective whether or not an indemnification certificate described in (A) above is provided and shall be applicable based on information previously provided by Borrower and Borrower Principal or their Affiliates if Borrower or Borrower Principal do not provide the indemnification certificate so long as Lender provides Borrower with the disclosure thereof and prospectus as set forth in this Section 13.5(b).

(c) In connection with the initial filings under the Exchange Act in connection with a Securitization of the Loan, Borrower and Borrower Principal agree to indemnify (i) Lender, the Issuer Group and the Underwriter Group for Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Securities Liabilities arise out of or are based solely upon the omission or alleged omission to state in the Provided Information delivered to Lender prior to the Securitization a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in light of the circumstances under which they were made not misleading and (ii) reimburse Lender, the Issuer Group or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, the Issuer Group or the Underwriter Group in connection with defending or investigating the Securities Liabilities; provided that in the event that such filings under the Exchange Act contain information in a form not previously reviewed by Borrower, then Lender shall provide Borrower with a copy of such filings for its approval of the content thereof prior to submitting the same.

(d) Promptly after receipt by an indemnified party under this Section 13.5 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 13.5, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, so long as there is not a conflict of interest between the indemnifying party and any indemnified party or parties, as reasonably determined by counsel to such indemnified

party or parties, the indemnified party or parties shall not engage additional counsel to assume such defense on behalf of the related indemnifying party. After notice from the indemnifying party to such indemnified party under this Section 13.5 the indemnifying party shall be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, and that there is a conflict of interest between the indemnified party or parties and the indemnifying party, as reasonably determined by counsel to such indemnified party or parties, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. The indemnifying party shall not be liable for the expenses of more than one such separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to another indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreements provided for in Section 13.5(b) or Section 13.5(c) is or are for any reason held to be unenforceable by an indemnified party in respect of any losses, claims, damages or liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 13.5(b) or Section 13.5(c), the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages or liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified party's, Borrower's and Borrower Principal's relative knowledge and access to information concerning the matter with respect to which claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender, Borrower and Borrower Principal hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of Borrower and Lender under this Section 13.5 shall survive the satisfaction of this Agreement and the satisfaction and discharge of the Debt. The liabilities and obligations of Borrower Principal under this Section 13.5 and any certificate provided pursuant to the terms hereof shall only survive until November 30, 2006 and then shall terminate and be of no further force and effect with respect to any matters for which written claims have not been made against Borrower Principal prior to November 30, 2006.

ARTICLE XIV
INDEMNIFICATIONS

SECTION 14.1. GENERAL INDEMNIFICATION

Borrower shall indemnify, defend and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (b) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (d) any failure of the Property to be in compliance with any Applicable Legal Requirements; (e) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (f) the holding or investing of the Reserve Accounts or the performance of the Required Work, or (g) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan (collectively, the "INDEMNIFIED LIABILITIES"); provided, however, that Borrower shall not have any obligation to Lender hereunder (i) to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender and (ii) with respect to any Indemnified Liability (A) not caused by Borrower and (B) first arising after the date Borrower is no longer in possession or control of the Property whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

SECTION 14.2. MORTGAGE AND INTANGIBLE TAX INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of the Mortgage, the Note or any of the other Loan Documents, but excluding any income, franchise or other similar taxes.

SECTION 14.3. ERISA INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA

that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Section 4.9 or Section 5.18 of this Agreement.

SECTION 14.4. SURVIVAL

The obligations and liabilities of Borrower under this Article 14 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XV
EXCULPATION

SECTION 15.1. EXCULPATION

(a) Except as otherwise provided herein or in the other Loan Documents, Lender shall not enforce the liability and obligation of Borrower or Borrower Principal, as applicable, to pay, perform and/or observe the obligations contained herein, in the Note, or in the other Loan Documents by any action or proceeding against Borrower wherein a money judgment shall be sought against Borrower, the members/partners of Borrower or Borrower Principal or its respective members or partners, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding against Borrower to enable Lender to enforce and realize upon this Agreement, the Note, the Mortgage and the other Loan Documents, and the interest in the Property, the Rents and any other collateral given to Lender created by this Agreement, the Note, the Mortgage and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting this Agreement, the Note, the Mortgage and the other Loan Documents, agrees that it shall not, except as otherwise provided in Section 15.1(b) and (c), sue for, seek or demand any deficiency judgment against Borrower or Borrower Principal in any such action or proceeding, under or by reason of or under or in connection with this Agreement, the Note, the Mortgage or the other Loan Documents. The provisions of this Section 15.1 shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Note, the Mortgage or the other Loan Documents; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Agreement and the Mortgage; (iii) affect the validity or enforceability of any indemnity (including, without limitation, those contained in Section 12.6, Section 13.5 and Article 14 of this Agreement), made in connection with this Agreement, the Note, the Mortgage and the other Loan Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the assignment of leases provisions contained in the Mortgage; or (vi) impair the right of Lender to obtain a deficiency judgment against Borrower or other judgment on the Note against Borrower if necessary to obtain any Insurance Proceeds or Awards to which Lender would otherwise be entitled under this Agreement; provided however, Lender shall only enforce such judgment to the extent of the Insurance Proceeds and/or Awards.

(b) Notwithstanding the provisions of this Section 15.1 to the contrary, Borrower and Borrower Principal shall be personally liable to Lender on a joint and several basis for Losses due to:

(i) fraud, material intentional misrepresentation, gross negligence or willful misconduct by Borrower, Borrower Principal or any other Affiliate of Borrower or Borrower Principal in connection with the execution and the delivery of this Agreement, the Note, the Mortgage, any of the other Loan Documents, or any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan;

(ii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of Rents received by Borrower, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof, after the occurrence of an Event of Default;

(iii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of tenant security deposits or Rents collected in advance, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(iv) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or the misappropriation of Insurance Proceeds or Awards, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(v) Borrower's failure to pay Taxes or Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms hereof and there exists no impediment to Lender's utilization thereof (whether or not used by Lender for such purpose) or the applicable Parcel is not generating sufficient proceeds to pay such Taxes or Other Charges);

(vi) intentionally reserved;

(vii) any act of actual physical waste or arson by Borrower, any principal, Affiliate, member or general partner thereof or by Borrower Principal, any principal, Affiliate, member or general partner thereof;

(viii) Borrower's failure following any Event of Default to deliver to Lender upon demand all Rents collected by Borrower after such Event of Default and books and records relating to the Property;

(ix) Borrower's withdrawal following an Event of Default of any amounts from any Property Operating Account, except as directed by Lender; or

(x) Borrower's failure to complete the Required Repairs within the time frames set forth in Section 9.1 hereof, to the extent Lender has not required Borrower to make a deposit into the Required Repair Account pursuant to the provisions of Section 9.1 hereof.

(c) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect and the Debt immediately shall become fully recourse to Borrower and Borrower Principal, jointly and severally, in the event of (i) a default by Borrower, Borrower Principal or any SPE Component Entity (if any) of any of the covenants set forth in Article 6, except the extent that such breach was inadvertent, immaterial and is promptly cured, (ii) of a breach of any of the covenants set forth in Article 7 hereof, or (iii) if (A) a voluntary bankruptcy or insolvency proceeding is commenced by Borrower under the U.S. Bankruptcy Code or any similar federal or state law, or (B) an involuntary bankruptcy or insolvency proceeding is commenced against Borrower or Borrower Principal in connection with which Borrower, Borrower Principal, SPE Component Entity or any Affiliate of any of the foregoing has or have colluded in any way with the creditors commencing or filing such proceeding.

(d) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provision of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Mortgage or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with this Agreement, the Note, the Mortgage or the other Loan Documents.

ARTICLE XVI
NOTICES

SECTION 16.1. NOTICES

All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested, (b) expedited prepaid overnight delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or by (c) telecopier (with answer back acknowledged provided an additional notice is given pursuant to subsection (b) above), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

If to Lender: Bank of America, N.A.
 Capital Markets Servicing Group
 555 South Flower Street, 6th Floor
 CA9-706-06-42
 Los Angeles, California 90071
 Attention: Servicing Manager
 Telephone No: (800) 462-0505
 Facsimile No.: (213) 345-6587

With a copy to: Bank of America Legal Department
GCIB/CMBS
NC1-007-20-01
100 North Tyron Street
Charlotte, North Carolina 28255-0001
Attention: Paul Kurzeja, Esq.
Facsimile No.: (704) 387-0922

Cadwalader, Wickersham and Taft LLP
227 West Trade Street, Suite 2400
Charlotte, North Carolina 28202
Attention: James P. Carroll, Esq.
Facsimile No.: (704) 348-5200

If to Borrower: c/o Sun Communities, Inc.
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

(On or after September 1, 2004)
The American Center
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Fax No.: (248) 351-3082

If to Borrower
Principal: Sun Communities Operating Limited Partnership
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; or in the case of expedited prepaid delivery and telecopy, upon the first attempted delivery on a Business Day.

ARTICLE XVII
FURTHER ASSURANCES

SECTION 17.1. REPLACEMENT DOCUMENTS

Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement Note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

SECTION 17.2. RECORDING OF MORTGAGE, ETC.

Borrower forthwith upon the execution and delivery of the Mortgage and thereafter, from time to time, will cause the Mortgage and any of the other Loan Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, the Mortgage, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Mortgage, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do. Lender agrees to reasonably cooperate, at Borrower's expense, with reasonable requests made by Borrower to assign this Agreement, or any of the other Loan Documents to a new lender in connection with a refinance of the Loan in order to minimize the tax obligations incurred by Borrower in connection with such refinance

SECTION 17.3. FURTHER ACTS, ETC.

Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, deeds of trust, mortgages, assignments, security agreements, control agreements, notices of assignments, transfers and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned,

warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing, registering or recording the Mortgage, or for complying with all Legal Requirements; provided, however, none of the foregoing shall materially increase the obligations or reduce the rights of Borrower hereunder. Borrower, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements and financing statement amendments to evidence more effectively, perfect and maintain the priority of the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation, such rights and remedies available to Lender pursuant to this Section 17.3.

SECTION 17.4. CHANGES IN TAX, DEBT, CREDIT AND DOCUMENTARY STAMP

LAWS

(a) If any law is enacted or adopted or amended after the date of this Agreement which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury then Lender shall have the option by written notice of not less than one hundred twenty (120) days to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of the Mortgage or the Debt. If such claim, credit or deduction shall be required by law, Lender shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, the Mortgage, or any of the other Loan Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

SECTION 17.5. EXPENSES

Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender upon receipt of written notice from Lender for all reasonable costs and expenses (including reasonable, actual attorneys' fees and disbursements and the allocated costs of internal legal services and all actual disbursements of internal counsel) reasonably incurred by Lender in accordance with this Agreement in connection with (a) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the

transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Lender as to any legal matters arising under this Agreement or the other Loan Documents with respect to the Property); (b) Borrower's ongoing performance of and compliance with Borrower's respective agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (c) following a request by Borrower, Lender's ongoing performance and compliance with all agreements and conditions contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date; (d) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by Lender (except as expressly limited by the provisions of the provisions of Section 13.4 hereof); (e) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement; (f) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other similar expenses incurred in creating and perfecting the Lien in favor of Lender pursuant to this Agreement and the other Loan Documents; (g) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the other Loan Documents, the Property, or any other security given for the Loan; and (h) enforcing any obligations of or collecting any payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; provided, however, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender.

ARTICLE XVIII
WAIVERS

SECTION 18.1. REMEDIES CUMULATIVE; WAIVERS

The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower or Borrower Principal pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise except as limited by Article XV hereof. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

SECTION 18.2. MODIFICATION, WAIVER IN WRITING

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, or of the Note, or of any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

SECTION 18.3. DELAY NOT A WAIVER

Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.

SECTION 18.4. TRIAL BY JURY

BORROWER, BORROWER PRINCIPAL AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER, BORROWER PRINCIPAL AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF LENDER, BORROWER PRINCIPAL AND BORROWER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER, BORROWER PRINCIPAL AND LENDER.

SECTION 18.5. WAIVER OF NOTICE

Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except

with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower.

SECTION 18.6. REMEDIES OF BORROWER

In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that neither Lender nor its agents shall be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment. Lender agrees that, in such event, it shall cooperate in expediting any action seeking injunctive relief or declaratory judgment.

SECTION 18.7. WAIVER OF MARSHALLING OF ASSETS

To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners and others with interests in Borrower, and of the Property, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Property for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Property in preference to every other claimant whatsoever.

SECTION 18.8. WAIVER OF STATUTE OF LIMITATIONS

Borrower hereby expressly waives and releases, to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations.

SECTION 18.9. WAIVER OF COUNTERCLAIM

Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents; provided, however, nothing in this section shall prevent Borrower from, subject to the provisions of Section 18.6 above, asserting such claim or counterclaim in a separate action against Lender.

ARTICLE XIX
GOVERNING LAW

SECTION 19.1. CHOICE OF LAW

This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, (a) that with respect to the creation, perfection, priority and enforcement of any Lien created by the Loan Documents, and the determination of deficiency judgments, the laws of the state where the Property is located shall apply, and (b) with respect to the security interest in each of the Reserve Accounts, the laws of the state where each such account is located shall apply.

SECTION 19.2. SEVERABILITY

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

SECTION 19.3. PREFERENCES

During the continuance of an Event of Default, Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditors Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

ARTICLE XX
MISCELLANEOUS

SECTION 20.1. SURVIVAL

This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

SECTION 20.2. LENDER'S DISCRETION

Whenever pursuant to this Agreement, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive absent manifest error.

SECTION 20.3. HEADINGS

The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 20.4. COST OF ENFORCEMENT

In the event (a) that the Mortgage is foreclosed in whole or in part, (b) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, or (c) Lender exercises any of its other remedies under this Agreement or any of the other Loan Documents, Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, together with all required service or use taxes.

SECTION 20.5. SCHEDULES INCORPORATED

The Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

SECTION 20.6. OFFSETS, COUNTERCLAIMS AND DEFENSES

Any assignee of Lender's interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

SECTION 20.7. NO JOINT VENTURE OR PARTNERSHIP; NO THIRD PARTY BENEFICIARIES

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender, Borrower and Borrower Principal any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

(c) The general partners, members, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

(d) Notwithstanding anything to the contrary contained herein, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(e) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Agreement, the Mortgage, the Note or the other Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

(f) Borrower recognizes and acknowledges that in accepting this Agreement, the Note, the Mortgage and the other Loan Documents, Lender is expressly and primarily relying on the truth and accuracy of the representations and warranties set forth in Article 4 of this Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof, that the warranties and representations are a material inducement to Lender in making the Loan; and that Lender would not be willing to make the Loan and accept this Agreement, the Note, the Mortgage and the other Loan Documents in the absence of the warranties and representations as set forth in Article 4 of this Agreement.

SECTION 20.8. PUBLICITY

All news releases, publicity or advertising by Borrower or its Affiliates through any media intended to reach the general public which refers to the Loan, Lender, Banc of America Securities LLC, or any of their Affiliates shall be subject to the prior written approval of Lender, not to be unreasonably withheld. Lender shall be permitted to make any news,

releases, publicity or advertising by Lender or its Affiliates through any media intended to reach the general public which refers to the Loan, the Property, Borrower, Borrower Principal and their respective Affiliates without the approval of Borrower or any such Persons; provided, however, Lender agrees to consult with the timing of any such publicity if Lender reasonably believes that Lender's disclosure of such information would have an affect on SCI's compliance with the Securities Act. Borrower also agrees that Lender may share any information pertaining to the Loan with Bank of America Corporation, including its bank subsidiaries, Banc of America Securities LLC and any other Affiliates of the foregoing, in connection with the sale or transfer of the Loan or any Participations and/or Securities created.

SECTION 20.9. CONFLICT; CONSTRUCTION OF DOCUMENTS; RELIANCE

In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

SECTION 20.10. ENTIRE AGREEMENT

This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Borrower and Lender are superseded by the terms of this Agreement and the other Loan Documents.

SECTION 20.11. TAX DISCLOSURE

Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, each party (and each employee, representative or other agent of each party) hereto may disclose to any and all persons, without limitation of any kind, any information with respect to the United States federal income "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such parties (or their representatives) relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case

contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the United States federal income tax treatment or tax structure of the transactions contemplated hereby.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

SUN POOL 8 LLC, a Michigan limited liability company

By: Sun QRS Pool 8, Inc., a Michigan corporation, its managing member

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

BORROWER PRINCIPAL:

Acknowledged and agreed to with respect to its obligations set forth in Article 4, Section 12.6, Article 13, Article 15 and Article 18 hereof:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland corporation, its general partner

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

LENDER:

BANK OF AMERICA, N.A., a national
banking association

By: /s/ Fay Smith

Fay Smith, Vice President

Schedule Identifying Substantially Identical Agreements to Exhibit No. 10.3

Various subsidiaries of the Company each entered into loan agreements which are substantially identical to the loan agreement filed under Exhibit 10.3. The following table lists the borrower(s), loan amounts, interest rates and maturity dates which differ from that in Exhibit 10.3 for each of the loan agreements listed below.

Borrower(s) - - - - -	Loan Amount - - - - -	Interest Rate - - - - -	Maturity Dates - - - - -
Aspen-Brentwood Project, LLC, Aspen-Grand Project, LLC, Sun Pool 12 LLC and Sun Meadowbrook FL LLC	\$25,563,188.00	5.32%	7/1/2016
Sun Candlelight Village LLC and Sun Siesta Bay LLC	\$36,487,198.00	4.9308%	7/1/2011
Sun Pool 3 LLC and Sun Orange Tree LLC	\$26,922,749.00	5.051%	7/1/2014
Sun Pool 4 LLC, Sun Lake Juliana LLC and Sun Lake San Marino LLC	\$27,620,542.00	4.9308%	7/1/2011
Sun Ariana LLC, Aspen Byron Project LLC and Sun Woodlake Estates LLC	\$13,357,743.00	5.051%	7/1/2014
Aspen Country Project, LLC, Sun Island Lakes, LLC, Sun Kings Lake LLC and Aspen-Town & Country Associates II, LLC	\$25,366,570.00	5.051%	7/1/2014

LOAN AGREEMENT

Dated as of June 9, 2004

Between

SUN CONTINENTAL ESTATES LLC,
as Borrower

and

BANK OF AMERICA, N.A.,
as Lender

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EXHIBIT A Borrower Equity Ownership Structure

SCHEDULE I Required Repairs

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 9, 2004 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "AGREEMENT"), between BANK OF AMERICA, N.A., a national banking association, having an address at Bank of America Corporate Center, 214 North Tryon Street, Charlotte, North Carolina 28255 (together with its successors and/or assigns, "LENDER") and SUN CONTINENTAL ESTATES LLC, a Michigan limited liability company, having an address at The American Center, 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 (together with its successors and/or assigns, "BORROWER").

RECITALS:

Borrower desires to obtain the Loan (defined below) from Lender.

Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (defined below).

In consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE I
DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1. DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"ACCEPTABLE ACCOUNTANT" shall mean a "Big Four" accounting firm or other independent certified public accountant reasonably acceptable to Lender (it being agreed that for purposes herein Grant Thornton LLP and any other accounting firm similar in size, expertise and reputation as Grant Thornton LLP are each deemed an Acceptable Accountant).

"ACQUIRED PROPERTY" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACQUIRED PROPERTY STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACT" shall have the meaning set forth in Section 6.1(c).

"ADDITIONAL REPLACEMENT" shall have the meaning set forth in Section 9.5(g) hereof.

"ADDITIONAL REQUIRED REPAIR" shall have the meaning set forth in Section 9.5(f) hereof.

"AFFILIATE" shall mean, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person or of an Affiliate of such Person.

"AFFILIATED MANAGER" shall have the meaning set forth in Section 7.1 hereof.

"ALTA" shall mean American Land Title Association, or any successor thereto.

"ALTERATION THRESHOLD" means \$250,000.00.

"ANNEX" shall have the meaning set forth in Section 4.40 hereof.

"ANNUAL BUDGET" shall mean the operating budget consistent with the annual operating statements described in Section 5.11 of this Agreement for the Property, including all planned capital expenditures, for the Property, for the applicable calendar year or other period.

"APPRAISAL" shall mean an "as is" appraisal of the Property conforming to FIRREA and USPAP requirements and prepared at the Borrower's expense by a qualified appraiser designated by and reasonably satisfactory to the Lender, in accordance with written instructions from the Lender, dated as of a date reasonably acceptable to the Lender and otherwise reasonably satisfactory in form and substance to the Lender.

"ASSIGNMENT OF MANAGEMENT AGREEMENT" shall mean any Assignment and Subordination of Management Agreement entered into among Lender, Borrower and any Qualified Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"AWARD" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of the Property.

"BORROWER PRINCIPAL" shall mean SCOLP and, solely with respect to the recourse carveouts set forth in Section 15.1(b)(viii) and (ix), SCI.

"BUSINESS DAY" shall mean a day on which Lender is open for the conduct of substantially all of its banking business at its office in the city in which the Note is payable (excluding Saturdays and Sundays).

"CASUALTY" shall have the meaning set forth in Section 8.2.

"CLOSING DATE" shall mean the date of the funding of the Loan.

"CONTROL" shall have the meaning set forth in Section 7.1 hereof.

"CONDEMNATION" shall mean a temporary or permanent taking by any Governmental Authority as the result, in lieu or in anticipation, of the exercise of the right of

condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof.

"CONDEMNATION PROCEEDS" shall have the meaning set forth in Section 8.4(b)

"CREDITORS RIGHTS LAWS" shall mean with respect to any Person any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

"CROSSED PROPERTY" any Parcel which secures the obligations of an Additional Borrower (as defined in any Mortgage) under any Additional Note (as defined in any Mortgage) (each Crossed Property being collectively referred to as the "CROSSED PROPERTIES").

"DEBT" shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, this Agreement, the Mortgage or any other Loan Document.

"DEBT SERVICE" shall mean, with respect to any particular period of time, scheduled principal and/or interest payments under the Note.

"DEBT SERVICE COVERAGE RATIO" shall mean, as of any date of determination, for the applicable period of calculation, the ratio, as reasonably determined by Lender using the same standards and criteria used by Lender in underwriting the Loan, of (i) Net Operating Income to (ii) the aggregate amount of Debt Service which would be due for the same period based on the outstanding principal amount of the Loan. Unless otherwise expressly specified herein, the Debt Service Coverage Ratio shall be computed with respect to the Property and Crossed Property on a combined basis.

"DEFAULT" shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would be an Event of Default.

"DEFAULT RATE" shall mean, with respect to the Loan, a rate per annum equal to the lesser of (a) the maximum rate permitted by applicable law, or (b) four percent (4%) above the Note Rate.

"DEFEASANCE COLLATERAL" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASANCE COLLATERAL ACCOUNT" shall have the meaning set forth in Section 2.4(h) hereof.

"DEFEASANCE SECURITY AGREEMENT" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASED NOTE" shall have the meaning set forth in Section 2.4(g) (i) (D) hereof.

"DISCLOSURE DOCUMENT" shall have the meaning set forth in Section 13.5 hereof.

"ELIGIBLE ACCOUNT" shall mean a separate and identifiable account from all other funds held by the holding institution that is either (a) an account or accounts maintained with a federal or state chartered depository institution or trust company which complies with the definition of Eligible Institution or (b) a segregated trust account or accounts maintained with a federal or state chartered depository institution or trust company acting in its fiduciary capacity which, in the case of a state chartered depository institution or trust company, is subject to regulations substantially similar to 12 C.F.R. Section 9.10(b), having in either case a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal and state authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"ELIGIBLE INSTITUTION" shall mean either Bank of America, N.A. or a depository institution or trust company insured by the Federal Deposit Insurance Corporation, the short term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by S&P, "P-1" by Moody's and "F-1+" by Fitch in the case of accounts in which funds are held for thirty (30) days or less (or, in the case of accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least "AA" by Fitch and S&P and "Aa2" by Moody's).

"EMBARGOED PERSON" shall the meaning set forth in Section 4.39.

"ENVIRONMENTAL LAW" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL LIENS" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL REPORT" shall have the meaning set forth in Section 12.5 hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statutes thereto and applicable regulations issued pursuant thereto in temporary or final form.

"EVENT OF DEFAULT" shall have the meaning set forth in Section 11.1 hereof.

"EXCHANGE ACT" shall mean the Securities and Exchange Act of 1934, as amended.

"EXCHANGE ACT FILING" shall have the meaning set forth in Section 5.11(c) hereof.

"FITCH" shall mean Fitch, Inc.

"GAAP" shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

"GOVERNMENTAL AUTHORITY" shall mean any court, board, agency, department, commission, office or other authority of any nature whatsoever for any governmental unit (federal, state, county, municipal, city, town, special district or otherwise) whether now or hereafter in existence.

"HAZARDOUS MATERIALS" shall have the meaning set forth in Section 12.5 hereof.

"IMPROVEMENTS" shall have the meaning set forth in the granting clause of the Mortgage.

"INDEMNIFIED PARTIES" shall mean (a) Lender, (b) any prior owner or holder of the Loan or Participations in the Loan, (c) any servicer or prior servicer of the Loan, (d) any Investor or any prior Investor in any Securities, (e) any trustees, custodians or other fiduciaries who hold or who have held a full or partial interest in the Loan for the benefit of any Investor or other third party, (f) any receiver or other fiduciary appointed in a foreclosure or other Creditors Rights Laws proceeding, (g) any officers, directors, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates or subsidiaries of any and all of the foregoing, and (h) the heirs, legal representatives, successors and assigns of any and all of the foregoing (including, without limitation, any successors by merger, consolidation or acquisition of all or a substantial portion of the Indemnified Parties' assets and business), in all cases whether during the term of the Loan or as part of or following a foreclosure of the Mortgage.

"INDEPENDENT DIRECTOR" shall mean a director of the SPE Component Entity who is not at the time of such individual's initial appointment, and shall not have been at any time during the preceding five (5) years, and shall not be at any time while serving as a director of such SPE Component Entity, either (a) a shareholder (or other equity owner) of, or an officer, director (with the exception of serving as the Independent Director of such SPE Component Entity), partner, manager, member (other than as a Special Member in the case of single member Delaware limited liability companies), employee, attorney or counsel of, Borrower, such SPE Component Entity or any Affiliate of either of them (other than a holder of interests in a mutual fund or other professionally managed fund of stocks, bonds, options, commodities, money market securities or other investments that pools the assets of individuals and/or organizations and is registered (if required) with the SEC, which may hold shares in SCI); (b) a customer or creditor of, or supplier to, Borrower who derives any of its purchases or revenue from its activities with Borrower or such SPE Component Entity or any Affiliate of any of them; (c) a Person who Controls or is under common Control with any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer; or (d) a member of the immediate family (by blood or marriage) of any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer.

A natural person who satisfies the foregoing definition of Independent Director other than clause (b) shall not be disqualified from serving as an Independent Director of such SPE Component Entity if such individual is an independent director provided by a nationally recognized company that provides professional independent directors and that also provides other corporate services in the ordinary course of its business.

A natural person who otherwise satisfies the foregoing definition other than clause (a) by reason of being the Independent Director of a "special purpose entity" Affiliated with the SPE Component Entity, the Borrower, or SCOLP, shall not be disqualified from serving as an Independent Director of the SPE Component Entity if either (i) such individual is a professional Independent Director, or (ii) the fees that such individual earns from serving as an Independent Director of the Affiliate of the SPE Component Entity or the Borrower constitute in the aggregate less than five percent (5%) of such individual's annual income. For purposes of this definition, "special purpose entity" means an entity whose organizational documents contain restrictions on its activities similar to those set forth in Section 6.1 hereof.

"INSURANCE PREMIUMS" shall have the meaning set forth in 8.1(b) hereof.

"INSURANCE PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"INVESTOR" shall have the meaning set forth in Section 13.3 hereof.

"IO MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest due on each IO Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"IO SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"ISSUER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

"ISSUER PERSON" shall have the meaning set forth in Section 13.5(b) hereof.

"LEASE" shall have the meaning set forth in the Mortgage.

"LEGAL REQUIREMENTS" shall mean all statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (a) require repairs, modifications or alterations in or to the Property or any part thereof, or (b) in any way limit the use and enjoyment thereof.

"LETTER OF CREDIT" shall mean an irrevocable, unconditional, transferable, clean sight draft letter of credit acceptable to Lender and the Rating Agencies (either an evergreen letter of credit or one which does not expire until at least thirty (30) Business Days after the Maturity Date) in favor of Lender and entitling Lender to draw thereon in New York, New York, issued by a domestic Eligible Institution or the U.S. agency or branch of a foreign Eligible

Institution and providing for no reimbursement or other obligations by Borrower or any SPE Component Entity. If at any time the bank issuing any such Letter of Credit shall cease to be an Eligible Institution, Lender shall have the right immediately to draw down the same in full and hold the proceeds of such draw in accordance with the applicable provisions hereof.

"LIEN" shall mean, with respect to the Property, any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or transfer of, on or affecting Borrower, the Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

"LLC AGREEMENT" shall have the meaning set forth in Section 6.1(c).

"LOAN" shall mean the loan made by Lender to Borrower pursuant to this Agreement.

"LOAN DOCUMENTS" shall mean, collectively, this Agreement, the Note, the Mortgage, the Assignment of Management Agreement, if any, and any and all other documents, agreements and certificates executed and/or delivered in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"LOCKOUT PERIOD" shall mean the period commencing on the date hereof and ending on the date which is six (6) months prior to the Maturity Date.

"LOSSES" shall mean any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments, awards, amounts paid in settlement of whatever kind or nature (including but not limited to legal fees and other costs of defense).

"MAJOR LEASE" shall mean as to the Property (i) any Lease which, individually or when aggregated with all other leases at the Property with the same Tenant or its Affiliate, either (A) accounts for five percent (5%) or more of the Property's aggregate Net Operating Income, or (B) demises 5,000 square feet or more of the Property's gross leasable area, (ii) any Lease which contains any option, offer, right of first refusal or other similar entitlement to acquire all or any portion of the Property, or (iii) any instrument guaranteeing or providing credit support for any Lease meeting the requirements of (i) or (ii) above.

"MANAGEMENT AGREEMENT" shall mean any management agreement entered into by and between Borrower and any Manager, pursuant to which such Manager is to provide management and other services with respect to the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified in accordance with the terms of this Agreement.

"MANAGER" shall mean any entity selected as the manager of the Property in accordance with the terms of this Agreement, which in all cases shall be required to be a Qualified Manager.

"MATERIAL ADVERSE EFFECT" shall mean any event, change, circumstance or effect that is, or that may, reasonably be expected to be, materially adverse to the operations, condition (financial or otherwise), assets, results of operations or liabilities of Borrower or the Property.

"MATURITY DATE" shall mean July 1, 2014.

"MAXIMUM LEGAL RATE" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"MEMBER" shall have the meaning set forth in Section 6.1(c).

"MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and/or principal due on each Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"MOODY'S" shall mean Moody's Investor Services, Inc.

"MORTGAGE" shall mean that certain first priority Mortgage dated the date hereof, executed and delivered by Borrower and encumbering the Property, each as security for the Loan and encumbering the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NET OPERATING INCOME" shall mean, with respect to any period of time, the amount obtained by subtracting Operating Expenses from Operating Income, as such amount may be adjusted by Lender in its good faith discretion based on Lender's underwriting standards and consistent with the standards and criteria used by Lender in underwriting the Loan, including without limitation, adjustments for vacancy allowance not to exceed the greater of (x) actual vacancy or (y) five percent (5%).

"NET PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"NET PROCEEDS DEFICIENCY" shall have the meaning set forth in Section 8.4(b) (vi) hereof.

"NOTE" shall mean that certain promissory note of even date herewith in the principal amount of \$7,680,000.00, made by Borrower in favor of Lender, together with any Defeased Note as may exist from time to time, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NOTE RATE" shall mean an interest rate equal to 5.051% per annum.

"OFFERING DOCUMENT DATE" shall have the meaning set forth in Section 5.11(c) (i) (D) hereof.

"OPERATING EXPENSES" shall mean, with respect to any period of time and the Property the total of all expenses actually paid or payable, computed in accordance with GAAP,

of whatever kind relating to the operation, maintenance and management of the Property, including without limitation, utilities, ordinary repairs and maintenance, Insurance Premiums, license fees, Taxes and Other Charges, advertising expenses, payroll and related taxes, computer processing charges, management fees equal to the greater of 4% of the Operating Income and the management fees actually paid under the Management Agreement, operational equipment or other lease payments as approved by Lender, normalized capital expenditures equal to \$50.00 per homesite per annum, but specifically excluding depreciation and amortization, income taxes (or other payments due in lieu thereof), Debt Service, any incentive fees due under the Management Agreement, any item of expense that in accordance with GAAP should be capitalized but only to the extent the same would qualify for funding from the Reserve Accounts, any item of expense that would otherwise be covered by the provisions hereof but which is paid by any Tenant under such Tenant's Lease or other agreement, and deposits into the Reserve Accounts.

"OPERATING INCOME" shall mean, with respect to any period of time and the Property all income, computed in accordance with GAAP, derived from the ownership and operation of the Property from whatever source, including, but not limited to, Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, and other required pass-throughs but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, interest income from any source other than the escrow accounts, Reserve Accounts or other accounts required pursuant to the Loan Documents, Insurance Proceeds (other than business interruption or other loss of income insurance), Awards, percentage rents, unforfeited security deposits, utility and other similar deposits, non-recurring or extraordinary income, including, without limitation lease termination payments, and any disbursements to Borrower from the Reserve Funds.

"OTHER CHARGES" shall mean all ground rents, maintenance charges, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PATRIOT ACT" shall have the meaning set forth in Section 4.40 hereof.

"PERMITTED ENCUMBRANCES" shall mean collectively, (a) the Lien and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed in the Title Insurance Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent, and (d) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's sole discretion.

"PERMITTED INVESTMENTS" shall mean to the extent available from Lender or Lender's servicer for deposits in the Reserve Accounts, any one or more of the following

obligations or securities acquired at a purchase price of not greater than par, including those issued by a servicer of the Loan, the trustee under any securitization or any of their respective Affiliates, payable on demand or having a maturity date not later than the Business Day immediately prior to the date on which the funds used to acquire such investment are required to be used under this Agreement and meeting one of the appropriate standards set forth below:

(a) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) be rated "AAA" or the equivalent by each of the Rating Agencies, (iii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iv) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (v) such investments must not be subject to liquidation prior to their maturity;

(b) Federal Housing Administration debentures;

(c) obligations of the following United States government sponsored agencies: Federal Home Loan Mortgage Corp. (debt obligations), the Farm Credit System (consolidated systemwide bonds and notes), the Federal Home Loan Banks (consolidated debt obligations), the Federal National Mortgage Association (debt obligations), the Financing Corp. (debt obligations), and the Resolution Funding Corp. (debt obligations); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(d) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements with maturities of not more than 365 days of any bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of

principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(e) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances with maturities of not more than 365 days and issued by, any bank or trust company, savings and loan association or savings bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(f) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest long-term unsecured rating category; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(g) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days and that at all times is rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest short-term unsecured debt rating; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single

interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(h) units of taxable money market funds, with maturities of not more than 365 days and which funds are regulated investment companies, seek to maintain a constant net asset value per share and invest solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(i) any other security, obligation or investment which has been approved as a Permitted Investment in writing by (i) Lender and (ii) each Rating Agency, as evidenced by a written confirmation that the designation of such security, obligation or investment as a Permitted Investment will not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities by such Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments, (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of one hundred twenty percent (120%) of the yield to maturity at par of such underlying investment or (C) such obligation or security has a remaining term to maturity in excess of one (1) year.

"PERSON" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"PERSONAL PROPERTY" shall have the meaning set forth in the granting clause of the Mortgage.

"PHYSICAL CONDITIONS REPORT" shall mean a report prepared by a company satisfactory to Lender regarding the physical condition of the Property, satisfactory in form and substance to Lender in its sole discretion.

"POLICIES" shall have the meaning set forth in Section 8.1 hereof.

"PROHIBITED TRANSFER" shall have the meaning set forth in Section 7.2 hereof.

"PROPERTY" shall mean, collectively, all real property, the Improvements thereon and all Personal Property owned by Borrower and encumbered by the Mortgage, together with all rights pertaining to such property and Improvements, as more particularly described in the granting clause of the Mortgage and referred to therein as the "Property".

"PROPERTY OPERATING ACCOUNT" shall have the meaning set forth in Section 10.1 hereof.

"PROPERTY OPERATING ACCOUNT BANK" shall have the meaning set forth in Section 10.1 hereof.

"PROVIDED INFORMATION" shall have the meaning set forth in Section 13.4(a) hereof.

"P&I MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and principal due on each P&I Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"P&I SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"QUALIFIED MANAGER" shall mean Manager or a reputable and experienced professional management organization (a) which manages, together with its affiliates, manufactured home communities of a type, quality and size similar to the Property, totaling in the aggregate no less than 1,000 home sites, exclusive of the Property and (b) approved by Lender, which approval shall not have been unreasonably withheld and for which Lender shall have received (i) written confirmation from the Rating Agencies that the employment of such manager will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, and (ii) with respect to any Affiliated Manager, a revised substantive non-consolidation opinion if one was delivered in connection with the closing of the Loan. For purposes hereof, Borrower Principal and any Affiliate of Borrower Principal which is Controlled by Borrower Principal or an Affiliate of Borrower Principal, shall be deemed a Qualified Manager.

"RATING AGENCIES" shall mean each of S&P, Moody's and Fitch, or any other nationally-recognized statistical rating agency which has been approved by Lender.

"REA" shall mean any construction, operation and reciprocal easement agreement or similar agreement (including any separate agreement or other agreement between Borrower and one or more other parties to an REA with respect to such REA) affecting the Property or portion thereof.

"RELEASE" shall have the meaning set forth in Section 12.5 hereof.

"REMIC PROHIBITION PERIOD" shall have the meaning set forth in Section 2.4(b) (iv) hereof.

"REMIC TRUST" shall mean a "real estate mortgage investment conduit" (within the meaning of Section 860D, or applicable successor provisions, of the Code) that holds the Note.

"RENT ROLL" shall have the meaning set forth in Section 4.25 hereof.

"RENTS" shall have the meaning set forth in the Mortgage.

"REPLACEMENT RESERVE ACCOUNT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE FUNDS" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE MONTHLY DEPOSIT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENTS" shall have the meaning set forth in Section 9.2(a) hereof.

"REQUIRED REPAIR ACCOUNT" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIR FUNDS" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIRS" shall have the meaning set forth in Section 9.1(a) hereof.

"REQUIRED WORK" shall have the meaning set forth in Section 9.4 hereof.

"RESERVE ACCOUNTS" shall mean the following accounts: the Tax and Insurance Reserve Account, the Replacement Reserve Account, and the Required Repair Account, or any other escrow account established by the Loan Documents.

"RESERVE DSCR PERIOD" shall mean the period commencing upon the date that Lender determines that the Debt Service Coverage Ratio for the Property and Crossed Property computed on a combined basis for the immediately preceding three (3) month period is less than 1.10 to 1.00, and continuing through the date that Lender determines that the Debt Service Coverage Ratio for the immediately preceding six (6) month period is not less than 1.10 to 1.00.

"RESERVE FUNDS" shall mean the Tax and Insurance Reserve Funds, the Replacement Reserve Funds, and the Required Repair Funds, or any other escrow funds established by the Loan Documents.

"RESTORATION" shall mean, following the occurrence of a Casualty or a Condemnation which is of a type necessitating the repair of the Property, the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such Casualty or Condemnation, with such alterations as may be reasonably approved by Lender.

"RESTORATION CONSULTANT" shall have the meaning set forth in Section 8.4(b) (iii) hereof.

"RESTORATION RETAINAGE" shall have the meaning set forth in Section 8.4(b) (iv) hereof.

"RESTRICTED PARTY" shall have the meaning set forth in Section 7.1 hereof.

"SALE OR PLEDGE" shall have the meaning set forth in Section 7.1 hereof.

"SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"SCI" shall mean Sun Communities, Inc., a Maryland corporation.

"SCOLP" shall mean Sun Communities Operating Limited Partnership, a Michigan limited partnership.

"SECURITIES" shall have the meaning set forth in Section 13.1 hereof.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SECURITIES LIABILITIES" shall have the meaning set forth in Section 13.5 hereof.

"SECURITIZATION" shall have the meaning set forth in Section 13.1 hereof.

"SPECIAL MEMBER" shall have the meaning set forth in Section 6.1(c).

"SPE COMPONENT ENTITY" shall have the meaning set forth in Section 6.1(b) hereof.

"STANDARD STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"STATE" shall mean the state in which the Property or any part thereof is located.

"SUCCESSOR BORROWER" shall have the meaning set forth in Section 2.4(b) (iii) hereof.

"TAX AND INSURANCE RESERVE FUNDS" shall have the meaning set forth in Section 9.6 hereof.

"TAX AND INSURANCE RESERVE ACCOUNT" shall have the meaning set forth in Section 9.6 hereof.

"TAXES" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against the Property or part thereof.

"TENANT" shall mean any Person leasing, subleasing or otherwise occupying any portion of the Property under a Lease or other occupancy agreement with Borrower.

"TITLE INSURANCE POLICY" shall mean that certain ALTA mortgagee title insurance policy issued with respect to the Property and insuring the lien of the Mortgage.

"TRANSFEREES" shall have the meaning set forth in Section 7.5 hereof.

"TRIBUNAL" shall mean any state, commonwealth, federal, foreign, territorial or other court or governmental department, commission, board, bureau, district, authority, agency, central bank, or instrumentality, or any arbitration authority.

"UCC" or "UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the State where the applicable Property is located.

"UNDERWRITER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

SECTION 1.2. PRINCIPLES OF CONSTRUCTION.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE II GENERAL TERMS

SECTION 2.1. LOAN COMMITMENT; DISBURSEMENT TO BORROWER

(a) Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

(b) Borrower may request and receive only one borrowing in respect of the Loan and any amount borrowed and repaid in respect of the Loan may not be reborrowed.

(c) The Loan shall be evidenced by the Note and secured by the Mortgage and the other Loan Documents.

(d) Borrower shall use the proceeds of the Loan to (i) pay certain costs in connection with the financing of the Property, (ii) make deposits into the Reserve Funds on the Closing Date in the amounts provided herein, (iii) pay costs and expenses incurred in connection with the closing of the Loan, as approved by Lender, (iv) fund any working capital requirements of the Property, and (v) distribute the balance, if any, to its members.

SECTION 2.2. LOAN PAYMENTS

(a) The Loan shall bear interest at a fixed rate per annum equal to the Note Rate. Interest shall be computed based on the daily rate produced assuming a three hundred

sixty (360) day year, multiplied by the actual number of days elapsed. Except as otherwise set forth in this Agreement, interest shall be paid in arrears.

(b) Borrower hereby agrees to pay sums due under the Note as follows: An initial payment of \$23,706.10 is due on the Closing Date for interest from the Closing Date through and including June 30, 2004. Thereafter, consecutive monthly installments of interest only computed in accordance with Section 2.2(a) shall be payable (the "IO MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on August 1, 2004 through and including the first (1st) day of July, 2006 (each an "IO SCHEDULED PAYMENT DATE"). Thereafter, except as may be adjusted in accordance with the last sentence of Section 2.2(c), consecutive monthly installments of principal and interest in an amount equal \$41,467.61 shall be payable (the "P&I MONTHLY PAYMENT AMOUNT"; collectively with the IO Monthly Payment Amount, the "MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on August 1, 2006 (each a "P&I SCHEDULED PAYMENT DATE"; collectively with the IO Scheduled Payment Date, each a "SCHEDULED PAYMENT DATE") until the entire indebtedness evidenced hereby is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due and payable on the Maturity Date.

(c) The P&I Monthly Payment Amount shall mean the amount of interest and principal which would be due in order to fully amortize the principal amount of the Loan, over an amortization term of thirty (30) years assuming an annual interest rate equal to the Note Rate, computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each. Borrower expressly understands and agrees that such computation of interest based on a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each is solely for the purpose of determining the P&I Monthly Payment Amount, and, notwithstanding such computation, interest shall accrue on the outstanding principal amount of the Loan as provided in Section 2.2(a) above. Borrower understands and acknowledges that such interest accrual requirement results in more interest accruing on the Loan than if either a thirty (30) day month and a three hundred sixty (360) day year or the actual number of days and a three hundred sixty-five (365) day year were used to compute the accrual of interest on the Loan. Borrower recognizes that such interest accrual requirement will not fully amortize the Loan within the amortization period set forth above. Following any partial prepayment occurring solely as a result of the application of Insurance Proceeds or Awards pursuant to the terms of this Agreement, Lender may, in its sole and absolute discretion, adjust the P&I Monthly Payment Amount to give effect to any such partial prepayment, provided, however, that in no event will any such adjustment result in any such installment becoming due and payable on any date after the Maturity Date.

(d) Each payment by Borrower hereunder or under the Note shall be payable at P. O. Box 515228, Los Angeles, California 90051-6528, Attn: Commercial Mortgage Loan Servicing #1777, or at such other place as the Lender may designate from time to time in writing, on the date such payment is due, to Lender by deposit to such account as Lender may designate by written notice to Borrower. Whenever any payment hereunder or under the Note shall be stated to be due on a day which is not a Business Day, such payment shall be made on the first Business Day preceding such scheduled due date.

(e) Prior to the occurrence of an Event of Default, all monthly payments made as scheduled under this Agreement and the Note shall be applied first to the payment of interest computed at the Note Rate, and the balance toward the reduction of the principal amount of the Note. All voluntary and involuntary prepayments on the Note shall be applied, to the extent thereof, to accrued but unpaid interest on the amount prepaid, to the remaining principal amount, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion, including, but not limited to, application to principal installments in inverse order of maturity. Following the occurrence of an Event of Default, any payment made on the Note shall be applied to accrued but unpaid interest, late charges, accrued fees, the unpaid principal amount of the Note, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion.

(f) All payments made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without any deduction for, any setoff, defense or counterclaims.

SECTION 2.3. LATE PAYMENT CHARGE

If any regularly scheduled monthly principal or interest payment is not paid by Borrower within five (5) days after the date the same is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Mortgage and the other Loan Documents to the extent permitted by applicable law.

SECTION 2.4. PREPAYMENT; DEFEASANCE

Except as otherwise expressly permitted by this Section 2.4 no voluntary prepayments, whether in whole or in part, of the Loan or any other amount at any time due and owing under the Note can be made by Borrower or any other Person without the express written consent of Lender.

(a) Lockout Period. Borrower has no right to make, and Lender shall have no obligation to accept, any voluntary prepayment, whether in whole or in part, of the Loan during the Lockout Period. Notwithstanding the foregoing, if either (i) Lender, in its sole and absolute discretion, accepts a full or partial voluntary prepayment during the Lockout Period or (ii) there is an involuntary prepayment during the Lockout Period, then, in either case, Borrower shall, in addition to any portion of the Loan prepaid (together with all interest accrued and unpaid thereon), pay to Lender a prepayment premium in an amount calculated in accordance with Section 2.4(c) hereof.

(b) Defeasance.

(i) Notwithstanding any provisions of this Section 2.4 to the contrary, including, without limitation, subsection (a) of this Section 2.4, at any time other than during a REMIC Prohibition Period, Borrower may cause the release of the Property

from the lien of the Mortgage and the other Loan Documents upon the satisfaction of the following conditions:

(A) no default shall exist under any of the Loan Documents;

(B) not less than thirty (30) (but not more than ninety (90)) days prior written notice shall be given to Lender specifying a date on which the Defeasance Collateral (as hereinafter defined) is to be delivered (the "RELEASE DATE"), such date being on a Scheduled Payment Date; provided, however, that Borrower shall have the right (i) to cancel such notice by providing Lender with notice of cancellation not less than five (5) days prior to the scheduled Release Date, or (ii) to extend the scheduled Release Date until the next Scheduled Payment Date; provided that in each case, Borrower shall pay all of Lender's costs and expenses incurred as a result of such cancellation or extension;

(C) all accrued and unpaid interest and all other sums due under the Note, this Agreement and under the other Loan Documents up to the Release Date, including, without limitation, all fees, costs and expenses incurred by Lender and its agents in connection with such release (including, without limitation, legal fees and expenses for the review and preparation of the Defeasance Security Agreement (as hereinafter defined) and of the other materials described in Section 2.4(b) (i) (D) below and any related documentation, and any servicing fees, Rating Agency fees or other costs related to such release), shall be paid in full on or prior to the Release Date;

(D) Borrower shall deliver to Lender on or prior to the Release Date:

(1) a pledge and security agreement, in form and substance satisfactory to a prudent lender, creating a first priority security interest in favor of Lender in the Defeasance Collateral and the Defeasance Collateral Account, each as defined herein (the "DEFEASANCE SECURITY AGREEMENT"), which shall provide, among other things, that any excess amounts received by Lender from the Defeasance Collateral over the amounts payable by Borrower on a given Scheduled Payment Date, which excess amounts are not required to cover all or any portion of amounts payable on a future Scheduled Payment Date, shall be refunded to Borrower promptly after each such Scheduled Payment Date;

(2) direct non-callable obligations of the United States of America (or any agency thereof to the extent acceptable to the applicable Rating Agencies) or other obligations which are "government securities" within the meaning of Section 2(a) (16) of the Investment Company Act of 1940, to the extent the applicable Rating Agencies rating the Securities have confirmed in writing will not cause a downgrade, withdrawal or qualification of the initial, or, if higher, then applicable ratings of the Securities, that provide for payments prior and as close as possible to (but in no event later than) all successive Scheduled Payment Dates occurring

after the Release Date, with each such payment being equal to or greater than the amount of the corresponding Monthly Payment Amount required to be paid under this Agreement and the Note (including the amount necessary to pay the outstanding principal balance of the Loan on the first Scheduled Payment Date occurring after the expiration of the Lockout Period) for the balance of the Lockout Period (the "DEFEASANCE COLLATERAL"), each of which shall be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance wholly satisfactory to Lender in its sole discretion (including, without limitation, such certificates, documents and instruments as may be required by the depository institution holding such securities or the issuer thereof, as the case may be, to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the Defeasance Security Agreement the first priority security interest therein in favor of Lender in conformity with all applicable state and federal laws governing granting of such security interests;

(3) a certificate of Borrower certifying that all of the requirements set forth in this Section 2.4(b) (i) have been satisfied;

(4) one or more opinions of counsel for Borrower in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (i) Lender has a perfected first priority security interest in the Defeasance Collateral and the Defeasance Collateral Account and that the Defeasance Security Agreement is enforceable against Borrower in accordance with its terms, (ii) in the event of a bankruptcy proceeding or similar occurrence with respect to Borrower, none of the Defeasance Collateral nor any proceeds thereof will be property of Borrower's estate under Section 541 of the U.S. Bankruptcy Code or any similar statute and the grant of security interest therein to Lender shall not constitute an avoidable preference under Section 547 of the U.S. Bankruptcy Code or applicable state law, (iii) the release of the lien of the Mortgage and the pledge of Defeasance Collateral will not directly or indirectly result in or cause any REMIC Trust that then holds the Note to fail to maintain its status as a REMIC Trust and (iv) the defeasance will not cause any REMIC Trust to be an "investment company" under the Investment Company Act of 1940;

(5) a certificate in form and scope acceptable to Lender in its sole discretion from an Acceptable Accountant or such other accountant whose certification is customarily acceptable by lenders in defeasance transactions certifying that the Defeasance Collateral will generate amounts sufficient to make all payments of principal and interest due under the Note (including the scheduled outstanding principal balance of the Loan due on the Maturity Date); and

(6) such other certificates, documents and instruments customarily delivered in connection with similar defeasance transactions as Lender may in its sole and reasonable discretion require; and

(E) in the event the Loan is held by a REMIC Trust, Lender has received written confirmation from any Rating Agency rating any Securities that substitution of the Defeasance Collateral will not result in a downgrade, withdrawal, or qualification of the ratings then assigned to any of the Securities.

(ii) Upon compliance with the requirements of Section 2.4(b)(i), the Property shall be released from the lien of the Mortgage and the other Loan Documents, and the Defeasance Collateral shall constitute collateral which shall secure the Note and all other obligations under the Loan Documents. Lender will, at Borrower's expense, execute and deliver any agreements reasonably requested by Borrower to release the lien of the Mortgage and the other Loan Documents from the Property.

(iii) Upon the release of the Property in accordance with this Section 2.4(b), Borrower shall (at Lender's sole and absolute discretion) assign all its obligations and rights under the Note, together with the pledged Defeasance Collateral, to a successor entity designated and approved by Lender in its sole and reasonable discretion ("SUCCESSOR BORROWER"). Successor Borrower shall execute an assignment and assumption agreement in form and substance satisfactory to Lender in its sole and reasonable discretion pursuant to which it shall assume Borrower's obligations under the Note and the Defeasance Security Agreement. As conditions to such assignment and assumption, Borrower shall (A) deliver to Lender one or more opinions of counsel in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that such assignment and assumption agreement is enforceable against Borrower and the Successor Borrower in accordance with its terms and that the Note, the Defeasance Security Agreement and the other Loan Documents, as so assigned and assumed, are enforceable against the Successor Borrower in accordance with their respective terms, and opining to such other matters relating to Successor Borrower and its organizational structure as Lender may reasonably require, and (B) pay all reasonable fees, costs and expenses incurred by Lender or its agents in connection with such assignment and assumption (including, without limitation, legal fees and expenses and for the review of the proposed transferee and the preparation of the assignment and assumption agreement and related certificates, documents and instruments and any fees payable to any Rating Agencies and their counsel in connection with the issuance of the confirmation referred to in subsection (b)(i)(E) above). Upon such assignment and assumption, Borrower shall be relieved of its obligations hereunder, under the Note, under the other Loan Documents and under the Defeasance Security Agreement, except as expressly set forth in the assignment and assumption agreement.

(iv) For purposes of this Section 2.4, "REMIC PROHIBITION PERIOD" means the earlier of (x) the period commencing on the date hereof and ending on the date which is four (4) years after the first Scheduled Payment Date following the date hereof or (y) the two-year period commencing with the "startup day" within the meaning of Section

860G(a) (9) of the Code of any REMIC Trust that holds the Note. In no event shall Lender have any obligation to notify Borrower that a REMIC Prohibition Period is in effect with respect to the Loan, except that Lender shall notify Borrower if any REMIC Prohibition Period is in effect with respect to the Loan after receiving any notice described in Section 2.4(b)(i)(B); provided, however, that the failure of Lender to so notify Borrower shall not impose any liability on Lender or grant Borrower any right to defease the Loan during any such REMIC Prohibition Period.

(v) At Borrower's request, Lender shall assign the Security Instrument and the Note, each without recourse, covenant or warranty of any nature, express or implied, except that Lender is the holder of the Note and the outstanding amount owed under the Note by Borrower to such new mortgagee designated by Borrower (other than Borrower or a nominee of Borrower) provided that Borrower or Successor Borrower, as applicable (i) has executed and delivered to such new mortgagee a new note to be secured by the Defeasance Collateral pursuant to the Defeasance Security Agreement between Borrower and such new mortgagee (such new note to have the same term, interest rate, unpaid principal balance and all other material terms and conditions of the Note), which new note, together with the Defeasance Security Agreement and the rights of such new mortgagee in and to the Defeasance Collateral, shall be assigned by such new mortgagee to Lender simultaneously with the assignment of the Note and Security Instrument by Lender and (ii) has complied with all other provisions of this Section 2.4(b) to the extent not inconsistent with this subparagraph (v). In addition, any such assignment shall be conditioned on the following: (A) payment by Borrower of (I) Lender's then customary administrative fee for processing assignments of mortgage; (II) the reasonable expenses of Lender incurred in connection therewith; and (III) Lender's reasonable attorney's fees for the preparation, delivery and performance of such an assignment; (B) such new mortgagee shall not substantially modify the Note such that it shall be treated as a new loan for federal tax purposes; (C) such an assignment is not then prohibited by any federal, state or local law, rule, regulation, order or by any other governmental authority; (D) such assignment and the actions described above do not constitute a prohibited transaction for any REMIC Trust formed in connection with a Securitization and will not disqualify such REMIC Trust as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code as a result of such assignment and the Defeasance, and an opinion of counsel to Borrower that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions; and (E) Borrower shall provide such other opinions, items, information and documents which a prudent lender would require to effectuate such assignment. Borrower shall be responsible for all mortgage recording taxes, recording fees and other charges payable in connection with any such assignment. Lender agrees that the assignment of the Note and Security Instrument to the new mortgagee and the assignment of the new note, the Defeasance Collateral and the Defeasance Security Agreement by the new mortgagee to Lender shall be accomplished by an escrow closing conducted through an escrow agent satisfactory to Lender and pursuant to an escrow agreement satisfactory to Lender in form and substance.

(c) Involuntary Prepayment During the Lockout Period. During the Lockout Period, in the event of any involuntary prepayment of the Loan or any other amount under the

Note, whether in whole or in part, in connection with or following Lender's acceleration of the Note or otherwise, and whether the Mortgage is satisfied or released by foreclosure (whether by power of sale or judicial proceeding), deed in lieu of foreclosure or by any other means, including, without limitation, repayment of the Loan by Borrower or any other Person pursuant to any statutory or common law right of redemption, Borrower shall, in addition to any portion of the principal balance of the Loan prepaid (together with all interest accrued and unpaid thereon and in the event the prepayment is made on a date other than a Scheduled Payment Date, a sum equal to the amount of interest which would have accrued under the Note on the amount of such prepayment if such prepayment had occurred on the next Scheduled Payment Date), pay to Lender a prepayment premium in an amount calculated in accordance with this Section 2.4(c). Such prepayment premium shall be in an amount equal to the greater of:

(i) 1% of the portion of the Loan being prepaid; or

(ii) the product obtained by multiplying:

(A) the portion of the Loan being prepaid, times;

(B) the difference obtained by subtracting (I) the Yield Rate from (II) the Note Rate, times;

(C) the present value factor calculated using the following formula:

$$\frac{1-(1+r)^{-n}}{r}$$

r = Yield Rate

n = the number of years and any fraction thereof, remaining between the date the prepayment is made and first Scheduled Payment Date occurring after the expiration of the Lockout Period.

As used herein, "YIELD RATE" means the yield calculated by the linear interpolation of the yields, as reported in the Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading "U.S. government securities" and the sub-heading "Treasury constant maturities" for the week ending prior to the Prepayment Calculation Date, of the U.S. Treasury constant maturities with maturity dates (one longer and one equal to or shorter) most nearly approximating the Maturity Date, and converted to a monthly compounded nominal yield. In the event Release H.15 is no longer published, Lender shall select a comparable publication to determine the Yield Rate. The "PREPAYMENT CALCULATION DATE" shall mean, as applicable, the date on which (i) Lender applies any partial prepayment to the reduction of the outstanding principal amount the Note, in the case of a voluntary partial prepayment which is accepted by Lender, (ii) Lender accelerates the Loan, in the case of a prepayment resulting from acceleration, or (iii) Lender applies funds held under any Reserve Account, in the case of a prepayment resulting from such an application (other than in connection with acceleration of the Loan).

(d) Insurance and Condemnation Proceeds; Excess Interest.

Notwithstanding any other provision herein to the contrary, and provided no Event of Default exists, Borrower shall not be required to pay any prepayment premium in connection with any prepayment occurring solely as a result of (i) the application of Insurance Proceeds or Condemnation Proceeds pursuant to the terms of the Loan Documents, or (ii) the application of any interest in excess of the maximum rate permitted by applicable law to the reduction of the Loan.

(e) After the Lockout Period. Commencing on the day after the expiration of the Lockout Period, and upon giving Lender at least thirty (30) days (but not more than ninety (90) days) prior written notice, Borrower may voluntarily prepay (without premium) the Note in whole (but not in part) on a Scheduled Payment Date. Lender shall accept a prepayment pursuant to this Section 2.4(e) on a day other than a Scheduled Payment Date provided that, in addition to payment of the full outstanding principal balance of the Note, Borrower pays to Lender a sum equal to the amount of interest which would have accrued on the Note if such prepayment occurred on the next Scheduled Payment Date.

(f) Limitation on Partial Prepayments. In no event shall Lender have any obligation to accept a partial prepayment.

(g) Intentionally Reserved.

(h) Defeasance Collateral Account. On or before the date on which Borrower delivers the Defeasance Collateral, Borrower shall open at any Eligible Institution the defeasance collateral account (the "DEFEASANCE COLLATERAL ACCOUNT") which shall at all times be an Eligible Account. The Defeasance Collateral Account shall contain only (i) Defeasance Collateral, and (ii) cash from interest and principal paid on the Defeasance Collateral. All cash from interest and principal payments paid on the Defeasance Collateral shall be paid over to Lender on each Scheduled Payment Date and applied first to accrued and unpaid interest and then to principal. Any cash from interest and principal paid on the Defeasance Collateral not needed to pay the Scheduled Defeasance Payments shall be paid to Borrower. Borrower shall cause the Eligible Institution at which the Defeasance Collateral is deposited to enter an agreement with Borrower and Lender, satisfactory to Lender in its sole discretion, pursuant to which such Eligible Institution shall agree to hold and distribute the Defeasance Collateral in accordance with this Agreement. The Borrower or Successor Borrower, as applicable, shall be the owner of the Defeasance Collateral Account and shall report all income accrued on the Defeasance Collateral for federal, state and local income tax purposes in its income tax return. Borrower shall prepay all cost and expenses associated with opening and maintaining the Defeasance Collateral Account. Lender shall not in any way be liable by reason of any insufficiency in the Defeasance Collateral Account.

SECTION 2.5. PAYMENTS AFTER DEFAULT

Upon the occurrence and during the continuance of an Event of Default, interest on the outstanding principal balance of the Loan and, to the extent permitted by law, other amounts due in respect of the Loan, (a) shall accrue at the Default Rate, and (b) Lender shall be entitled to receive and Borrower shall pay to Lender all cash flow from the Property in accordance with the terms of Article 10 hereof, such amount to be applied by Lender to the

payment of the Debt in such order as Lender shall determine in its sole discretion, including, without limitation, alternating applications thereof between interest and principal. Interest at the Default Rate shall be computed from the occurrence of the Event of Default until the earlier of (i) the actual receipt and collection of the Debt (or that portion thereof that is then due) and (ii) the cure of such Event of Default. This paragraph shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default; the acceptance of any payment from Borrower shall not be deemed to cure or constitute a waiver of any Event of Default; and Lender retains its rights under this Agreement to accelerate and to continue to demand payment of the Debt upon the happening of and during the continuance any Event of Default, despite any payment by Borrower to Lender.

SECTION 2.6. USURY SAVINGS

This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Note Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

ARTICLE III CONDITIONS PRECEDENT

The obligation of Lender to make the Loan hereunder is subject to the fulfillment by Borrower or waiver by Lender of the following conditions precedent no later than the Closing Date.

SECTION 3.1. REPRESENTATIONS AND WARRANTIES; COMPLIANCE WITH CONDITIONS

The representations and warranties of Borrower contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of such date, and Lender shall have determined that no Default or an Event of Default shall have occurred and be continuing nor will any Default or Event of Default occur immediately following the Closing Date; and Borrower shall be in compliance in all material respects with all terms and conditions set forth in this Agreement and in each other Loan Document on its part to be observed or performed.

LEASES

(a) Mortgage, Loan Agreement and Note. Lender shall have received from Borrower a fully executed and acknowledged counterpart of the Mortgage and evidence that counterparts of the Mortgage and Uniform Commercial Code financing statements have been delivered to the title company for recording, in the reasonable judgment of Lender, so as to effectively create upon such recording valid and enforceable Liens upon the Property, of the requisite priority, in favor of Lender (or such other trustee as may be required or desired under local law), subject only to the Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents. Lender shall have also received from Borrower fully executed counterparts of this Agreement, the Note and all other Loan Documents.

(b) Title Insurance. Lender shall have received a Title Insurance Policy issued by a title company acceptable to Lender and dated as of the Closing Date, with reinsurance and direct access agreements acceptable to Lender. Such Title Insurance Policy shall (i) provide coverage in the amount of the Loan, (ii) insure Lender that the Mortgage creates a valid lien on the Property of the requisite priority, free and clear of all exceptions from coverage other than Permitted Encumbrances and standard exceptions and exclusions from coverage (as modified by the terms of any endorsements), (iii) contain such endorsements and affirmative coverages as Lender may reasonably request, and (iv) name Lender as the insured. The Title Insurance Policy shall be assignable. Lender also shall have received evidence that all premiums in respect of such Title Insurance Policy have been paid.

(c) Survey. Lender shall have received a current title survey for the Property, certified to the title company and Lender and their successors and assigns, in form and content satisfactory to Lender and prepared by a professional and properly licensed land surveyor satisfactory to Lender in accordance with the 1999 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys. The survey shall meet the classification of an "Urban Survey" and the following additional items from the list of "Optional Survey Responsibilities and Specifications" (Table A) should be added to each survey: 2, 3, 4, 6, 8, 9, 10, 11 and 13. Such survey shall reflect the same legal description contained in the Title Insurance Policy referred to in subsection (b) above and shall include, among other things, a metes and bounds description of the real property comprising part of the Property reasonably satisfactory to Lender. The surveyor's seal shall be affixed to the survey and the surveyor shall provide a certification for each survey in form and substance acceptable to Lender.

(d) Insurance. Lender shall have received copies of the Policies required hereunder, satisfactory to Lender in its sole discretion, and evidence of the payment of all Insurance Premiums payable for the existing policy period.

(e) Environmental Reports. Lender shall have received an Environmental Report in respect of the Property satisfactory to Lender.

(f) Zoning/Building Code. Lender shall have received evidence of compliance with zoning and building ordinances and codes, including, without limitation, required certificates of occupancy, reasonably acceptable to Lender.

(g) Encumbrances. Borrower shall have taken or caused to be taken such actions in such a manner so that Lender has a valid and perfected first Lien as of the Closing Date on the Property, subject only to applicable Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents, and Lender shall have received satisfactory evidence thereof.

(h) Lien Searches. Borrower shall have delivered to Lender certified search results pertaining to the Borrower, Borrower Principal and such other Persons or any SPE Component Entity as reasonably required by Lender for state and federal tax liens, bankruptcy, judgment, litigation and state and local UCC filings

SECTION 3.3. RELATED DOCUMENTS

Each additional document not specifically referenced herein, but relating to the transactions contemplated herein, shall have been duly authorized, executed and delivered by all parties thereto and at Lender's written request, Lender shall have received and approved certified copies thereof.

SECTION 3.4. ORGANIZATIONAL DOCUMENTS

On or before the Closing Date, Borrower shall deliver or cause to be delivered to Lender (a) copies certified by Borrower of all organizational documentation related to Borrower, each SPE Component Entity and Borrower Principal which must be acceptable to Lender in its sole and reasonable discretion, and (b) such other evidence of the formation, structure, existence, good standing and/or qualification to do business of the Borrower, each SPE Component Entity and Borrower Principal, as Lender may request in its sole and reasonable discretion, including, without limitation, good standing or existence certificates, qualifications to do business in the appropriate jurisdictions, resolutions authorizing the entering into of the Loan and incumbency certificates as may be requested by Lender.

SECTION 3.5. OPINIONS OF BORROWER'S COUNSEL

Lender shall have received opinions of Borrower's counsel (a) with respect to non-consolidation issues and (b) with respect to due execution, authority, enforceability of the Loan Documents and such other matters as Lender may require, all such opinions in form, scope and substance satisfactory to Lender and Lender's counsel in their sole discretion.

SECTION 3.6. ANNUAL BUDGET

Borrower shall have delivered, and Lender shall have approved, the Annual Budget for the current fiscal year, a copy of which has been delivered to Lender prior to the date hereof.

SECTION 3.7. TAXES AND OTHER CHARGES

Borrower shall have paid all Taxes and Other Charges (including any in arrears) relating to the Property, which amounts may be funded with proceeds of the Loan.

SECTION 3.8. COMPLETION OF PROCEEDINGS

All corporate and other proceedings taken or to be taken in connection with the transactions contemplated by this Agreement and other Loan Documents and all documents incidental thereto shall be satisfactory in form and substance to Lender, and Lender shall have received all such counterpart originals or certified copies of such documents as Lender may reasonably request.

SECTION 3.9. PAYMENTS

All payments, deposits or escrows required to be made or established by Borrower under this Agreement, the Note and the other Loan Documents on or before the Closing Date shall have been paid.

SECTION 3.10. TRANSACTION COSTS

Except as otherwise expressly provided herein, Borrower shall have paid or reimbursed Lender for all out of pocket expenses in connection with the underwriting, negotiation, Securitization and closing of the Loan, including title insurance premiums and other title company charges; recording, registration, filing and similar fees, taxes and charges; transfer, mortgage, deed, stamp or documentary taxes or similar fees or charges; costs of third-party reports, including without limitation, environmental studies, credit reports, seismic reports, engineer's reports, appraisals and surveys; underwriting and origination expenses; Securitization expenses; and all actual, reasonable legal fees and expenses charged by counsel to Lender.

SECTION 3.11. NO MATERIAL ADVERSE CHANGE

There shall have been no material adverse change in the financial condition or business condition of the Property, Borrower, Borrower Principal, any SPE Component Entity, Manager or any other person or party contributing to the operating income and operations of the Property since the date of the most recent financial statements and/or other information delivered to Lender. The income and expenses of the Property, the occupancy and leases thereof, and all other features of the transaction shall be as represented to Lender without material adverse change. Neither Borrower nor Borrower Principal, any SPE Component Entity or Affiliated Manager shall be the subject of any bankruptcy, reorganization, or insolvency proceeding.

SECTION 3.12. LEASES AND RENT ROLL

Lender shall have received a current certified rent roll of the Property, reasonably satisfactory in form and substance to Lender.

SECTION 3.13. INTENTIONALLY RESERVED

SECTION 3.14. INTENTIONALLY RESERVED

SECTION 3.15. INTENTIONALLY RESERVED

SECTION 3.16. TAX LOT

Lender shall have received evidence that the Property constitutes one (1) or more separate tax lots, which evidence shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.17. PHYSICAL CONDITIONS REPORT

Lender shall have received a Physical Conditions Report with respect to the Property, which report shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.18. INTENTIONALLY RESERVED

SECTION 3.19. APPRAISAL

Lender shall have received an appraisal of the Property, which shall be satisfactory in form and substance to Lender.

SECTION 3.20. FINANCIAL STATEMENTS

Lender shall have received financial statements and related information in form and substance satisfactory to Lender and in compliance with any Legal Requirements promulgated by the Securities and Exchange Commission, including, without limitation, a balance sheet, income and expense statement with respect to Borrower and an operating statement with respect to the Property for the year-to-date [2004, 2003, 2002 and 2004].

SECTION 3.21. INTENTIONALLY RESERVED

SECTION 3.22. FURTHER DOCUMENTS

Lender or its counsel shall have received such other and further approvals, opinions, documents and information as Lender or its counsel may have reasonably requested including the Loan Documents in form and substance satisfactory to Lender and its counsel.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Borrower and, where specifically indicated, Borrower Principal (subject to Section 4.43 below) represents and warrants to Lender as of the Closing Date that:

SECTION 4.1. ORGANIZATION

Borrower and each Borrower Principal (when not an individual) (a) has been duly organized and is validly existing and in good standing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged, (b) is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, (c) possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged (except for any such rights, licenses, permits and authorization for which the failure to obtain would not have a Material Adverse Effect), and the sole business of Borrower is the ownership, management and operation of the Property, and (d) in the case of Borrower, has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to the terms of the Loan Documents, and in the case of Borrower and each Borrower Principal, has full power, authority and legal right to keep and observe all of the terms of the Loan Documents to which it is a party. The chart attached hereto as Exhibit A sets forth an accurate listing of the direct and indirect owners of the equity interests in Borrower and each SPE Component Entity (if any).

SECTION 4.2. STATUS OF BORROWER

Borrower's exact legal name is correctly set forth on the first page of this Agreement, on the Mortgage and on any UCC-1 Financing Statements filed in connection with the Loan. Borrower is an organization of the type specified on the first page of this Agreement. Borrower is incorporated in or organized under the laws of the State of Michigan. Borrower's principal place of business and chief executive office, and the place where Borrower keeps its books and records, including recorded data of any kind or nature, regardless of the medium of recording, including software, writings, plans, specifications and schematics, has been for the preceding four months (or, if less, the entire period of the existence of Borrower) the address of Borrower set forth on the first page of this Agreement. Borrower's organizational identification number, if any, assigned by the state of incorporation or organization is as set forth on the Lender's closing statement executed by Borrower in connection with the Loan.

SECTION 4.3. VALIDITY OF DOCUMENTS

Borrower and each Borrower Principal have taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents to which they are parties. This Agreement and such other Loan Documents have been duly executed and delivered by or on behalf of Borrower and each Borrower Principal and constitute the legal, valid and binding obligations of Borrower and each Borrower Principal enforceable against Borrower and each Borrower Principal in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 4.4. NO CONFLICTS

The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower and each Borrower Principal will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than pursuant to the Loan Documents) which would have a Material Adverse Effect upon any of the property or assets of Borrower or any Borrower Principal pursuant to the terms of any agreement or instrument to which Borrower or any Borrower Principal is a party or by which any of Borrower's or Borrower Principal's property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having jurisdiction over Borrower or any Borrower Principal or any of Borrower's or Borrower Principal's properties or assets which would have a Material Adverse Effect, and any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by Borrower or Borrower Principal of this Agreement or any of the other Loan Documents has been obtained and is in full force and effect.

SECTION 4.5. LITIGATION

There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to Borrower's or Borrower Principal's knowledge, threatened against or affecting Borrower, any Borrower Principal, Manager or the Property, which actions, suits or proceedings, if determined against Borrower, any Borrower Principal, Manager or the Property, would materially adversely affect the condition (financial or otherwise) or business of Borrower or any Borrower Principal or the condition or ownership of the Property.

SECTION 4.6. AGREEMENTS

Borrower is not a party to any agreement or instrument or subject to any restriction which would materially and adversely affect Borrower or the Property, or Borrower's business, properties or assets, operations or condition, financial or otherwise. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or the Property is bound. Borrower has no material financial obligation under any agreement or instrument to which Borrower is a party or by which Borrower or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Property (b) obligations under the Loan Documents, (c) obligations reflected in the financial statements delivered to Lender, (d) the Permitted Encumbrances, and (e) as previously disclosed in writing to Lender.

SECTION 4.7. SOLVENCY

Borrower and each Borrower Principal have (a) not entered into the transaction or executed the Note, this Agreement or any other Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for their obligations under such Loan Documents. Giving effect to the Loan, the fair saleable value of the

assets of Borrower and each Borrower Principal exceeds and will, immediately following the making of the Loan, exceed the total liabilities of Borrower and each Borrower Principal, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. No petition in bankruptcy has been filed against Borrower, any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years, and neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years has made an assignment for the benefit of creditors or taken advantage of any Creditors Rights Laws. Neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager is contemplating either the filing of a petition by it under any Creditors Rights Laws or the liquidation of all or a major portion of Borrower's assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against Borrower or any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager.

SECTION 4.8. FULL AND ACCURATE DISCLOSURE

No statement of fact made by or on behalf of Borrower or any Borrower Principal in this Agreement or in any of the other Loan Documents or in any other document or certificate delivered by or on behalf of Borrower or any Borrower Principal contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no material fact presently known to Borrower or any Borrower Principal which has not been disclosed to Lender which materially and adversely affects, nor as far as Borrower or any Borrower Principal can reasonably foresee, might materially and adversely affect, the Property or the business, operations or condition (financial or otherwise) of Borrower or any Borrower Principal.

SECTION 4.9. NO PLAN ASSETS

Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101. In addition, (a) Borrower is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with Borrower are not subject to state statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Agreement.

SECTION 4.10. NOT A FOREIGN PERSON

Neither Borrower nor Borrower Principal is a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

SECTION 4.11. ENFORCEABILITY

The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by Borrower, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and neither Borrower nor Borrower Principal has asserted any right

of rescission, set-off, counterclaim or defense with respect thereto. No Default or Event of Default exists under or with respect to any Loan Document.

SECTION 4.12. BUSINESS PURPOSES

The Loan is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

SECTION 4.13. COMPLIANCE

Borrower and the Property, and the use and operation thereof, comply in all material respects with all Legal Requirements, including, without limitation, building and zoning ordinances and codes and the Americans with Disabilities Act, except for any noncompliance which would not have a Material Adverse Effect. To Borrower's knowledge, Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority and Borrower has received no written notice of any such default or violation which would have a Material Adverse Effect. There has not been committed by Borrower or, to Borrower's knowledge, any other Person in occupancy of or involved with the operation or use of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents.

SECTION 4.14. FINANCIAL INFORMATION

All financial data, including, without limitation, the balance sheets, statements of income and operating expense and rent rolls, that have been delivered to Lender by or on behalf of Borrower and/or Borrower Principal in respect of Borrower, any Borrower Principal and/or the Property (a) are true, complete and correct in all material respects, (b) accurately represent the financial condition of Borrower, Borrower Principal or the Property, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a material adverse effect on the Property or the current and/or intended operation thereof, except as referred to or reflected in said financial statements, the Permitted Encumbrances or otherwise disclosed in writing to Lender. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower or Borrower Principal from that set forth in said financial statements. Lender acknowledges that Lender has not received any of the foregoing statements from the Borrower, but only with respect to the Borrower Principal and the Property.

SECTION 4.15. CONDEMNATION

No Condemnation or other proceeding has been commenced or, to Borrower's best knowledge, is threatened or contemplated with respect to all or any portion of the Property or for the relocation of roadways providing access to the Property.

SECTION 4.16. UTILITIES AND PUBLIC ACCESS; PARKING

The Property has adequate rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities (public or private) adequate to service the Property as currently operated. All public utilities necessary to the full use and enjoyment of the Property as currently used and enjoyed are, to Borrower's knowledge, located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property. All roads necessary for the use of the Property for its current purposes (i) have been completed and dedicated to public use and accepted by all Governmental Authorities or (ii) are provided by means of private ingress and egress easements benefiting the Property. The Property has, or is served by, parking to the extent required to comply with all Legal Requirements.

SECTION 4.17. SEPARATE LOTS

The Property is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Property or any portion thereof.

SECTION 4.18. ASSESSMENTS

To Borrower's knowledge after due inquiry, there are no pending or proposed special or other assessments for public improvements or otherwise affecting the Property, nor are there any contemplated improvements to the Property that may result in such special or other assessments which, in either case, would have a Material Adverse Effect.

SECTION 4.19. INSURANCE

Borrower has obtained and has delivered to Lender certified copies of all Policies or, to the extent such Policies are not available as of the Closing Date, certificates of insurance with respect to all such Policies reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. To Borrower's knowledge, no Person, including Borrower, has done, by act or omission, anything which would impair the coverage of any of the Policies.

SECTION 4.20. USE OF PROPERTY

The Property is used exclusively for a manufactured home community and other appurtenant and related uses.

SECTION 4.21. CERTIFICATE OF OCCUPANCY; LICENSES

All certifications, permits, licenses and approvals, including, without limitation, certificates of completion or occupancy, if any, and any applicable liquor license required for the legal use, occupancy and operation of the Property for the purpose intended herein, have been obtained and are valid and in full force and effect, except for those which, if not obtained, would not have a Material Adverse Affect. Borrower shall keep and maintain all licenses necessary for

the operation of the Property for the purpose intended herein. The use being made of the Property is in conformity with the certificate of occupancy, if any, and any permits or licenses issued for the Property, except for those which, if not obtained, would not have a Material Adverse Affect.

SECTION 4.22. FLOOD ZONE

None of the Improvements on the Property are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards, or, if any portion of the Improvements (it being understood that for purposes of this representation only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is located within such area, Borrower has obtained the insurance prescribed in Section 8.1(a)(i).

SECTION 4.23. PHYSICAL CONDITION

To Borrower's knowledge after due inquiry, and except as set forth in the Property Conditions Report and the Appraisal delivered to Lender in connection with the Loan, the Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, electrical systems, equipment, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects in light of the age, design and utility. To Borrower's knowledge after due inquiry, there exists no structural or other material defects or damages in the Property, as a result of a Casualty or otherwise, and whether latent or otherwise. Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

SECTION 4.24. BOUNDARIES

Except as shown in the Title Insurance Policy or as shown on the Survey, (a) none of the Improvements which were included in determining the appraised value of the Property lie outside the boundaries and building restriction lines of the Property to any material extent, and (b) no improvements on adjoining properties encroach upon the Property and no easements or other encumbrances upon the Property encroach upon any of the Improvements so as to materially affect the value or marketability of the Property.

SECTION 4.25. LEASES AND RENT ROLL

Borrower has delivered to Lender a true, correct and complete rent roll for the Property (a "RENT ROLL") which includes all Leases affecting the Property. Except as set forth in the Rent Roll (as same has been updated by written notice thereof to Lender) and estoppel certificates delivered to Lender on or prior to the Closing Date: (a) each Lease is in full force and effect; (b) the premises demised under the Leases have been completed and the Tenants under the Leases have accepted possession of their respective demised premises; (c) the Tenants under the Leases have commenced the payment of rent under the Leases, there are no offsets, claims or defenses to the enforcement thereof, and Borrower has no monetary obligations to any

Tenant under any Lease; (d) all Rents due and payable under the Leases have been paid and no substantial portion thereof has been paid for any period more than thirty (30) days in advance; (e) the rent payable under each Lease is the amount of fixed rent set forth in the Rent Roll, and, to Borrower's knowledge, there is no claim or basis for a claim by the Tenant thereunder for an offset or adjustment to the rent; (f) no Tenant has made any written claim of a material default against the landlord under any Lease which remains outstanding nor has Borrower or Manager received, by telephonic, in-person, e-mail or other communication, any notice of a material default under any Lease; (g) to Borrower's knowledge there is no present material default by the Tenant under any Lease; (h) all security deposits under the Leases have been collected by Borrower; (i) Borrower is the sole owner of the entire landlord's interest in each Lease; (j) to Borrower's knowledge, each Lease is the valid, binding and enforceable obligation of Borrower and the applicable Tenant thereunder and there are no agreements between the Borrower and Tenants under the Leases other than as expressly set forth in the Leases; (k) no Person has any possessory interest in, or right to occupy, the Property or any portion thereof except under the terms of a Lease or the Permitted Encumbrances; (l) none of the Leases contains any option or offer to purchase or right of first refusal to purchase the Property or any part thereof (except as may be required by any applicable Legal Requirements); and (m) neither the Leases nor the Rents have been assigned, pledged or hypothecated except to Lender, and, to Borrower's knowledge, no other Person has any interest therein except the Tenants thereunder. Lender hereby recognizes that in addition to the Leases, the relationship between the Borrower and the Tenants of the Property may be governed by the terms of an agreement between the Borrower (or its predecessor in interest) and the homeowners association established by the Tenants of the Property and the prospectus for the Property filed with the State where the Property is located.

SECTION 4.26. FILING AND RECORDING TAXES

All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Mortgage, have been paid or will be paid, and, under current Legal Requirements, the Mortgage is enforceable in accordance with its terms by Lender (or any subsequent holder thereof).

SECTION 4.27. INTENTIONALLY RESERVED.

SECTION 4.28. ILLEGAL ACTIVITY

No portion of the Property has been or will be purchased with proceeds of any illegal activity, and no part of the proceeds of the Loan will be used in connection with any illegal activity.

SECTION 4.29. CONSTRUCTION EXPENSES

All costs and expenses of any and all labor, materials, supplies and equipment used in the construction maintenance or repair of the Improvements have been paid in full or will be paid in the ordinary course of business. To Borrower's knowledge after due inquiry, there are

no claims for payment for work, labor or materials affecting the Property which are or may become a lien prior to, or of equal priority with, the Liens created by the Loan Documents.

SECTION 4.30. PERSONAL PROPERTY

Borrower has paid in full for, and is the owner of, all Personal Property (other than tenants' property) used in connection with the operation of the Property, free and clear of any and all security interests, liens or encumbrances, except for Permitted Encumbrances and the Lien and security interest created by the Loan Documents.

SECTION 4.31. TAXES

Borrower and Borrower Principal have filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by them and have paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by them. Neither Borrower nor Borrower Principal knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

SECTION 4.32. PERMITTED ENCUMBRANCES

None of the Permitted Encumbrances, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by the Loan Documents, materially and adversely affects the value of the Property, materially impairs the use or the operation of the Property or materially impairs Borrower's ability to pay its obligations in a timely manner.

SECTION 4.33. FEDERAL RESERVE REGULATIONS

Borrower will use the proceeds of the Loan for the purposes set forth in Section 2.1(d) hereof and not for any illegal activity. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements or prohibited by the terms and conditions of this Agreement or the other Loan Documents.

SECTION 4.34. INVESTMENT COMPANY ACT

Borrower is not (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

SECTION 4.35. RECIPROCAL EASEMENT AGREEMENTS

Except as set forth in the Title Insurance Policy, there is no REA affecting any portion of the Property.

SECTION 4.36. NO CHANGE IN FACTS OR CIRCUMSTANCES; DISCLOSURE

All information submitted by Borrower or its agents to Lender and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan or in satisfaction of the terms thereof and all statements of fact made by Borrower in this Agreement or in any other Loan Document, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects or might materially and adversely affect the Property or the business operations or the financial condition of Borrower. To Borrower's knowledge, Borrower has disclosed to Lender all material facts relating to Borrower, Borrower Principal and the Property and has not failed to disclose any material fact relating to Borrower, Borrower Principal and the Property that could cause any representation or warranty made herein to be materially misleading.

SECTION 4.37. INTELLECTUAL PROPERTY

To Borrower's knowledge, all trademarks, trade names and service marks necessary to the business of Borrower as presently conducted or as Borrower contemplates conducting its business are in good standing, except any such trademarks, trade names and service marks which, if not in good standing, would not have a Material Adverse Effect, and, to the extent of Borrower's actual knowledge, uncontested. Borrower has not infringed, is not infringing, and has not received notice of infringement with respect to asserted trademarks, trade names and service marks of others. To Borrower's knowledge, there is no infringement by others of trademarks, trade names and service marks of Borrower.

SECTION 4.38. SURVEY

The Survey for the Property delivered to Lender in connection with this Agreement does not, to the knowledge of Borrower, fail to reflect any material matter affecting the Property or the title thereto.

SECTION 4.39. EMBARGOED PERSON

As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, (a) none of the funds or other assets of Borrower and Borrower Principal constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by Lender is in violation of law ("EMBARGOED

PERSON"); (b) no Embargoed Person has any interest of any nature whatsoever in Borrower or Borrower Principal, as applicable, with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower or Borrower Principal, as applicable, have been derived from any unlawful activity with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law. Notwithstanding anything to the contrary set forth in this Section 4.39, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.40. PATRIOT ACT

All capitalized words and phrases and all defined terms used in the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and in other statutes and all orders, rules and regulations of the United States government and its various executive departments, agencies and offices related to the subject matter of the Patriot Act, including Executive Order 13224 effective September 24, 2001 (collectively referred to in this Section only as the "PATRIOT ACT") and are incorporated into this Section. Each of Borrower and Borrower Principal hereby represents and warrants that Borrower and Borrower Principal and each and every Person affiliated with Borrower or Borrower Principal or that to Borrower's knowledge has an economic interest in Borrower, or, to Borrower's knowledge, that has or will have an interest in the transaction contemplated by this Agreement or in the Property or will participate, in any manner whatsoever, in the Loan, is: (i) not a "blocked" person listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and all modifications thereto or thereof (as used in this Section only, the "ANNEX"); (ii) in full compliance with the requirements of the Patriot Act and all other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (as used in this Section only, "OFAC"); (iii) operated under policies, procedures and practices, if any, that are in compliance with the Patriot Act and available to Lender for Lender's review and inspection during normal business hours and upon reasonable prior notice; (iv) not in receipt of any notice from the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States claiming a violation or possible violation of the Patriot Act; (v) not listed as a Specially Designated Terrorist or as a "blocked" person on any lists maintained by the OFAC pursuant to the Patriot Act or any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of the OFAC issued pursuant to the Patriot Act or on any other list of terrorists or terrorist organizations maintained pursuant to the Patriot Act; (vi) not a person who has been determined by competent authority to be subject to any of the prohibitions contained in the Patriot Act; and (vii) not owned or controlled by or now acting and or will in the future act for or on behalf of any person named in the Annex or any other list promulgated under the Patriot Act or any other person who has been determined to be subject to the prohibitions contained in the Patriot Act. Borrower covenants and agrees that in the event Borrower receives any notice that Borrower Principal or Borrower (or any of its beneficial owners or affiliates or participants) become listed on the Annex or any other list promulgated under the Patriot Act or is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering, Borrower shall immediately notify Lender. It shall be an Event of Default hereunder if Borrower, Borrower Principal or any other party to any Loan Document becomes listed on any list promulgated under the Patriot Act or is indicted, arraigned or custodially

detained on charges involving money laundering or predicate crimes to money laundering. Notwithstanding anything to the contrary set forth in this Section 4.40, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.41. ASSUMPTIONS

Each of the assumptions contained in the opinion related to issues of substantive consolidation delivered by Borrower to Lender on the date hereof relating to the Borrower, SPE Component Entity and their operations are true and accurate in all material respects.

SECTION 4.42. SURVIVAL

Borrower agrees that, unless expressly provided otherwise, all of the representations and warranties of Borrower set forth in this Agreement and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any portion of the Debt remains owing to Lender. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Borrower shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf; provided, however, Lender shall not be entitled to rely upon such representation or warranty if any employee of Lender who has been actively involved with the making of the Loan has actual knowledge that such representation or warranty is false as of the date made.

SECTION 4.43. REPRESENTATIONS, WARRANTIES AND COVENANTS

Notwithstanding any provision in this Agreement to the contrary, any covenant, representation, warranty, undertaking or agreement made by Borrower Principal hereunder is being made by Borrower Principal only with respect to Borrower Principal and shall not be construed to mean that Borrower Principal is making any covenant, representation, warranty, undertaking or agreement with respect to the Borrower, the Property or any other matter herein; provided, however, nothing in this Section shall in any way limit the liability and obligations of Borrower or Borrower Principal if Borrower and/or Borrower Principal breaches any covenant, representation or warranty which gives rise to recourse liability pursuant to Article 15 hereof.

ARTICLE V BORROWER COVENANTS

From the date hereof and until repayment of the Debt in full and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Lien of the Mortgage (and all related obligations) in accordance with the terms of this Agreement and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

SECTION 5.1. EXISTENCE; COMPLIANCE WITH LEGAL REQUIREMENTS

(a) Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all Legal Requirements applicable to it and the Property. Borrower hereby

covenants and agrees not to commit, permit or suffer to exist any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents. Borrower shall at all times maintain, preserve and protect all franchises and trade names used in connection with the operation of the Property.

(b) Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the Legal Requirements affecting the Property, provided that (i) no Default or Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower or the Property is subject and shall not constitute a default thereunder; (iii) neither the Property, any part thereof or interest therein, any of the tenants or occupants thereof, nor Borrower shall be affected in any material adverse way as a result of such proceeding; (iv) non-compliance with the Legal Requirements shall not impose civil or criminal liability on Borrower or Lender and (v) Borrower shall have furnished to Lender all other items reasonably requested by Lender.

SECTION 5.2. MAINTENANCE AND USE OF PROPERTY

Borrower shall cause the Property to be maintained in a good and safe condition and repair. The Improvements and the Personal Property shall not be removed or demolished other than in accordance with the provisions of Section 5.21, materially altered (except for normal replacement of the Personal Property or as otherwise permitted herein) without the prior written consent of Lender. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower will not cause or permit the nonconforming use to be discontinued or the nonconforming Improvement to be abandoned without the express written consent of Lender.

SECTION 5.3. WASTE

Borrower shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that is likely to invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that is likely to materially impair the value of the Property or the security for the Loan. Borrower will not, without the prior written consent of Lender, and except to the extent required under the Permitted Encumbrances, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof.

SECTION 5.4. TAXES AND OTHER CHARGES

(a) Borrower shall pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Property or any part thereof before the same become delinquent; provided, however, Borrower's obligation to directly pay Taxes shall be suspended for so long as Borrower complies with the terms and provisions of Section 9.6 hereof. Borrower shall furnish to Lender receipts for the payment of the Taxes and the Other Charges prior to the date the same

shall become delinquent (provided, however, that Borrower is not required to furnish such receipts for payment of Taxes in the event that such Taxes have been paid by Lender pursuant to Section 9.6 hereof). Borrower shall not suffer and shall promptly cause to be paid and discharged any Lien or charge whatsoever which may be or become a Lien or charge against the Property, and shall promptly pay for all utility services provided to the Property.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Default or Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the collection of such contested Taxes or Other Charges from the Property; and (vi) if Borrower is required to make reserve deposits, or deliver a Letter of Credit, to Lender for Taxes and Other Charges, then Borrower shall furnish such security as may be required in the proceeding, or deliver to Lender such reserve deposits as may be requested by Lender, to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon (unless Borrower has paid all of the Taxes or Other Charges under protest). Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the judgment of Lender, the entitlement of such claimant is established or the Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the Lien of the Mortgage being primed by any related Lien.

SECTION 5.5. LITIGATION

Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower which, if adversely decided, would have a Material Adverse Effect.

SECTION 5.6. ACCESS TO PROPERTY

Borrower shall permit agents, representatives and employees of Lender to inspect the Property or any part thereof at reasonable hours upon reasonable advance notice.

SECTION 5.7. NOTICE OF DEFAULT

Borrower shall promptly advise Lender of any material adverse change in the condition (financial or otherwise) of Borrower, any Borrower Principal or the Property or of the occurrence of any Default or Event of Default of which Borrower has knowledge.

SECTION 5.8. COOPERATE IN LEGAL PROCEEDINGS

Borrower shall at Borrower's expense cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

SECTION 5.9. PERFORMANCE BY BORROWER

Borrower shall in a timely manner observe, perform and fulfill in all material respects each and every covenant, term and provision to be observed and performed by Borrower under this Agreement and the other Loan Documents and any other agreement or instrument affecting or pertaining to the Property and any amendments, modifications or changes thereto.

SECTION 5.10. AWARDS; INSURANCE PROCEEDS

Borrower shall cooperate with Lender in obtaining the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with the Property (to be held and applied in accordance with Section 8.4 hereof), and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable, actual attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Lender in case of a Casualty or Condemnation affecting the Property or any part thereof) out of such Awards or Insurance Proceeds.

SECTION 5.11. FINANCIAL REPORTING

(a) Borrower and Borrower Principal shall each keep separate adequate books and records of account in accordance with GAAP, or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and shall furnish to Lender:

(i) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, certified rent rolls with respect to the Property signed and dated by Borrower, detailing the names of all Tenants, the home site occupied by each Tenant, the rent, and any other charges payable under each Lease, and the term of each Lease, including the commencement and expiration dates and any tenant extension, expansion or renewal options, the extent to which any Tenant is in default under any Lease, and any other information as is reasonably required by Lender, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(ii) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, operating statements, profit and loss statements, and statements of the Property Operating Account of the Property, prepared and certified by Borrower, detailing, among other things, the revenues received, the expenses incurred and the net operating income before and after debt service (principal and interest) and major capital improvements for the period of calculation and containing appropriate year-

to-date information, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(iii) quarterly and annual balance sheets of Borrower (with respect to the Property) and SCI, profit and loss statements and statements of cash flows of SCI (with the annual financial statements of SCI prepared and audited by an Acceptable Accountant), within forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower and SCI, as applicable, as the case may be; and

(iv) an Annual Budget not later than thirty (30) days after the commencement of each fiscal year of Borrower.

(b) Upon request from Lender, Borrower shall promptly furnish to Lender:

(i) a property management report for the Property, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in reasonable detail and certified by Borrower under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits held in connection with any Lease of any part of the Property, 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 of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Intentionally reserved.

(d) Borrower and Borrower Principal shall furnish Lender with such other additional financial or management information (including state and federal tax returns) as may, from time to time, be reasonably required by Lender in form and substance satisfactory to Lender and shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

(e) All items requiring the certification of Borrower shall require a certificate executed by the general partner, managing member or chief executive officer of Borrower, as applicable (and the same rules shall apply to any sole shareholder, general partner or managing member which is not an individual).

SECTION 5.12. ESTOPPEL STATEMENT

(a) After request by Lender, Borrower shall within fifteen (15) Business Days furnish Lender with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the rate of interest on the Note, (iii) the unpaid principal amount of the Note, (iv) the date installments of interest and/or principal were last paid,

(v) any offsets or defenses to the payment of the Debt, if any, and (vi) that the Note, this Agreement, the Mortgage and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification.

(b) Borrower shall use its best efforts to deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more Tenants as required by Lender attesting to such facts regarding the related Lease as Lender may require, including, but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, and that the Tenant claims no defense or offset against the full and timely performance of its obligations under the Lease.

SECTION 5.13. LEASING MATTERS.

(a) Except as otherwise consented to by Lender in writing, all Leases shall be written on the standard form of lease for the Property delivered to Lender prior to the closing of the Loan. Upon request, Borrower shall furnish Lender with executed copies of all Major Leases. No material changes (other than changes which are in the ordinary course of the Borrower's business and/or are required by applicable law, so long as such changes do not have a Material Adverse Effect) may be made to the standard form of lease without the prior written consent of Lender. In addition, all renewals of Leases and all proposed leases shall provide for rental rates and terms comparable to existing local market rates and terms and shall be arm's-length transactions with bona fide, independent third party tenants. All proposed commercial Leases and renewals of existing Leases for commercial space shall be subject to the prior approval of Lender and its counsel, at Borrower's expense, such approval not to be unreasonably withheld or delayed. All commercial Leases shall provide that they are subordinate to the Mortgage and that the tenant agrees to attorn to Lender. Notwithstanding the foregoing, Lender acknowledges that certain homesites are not leased to Tenants pursuant to written instruments. From and after the date hereof, Borrower shall agree to offer written Leases to new Tenants in accordance with its current ordinary course of business practices.

(b) Borrower (i) shall observe and perform all the obligations imposed upon the landlord under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall enforce all of the material terms, covenants and conditions contained in the Leases upon the part of the Tenant thereunder to be observed or performed, short of termination thereof; provided however, with respect to mobile home or recreational vehicle community residential property, a residential Lease may be terminated in the event of a default by the tenant thereunder; (iii) shall not collect any of the Rents more than one (1) month in advance, except for (A) Rents aggregating in an amount equal to less than five percent (5.0%) of the Operating Income of the Property and (B) Rents collected with respect to recreational vehicle sites; and (iv) shall not execute any other assignment of the landlord's interest in the Leases or the Rents.

(c) Notwithstanding the provisions of subsection (a) above, renewals of existing commercial Leases and proposed Leases for commercial space shall not be subject to the prior approval of Lender, provided all of the following conditions are satisfied: (i) the rental income pursuant to the renewal or proposed Lease is not more than five (5%) percent of the total

rental income for the Property (exclusive of any rental income from recreational vehicle sites), (ii) the renewal or proposed Lease has a base term of less than six (6) years including options to renew (other than leases for laundry facilities which may include a 10-year term), (iii) the renewal or proposed Lease is subject and subordinate to the Mortgage and the tenant thereunder shall have agreed to attorn to Lender, (iv) the renewal or proposed Lease is on the standard form of lease approved by Lender, (v) the renewal or proposed Lease does not contain any option, offer, right of first refusal, or other similar right to acquire all or any portion of the Property, and (vi) the renewal or proposed Lease provides for rental rates and terms comparable to existing market rates and terms and is an arm's-length transaction with a bona fide, independent third party tenant. Borrower shall deliver to Lender copies of all Leases which are entered into pursuant to the preceding sentence together with Borrower's certification that it has satisfied all of the conditions of the preceding sentence within thirty (30) days after the execution of the Lease.

SECTION 5.14. PROPERTY MANAGEMENT

(a) Borrower shall (i) promptly perform and observe in all material respects all of the covenants required to be performed and observed by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any material default under the Management Agreement of which it is aware; (iii) promptly deliver to Lender a copy of any notice of default or other material notice received by Borrower under the Management Agreement; (iv) promptly give notice to Lender of any notice or information that Borrower receives which indicates that Manager is terminating the Management Agreement or that Manager is otherwise discontinuing its management of the Property; and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement.

(b) If at any time, (i) Manager shall become insolvent or a debtor in a bankruptcy proceeding; (ii) an Event of Default has occurred and is continuing; (iii) a default has occurred and is continuing under the Management Agreement, or (iv) while the Manager is not an Affiliate of the Borrower, the Debt Service Coverage Ratio for the preceding twelve (12) month period ending with the most recently completed calendar quarter is less than 1.10 to 1.0, Borrower shall, at the request of Lender, terminate the Management Agreement upon thirty (30) days prior notice to Manager and replace Manager with a Qualified Manager approved by Lender on terms and conditions satisfactory to Lender, it being understood and agreed that the management fee for such replacement manager shall not exceed then prevailing market rates.

(c) Intentionally reserved.

(d) Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed): (i) surrender, terminate or cancel the Management Agreement or otherwise replace Manager or enter into any other management agreement with respect to the Property, unless the replacement Manager is a Qualified Manager; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; or (iv) otherwise modify, change, supplement, alter or amend, or waive

or release any of its rights and remedies under, the Management Agreement in any material respect. In the event that Borrower replaces Manager at any time during the term of Loan pursuant to this subsection, such Manager shall be a Qualified Manager.

(e) If during the term of the Loan the Borrower engages or replaces the Manager with a new property manager that is an Affiliated Manager, the Borrower shall deliver to Lender an opinion as to non-consolidation issues between the Borrower and such Affiliated Manager, such opinion to be acceptable to the Lender and the Rating Agencies.

(f) Notwithstanding the foregoing, Lender and Borrower acknowledge and agree that as of the date hereof the Property is self-managed by Borrower. If during the term of the Loan Borrower engages a property manager, then the provisions of the Management Agreement with such property manager shall be subject to the provisions of this Section 5.14.

SECTION 5.15. LIENS

Borrower shall not, without the prior written consent of Lender, create, incur, assume or suffer to exist any Lien on any portion of the Property or permit any such action to be taken, except Permitted Encumbrances.

SECTION 5.16. DEBT CANCELLATION

Borrower shall not cancel or otherwise forgive or release any claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration or in the ordinary course of Borrower's business.

SECTION 5.17. ZONING

Borrower shall not initiate or consent to any zoning reclassification of any portion of the Property or seek any variance (other than in the ordinary course of business) under any existing zoning ordinance or use or permit the use of any portion of the Property in any manner that could result in such use becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, without the prior written consent of Lender.

SECTION 5.18. ERISA

(a) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as requested by Lender in its sole discretion, that (i) Borrower is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b) (2);

(B) Less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f) (2); or

(C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e).

SECTION 5.19. NO JOINT ASSESSMENT

Borrower shall not suffer, permit or initiate the joint assessment of the Property with (a) any other real property constituting a tax lot separate from the Property, or (b) any portion of the Property which may be deemed to constitute personal property, or any other procedure whereby the Lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to the Property.

SECTION 5.20. RECIPROCAL EASEMENT AGREEMENTS

Borrower shall not enter into, terminate or modify any REA without Lender's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Borrower shall enforce, comply with, and cause each of the parties to the REA to comply with all of the material economic terms and conditions contained in the REA.

SECTION 5.21. ALTERATIONS

Lender's prior approval shall be required in connection with any alterations to any Improvements (a) that will have a Material Adverse Effect on the Property or (b) that, together with any other alterations undertaken at the same time (including any related alterations, improvements or replacements), are reasonably anticipated to have a cost in excess of the Alteration Threshold.

SECTION 5.22. TRADE INDEBTEDNESS

Borrower shall pay its trade payables and operational debt upon the earlier to occur of (a) sixty (60) days of the date invoiced, and (b) the date the same is due and payable.

SECTION 5.23. TAX CREDITS

Borrower shall not claim a low income housing credit for the Property under Section 42 of the Internal Revenue Code without Lender's prior written consent.

ARTICLE VI
ENTITY COVENANTS

SECTION 6.1. SINGLE PURPOSE ENTITY/SEPARATENESS

Until the Debt has been paid in full, Borrower represents, warrants and covenants as follows:

(a) Borrower will not:

(i) engage in any business or activity other than the ownership, operation and maintenance of the Property, and activities incidental thereto;

(ii) acquire or own any assets other than (A) the Property, and (B) such incidental Personal Property as may be necessary for the operation of the Property;

(iii) except as otherwise expressly permitted hereunder, merge into or consolidate with any Person, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) except as otherwise permitted therein, fail to observe all organizational formalities, or fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the applicable Legal Requirements of the jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply with the material provisions of its organizational documents;

(v) own any subsidiary, or make any investment in, any Person;

(vi) commingle its assets with the assets of any other Person;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) the Debt, (B) trade and operational indebtedness incurred in the ordinary course of business with trade creditors, provided such indebtedness is (1) unsecured, (2) not evidenced by a note, (3) on commercially reasonable terms and conditions, and (4) due not more than sixty (60) days past the date invoiced and paid on or prior to such date, and/or (C) financing leases and purchase money indebtedness incurred in the ordinary course of business relating to Personal Property on commercially reasonable terms and conditions; provided however, the aggregate amount of the indebtedness described in (B) and (C) shall not exceed at any time three percent (3%) of the outstanding principal amount of the Note;

(viii) (A) fail to maintain its records, books of account, bank accounts, financial statements, accounting records and other entity documents for the Property separate and apart from those of any other Person showing the Property's assets and liabilities separate and apart from those of any other Person and (B) include its assets listed on any financial statement of any other person; provided, however, that Borrower's assets may be

included in a consolidated operating or financial statement of its Affiliate provided that an appropriate notation shall be made on such consolidated operating or financial statements to indicate the separateness of Borrower from such Affiliate and to indicate Borrower's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person;

(ix) enter into any contract or agreement with any general partner, member, shareholder, principal, guarantor of the obligations of Borrower, or any Affiliate of the foregoing, except upon terms and conditions that are intrinsically fair, commercially reasonable and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(x) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xi) assume or guaranty the debts of any other Person, hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person, except for the Debt;

(xii) make any loans or advances to any Person;

(xiii) fail to file its own tax returns or files a consolidated federal income tax return with any Person (unless prohibited or required, as the case may be, by applicable Legal Requirements);

(xiv) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity;

(xv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xvi) if it is a partnership or limited liability company, without the unanimous written consent of all of its partners or members, as applicable, and the written consent of 100% of the directors of each SPE Component Entity (if any), including, without limitation, each Independent Director, (a) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any Creditors Rights Laws, (b) seek or consent to the appointment of a receiver, liquidator or any similar official, (c) take any action that might cause such entity to become insolvent, or (d) make an assignment for the benefit of creditors;

(xvii) fail to allocate shared expenses (including, without limitation, shared office space and services performed by an employee of an Affiliate) among the Persons sharing such expenses and to use separate stationery, invoices and checks;

(xviii) fail to remain solvent or pay its own liabilities (including, without limitation, salaries of its own employees) only from its own funds;

(xix) acquire obligations or securities of its partners, members, shareholders or other affiliates, as applicable;

(xx) violate or cause to be violated the assumptions made with respect to Borrower and its principals in any opinion letter pertaining to substantive consolidation delivered to Lender in connection with the Loan; or

(xxi) fail to maintain a sufficient number of employees in light of its contemplated business operations.

Notwithstanding anything contained in this Section 6.1(a) to the contrary, whether express or implied, Lender and Borrower agree that the following operations and activities of Borrower, SPE Component Entity (if any) and their Affiliates shall not be considered a violation of any obligation set forth in this Section 6.1(a): (i) offering services to residents of the Property through Affiliates or other third parties for which fees and charges may be collected by Borrower or the Affiliate and paid to such Affiliate or third party, which may include, without limitation, cable and internet services, landscaping, snow removal, lease or sale of manufactured homes, and child care; provided that such Affiliates do not conduct their business in the name of the Borrower and that any agreements between the Borrower and its Affiliates relating to such services are on commercially reasonable terms similar to those of an arm's-length transaction; (ii) depositing all gross revenue, whether cash, cash equivalents or similar assets, in the Property Operating Account, after paying expenses of the Borrower or causing SCOLP and/or SCI to pay such expenses in accordance with Article 10 hereof, and subject to the provisions of the applicable Borrower's organizational documents, distributing such remaining cash to SCI, SCOLP or at the direction of SCI or SCOLP, as applicable, to any other Affiliate, and in any case, distributing such remaining cash that does not belong to the Borrower promptly to such entities; (iii) paying all payables, debts and other liabilities arising from or in connection with the operation of the Property from the Property Operating Accounts, or causing SCOLP and/or SCI to pay such liabilities pursuant to Article 10 hereof; (iv) subject to the provisions of the applicable Borrower's organizational documents, using ancillary assets in connection with the operation of the Property held in the name of SCI, SCOLP or any Affiliates, such as vehicles and office and maintenance equipment; (v) treating the Property for all purposes as part of and within the portfolio of manufactured housing communities owned by the SCOLP or any Affiliate, for marketing, promotion and providing information and reports to the public or as required by any Legal Requirements; provided, however, that the Borrower shall conduct business in its own name or its assumed or trade name; and (vi) allocating general overhead and administrative costs incurred by SCI and SCOLP and/or other Affiliates to the Borrower in a fair and equitable manner.

(b) If Borrower is a partnership or limited liability company, each general partner in the case of a general partnership, each general partner in the case of a limited partnership, or the managing member in the case of a limited liability company (each an "SPE COMPONENT ENTITY") of Borrower, as applicable, shall be a corporation whose sole asset is its interest in Borrower. Each SPE Component Entity (i) will at all times comply with each of the

covenants, terms and provisions contained in Section 6.1(a)(iii) - (vi) and (viii) - (xxi), as if such representation, warranty or covenant was made directly by such SPE Component Entity; (ii) will not engage in any business or activity other than owning an interest in Borrower and acting as the managing member or general partner of Borrower; (iii) will not acquire or own any assets other than its partnership, membership, or other equity interest in Borrower; (iv) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation); and (v) will cause Borrower to comply with the provisions of this Section 6.1 and Section 6.4. Prior to the withdrawal or the disassociation of any SPE Component Entity from Borrower, Borrower shall immediately appoint a new general partner or managing member whose articles of incorporation are substantially similar to those of such SPE Component Entity and, if an opinion letter pertaining to substantive consolidation was required at closing, deliver a new opinion letter acceptable to Lender and the Rating Agencies with respect to the new SPE Component Entity and its equity owners. Notwithstanding the foregoing, to the extent Borrower is a single member Delaware limited liability company, so long as Borrower maintains such formation status, no SPE Component Entity shall be required.

(c) In the event Borrower is a single member Delaware limited liability company, the limited liability company agreement of Borrower (the "LLC AGREEMENT") shall provide that (i) upon the occurrence of any event that causes the sole member of Borrower ("MEMBER") to cease to be the member of Borrower (other than (A) upon an assignment by Member of all of its limited liability company interest in Borrower and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (B) the resignation of Member and the admission of an additional member of Borrower in accordance with the terms of the Loan Documents and the LLC Agreement), any person acting as Independent Director of Borrower shall, without any action of any other Person and simultaneously with the Member ceasing to be the member of Borrower, automatically be admitted to Borrower ("SPECIAL MEMBER") and shall continue Borrower without dissolution and (ii) Special Member may not resign from Borrower or transfer its rights as Special Member unless (A) a successor Special Member has been admitted to Borrower as Special Member in accordance with requirements of Delaware law and (B) such successor Special Member has also accepted its appointment as an Independent Director. The LLC Agreement shall further provide that (i) Special Member shall automatically cease to be a member of Borrower upon the admission to Borrower of a substitute Member, (ii) Special Member shall be a member of Borrower that has no interest in the profits, losses and capital of Borrower and has no right to receive any distributions of Borrower assets, (iii) pursuant to Section 18-301 of the Delaware Limited Liability Company Act (the "ACT"), Special Member shall not be required to make any capital contributions to Borrower and shall not receive a limited liability company interest in Borrower, (iv) Special Member, in its capacity as Special Member, may not bind Borrower and (v) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower, including, without limitation, the merger, consolidation or conversion of Borrower; provided, however, such prohibition shall not limit the obligations of Special Member, in its capacity as Independent Director, to vote on such matters required by the Loan Documents or the LLC Agreement. In order to implement the admission to Borrower of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower as Special Member, Special Member shall not be a member of Borrower.

Upon the occurrence of any event that causes the Member to cease to be a member of Borrower, to the fullest extent permitted by law, the personal representative of Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Member in Borrower, agree in writing (i) to continue Borrower and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower, effective as of the occurrence of the event that terminated the continued membership of Member of Borrower in Borrower. Any action initiated by or brought against Member or Special Member under any Creditors Rights Laws shall not cause Member or Special Member to cease to be a member of Borrower and upon the occurrence of such an event, the business of Borrower shall continue without dissolution. The LLC Agreement shall provide that each of Member and Special Member waives any right it might have to agree in writing to dissolve Borrower upon the occurrence of any action initiated by or brought against Member or Special Member under any Creditors Rights Laws, or the occurrence of an event that causes Member or Special Member to cease to be a member of Borrower.

SECTION 6.2. CHANGE OF NAME, IDENTITY OR STRUCTURE

Borrower shall not change or permit to be changed (a) Borrower's name, (b) Borrower's identity (including its trade name or names) although Borrower may change the name of the Property without prior notice to, or the consent of, Lender, (c) Borrower's principal place of business set forth on the first page of this Agreement, (d) the corporate, partnership or other organizational structure of Borrower, each SPE Component Entity (if any), or Borrower Principal, (e) Borrower's state of organization, or (f) Borrower's organizational identification number, without in each case notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's structure, without first obtaining the prior written consent of Lender. In addition, Borrower shall not change or permit to be changed any organizational documents of Borrower or any SPE Component Entity (if any) if such change would adversely impact the covenants set forth in Section 6.1 and Section 6.4 hereof. Borrower authorizes Lender to file any financing statement or financing statement amendment required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall execute a certificate in form satisfactory to Lender listing the trade names under which Borrower intends to operate the Property, and representing and warranting that Borrower does business under no other trade name with respect to the Property. If Borrower does not now have an organizational identification number and later obtains one, or if the organizational identification number assigned to Borrower subsequently changes, Borrower shall promptly notify Lender of such organizational identification number or change.

SECTION 6.3. BUSINESS AND OPERATIONS

Borrower will qualify to do business and will remain in good standing under the laws of the State as and to the extent the same are required for the ownership, maintenance, management and operation of the Property.

SECTION 6.4. INDEPENDENT DIRECTOR

(a) The organizational documents of each SPE Component Entity (if any) shall provide that at all times there shall be, and Borrower shall cause there to be, at least two Independent Directors of such SPE Component Entity reasonably satisfactory to Lender.

(b) The organizational documents of each SPE Component Entity (if any) shall provide that the board of directors of such SPE Component Entity shall not take any ID Action (defined below) unless at the time of such ID Action there shall be at least two (2) members of the board of directors who are Independent Directors. Such SPE Component Entity will not, without the unanimous written consent of its board of directors including each Independent Director, on behalf of itself or Borrower, (i) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable Creditors Rights Laws; (ii) seek or consent to the appointment of a receiver, liquidator or any similar official; (iii) take any action that might cause such entity to become insolvent; or (iv) make an assignment for the benefit of creditors (individually and collectively, as the case may be, an "ID ACTION").

ARTICLE VII NO SALE OR ENCUMBRANCE

SECTION 7.1. TRANSFER DEFINITIONS

For purposes of this Article 7 an "AFFILIATED MANAGER" shall mean any managing agent in which Borrower, Borrower Principal, any SPE Component Entity (if any) or any affiliate of such entities has, directly or indirectly, any legal, beneficial or economic interest; "CONTROL" shall mean the power to direct the management and policies of a Restricted Party, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise; provided, however, any change in the members of the board of directors of SCI, or SPE Component Entity shall not, in and of itself, constitute a change in control; "RESTRICTED PARTY" shall mean Borrower, Borrower Principal, any SPE Component Entity (if any), any Affiliated Manager, or any shareholder, partner, member or non-member manager, or any direct or indirect legal or beneficial owner of Borrower, Borrower Principal, any SPE Component Entity (if any), any Affiliated Manager or any non-member manager; and a "SALE OR PLEDGE" shall mean a voluntary or involuntary sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest.

SECTION 7.2. NO SALE/ENCUMBRANCE

(a) Borrower shall not cause or permit a Sale or Pledge of the Property or any part thereof or any legal or beneficial interest therein nor permit a Sale or Pledge of an interest in any Restricted Party (in each case, a "PROHIBITED TRANSFER"), other than pursuant to Leases of space in the Improvements to Tenants in accordance with the provisions of Section 5.13, without the prior written consent of Lender.

(b) A Prohibited Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party (other than SCI) is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock in one or a series of transactions; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general or limited partner or any profits or proceeds relating to such partnership interests or the creation or issuance of new partnership interests; provided, however, the foregoing shall not apply to interests in SCOLP other than those owned by SCI, provided, further, that SCI's ownership interest in SCOLP shall be permitted to decrease so long as after any such decrease SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of any member or any profits or proceeds relating to such membership interest other than transfers by or among SCOLP, SCI or their Affiliates and transfers within SCOLP and SCI as permitted under clause (iv) above; (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests; or (vii) the removal or the resignation of Manager (including, without limitation, an Affiliated Manager) other than in accordance with Section 5.14.

SECTION 7.3. PERMITTED TRANSFERS

Notwithstanding the provisions of Section 7.2, the following transfers shall not be deemed to be a Prohibited Transfer: (a) a transfer by devise or descent or by operation of law upon the death of a member, partner or shareholder of a Restricted Party; (b) the Sale or Pledge, in one or a series of transactions, of not more than forty-nine percent (49%) of the stock, limited partnership interests or non-managing membership interests (as the case may be) in a Restricted Party; provided, however, no such transfers shall result in a change in Control in the Restricted Party, or change in control of the Property, or the Property to be managed by a Person who is not a Qualified Manager, and as a condition to each such transfer, Lender shall receive not less than thirty (30) days prior written notice of such proposed transfer (c) the sale or transfer of stock in SCI provided such stock is listed on a nationally recognized stock exchange, (d) subject to providing prior notice to Lender, transfers of the direct or indirect interest in Borrower by and among SCI, SCOLP and their Affiliates, provided that no such transfers shall result in a change in Control of the Borrower or a change in control of the Property, (e) transfers of the limited partnership interests in SCOLP or reductions of SCI's ownership interest in SCOLP, provided that after such transfer (or reduction of ownership interests in the case of SCI) SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP, or (f) the issuance of additional stock in, or redemption of stock in, SCI, the issuance of additional limited partnership interests in, or redemption of limited partnership interests in, SCOLP, and the issuance of additional ownership interests in, or the redemption of

the ownership interests in, the Affiliates of SCI and SCOLP (other than Borrower and the SPE Component Entity, if any). Notwithstanding the foregoing, any transfer that results in any Person owning in excess of forty-nine percent (49%) of the ownership interest in a Restricted Party shall comply with the requirements of Section 7.4 hereof.

SECTION 7.4. LENDER'S RIGHTS

Lender reserves the right to condition the consent to a Prohibited Transfer requested hereunder upon (a) a modification of the terms hereof (other than the economic terms) and an assumption of the Note and the other Loan Documents as so modified by the proposed Prohibited Transfer, (b) receipt of payment of a transfer fee equal to (i) one-fourth of one percent (0.25%) of the outstanding principal balance of the Loan with respect to the first such transfer, and (ii) one percent (1%) of the outstanding principal balance of the Loan with respect to each transfer after the first such transfer and all of Lender's expenses incurred in connection with such Prohibited Transfer, (c) receipt of written confirmation from the Rating Agencies that the Prohibited Transfer will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, (d) the proposed transferee's continued compliance with the covenants set forth in this Agreement (including, without limitation, the covenants in Article 6) and the other Loan Documents, (e) the Property being managed by a Qualified Manager and a new management agreement satisfactory to Lender, and (f) the satisfaction of such other conditions and/or legal opinions as Lender shall determine in its sole discretion to be in the interest of Lender. All expenses incurred by Lender shall be payable by Borrower whether or not Lender consents to the Prohibited Transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a Prohibited Transfer made without Lender's consent. This provision shall apply to each and every Prohibited Transfer, whether or not Lender has consented to any previous Prohibited Transfer. Notwithstanding anything to the contrary contained in this Section 7.4, in the event a substantive non-consolidation opinion was delivered to Lender and the Rating Agencies in connection with the closing of the Loan, and if any Sale or Pledge permitted under this Article 7 results in any Person and its Affiliates owning in excess of forty-nine percent (49%) of the ownership interests in a Restricted Party, Borrower shall, prior to such transfer, and in addition to any other requirement for Lender consent contained herein, deliver a revised substantive non-consolidation opinion to Lender reflecting such Prohibited Transfer, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies.

SECTION 7.5. ASSUMPTION

Notwithstanding the foregoing provisions of this Article 7, following the date which is six (6) months from the Closing Date, Lender shall not unreasonably withhold, delay or condition consent to a transfer of the Property in its entirety to or of one hundred percent (100%) of the ownership interests in the Borrower, and the related assumption of the Loan by, any Person (a "TRANSFEREE") provided that each of the following terms and conditions are satisfied:

- (a) no Default or Event of Default has occurred;

(b) Borrower shall have (i) delivered written notice to Lender of the terms of such prospective transfer not less than thirty (30) days before the date on which such transfer is scheduled to close and, concurrently therewith, all such information concerning the proposed Transferee as Lender shall reasonably require and (ii) paid to Lender a non-refundable processing fee in the amount of \$10,000. Lender shall have the right to approve or disapprove the proposed transfer based on its then current underwriting and credit requirements for similar loans secured by similar properties which loans are sold in the secondary market, such approval not to be unreasonably withheld, conditioned or delayed. In determining whether to give or withhold its approval of the proposed transfer, Lender shall consider the experience and track record of Transferee and its principals in owning and operating facilities similar to the Property, the financial strength of Transferee and its principals, the general business standing of Transferee and its principals and Transferee's and its principals' relationships and experience with contractors, vendors, tenants, lenders and other business entities; provided, however, that, notwithstanding Lender's agreement to consider the foregoing factors in determining whether to give or withhold such approval, such approval shall be given or withheld based on what Lender determines to be commercially reasonable and, if given, may be given subject to such conditions as Lender may deem reasonably appropriate. In no event shall Lender consent to a proposed transfer prior to a Securitization if the consideration to be paid by the Transferee for the Property, as determined by Lender in its sole discretion, is less than the appraised value of the Property as determined by Lender based upon the Appraisal delivered to Lender in connection with Lender's underwriting of the Loan;

(c) Borrower shall have paid to Lender, concurrently with the closing of such transfer, (i) a non-refundable assumption fee in an amount equal to (A) one-fourth of one percent (0.25%) of the outstanding principal balance of the Note with respect to the first such assumption, and (B) one percent (1.0%) of the then outstanding principal balance of the Note with respect to each assumption after the first such assumption, and (ii) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection with the transfer;

(d) Transferee assumes and agrees to pay the Debt as and when due subject to the provisions of Article 15 hereof and, prior to or concurrently with the closing of such transfer, Transferee and its constituent partners, members or shareholders as Lender may require, shall execute, without any cost or expense to Lender, such documents and agreements as Lender shall reasonably require to evidence and effectuate said assumption;

(e) Borrower and Transferee, without any cost to Lender, shall furnish any information requested by Lender for the preparation of, and shall authorize Lender to file, new financing statements and financing statement amendments and other documents to the fullest extent permitted by applicable law, and shall execute any additional documents reasonably requested by Lender;

(f) Borrower shall have delivered to Lender, without any cost or expense to Lender, such endorsements to Lender's Title Insurance Policy insuring that fee simple or leasehold title to the Property, as applicable, is vested in Transferee (subject to Permitted Encumbrances), hazard insurance endorsements or certificates and other similar materials as

Lender may deem necessary at the time of the transfer, all in form and substance satisfactory to Lender;

(g) Transferee shall have furnished to Lender, if Transferee is a corporation, partnership, limited liability company or other entity, all appropriate papers evidencing Transferee's organization and good standing, and the qualification of the signers to execute the assumption of the Debt, which papers shall include certified copies of all documents relating to the organization and formation of Transferee and of the entities, if any, which are partners or members of Transferee. Transferee and such constituent partners, members or shareholders of Transferee (as the case may be), as Lender shall require, shall comply with the covenants set forth in Article 6 hereof;

(h) Transferee shall assume the obligations of Borrower under any Management Agreement or provide a new management agreement with a new Qualified Manager which meets with the requirements of Section 5.14 hereof and assign to Lender as additional security such new management agreement;

(i) Transferee shall furnish an opinion of counsel satisfactory to Lender and its counsel (A) that Transferee's formation documents provide for the matters described in subparagraph (g) above, (B) that the assumption of the Debt has been duly authorized, executed and delivered, and that the Note, the Mortgage, this Agreement, the assumption agreement and the other Loan Documents are valid, binding and enforceable against Transferee in accordance with their terms, (C) that Transferee and any entity which is a controlling stockholder, member or general partner of Transferee, have been duly organized, and are in existence and good standing, and (D) with respect to such other matters as Lender may reasonably request;

(j) if required by Lender, Lender shall have received confirmation in writing from the Rating Agencies that rate the Securities to the effect that the transfer will not result in a qualification, downgrade or withdrawal of any rating initially assigned or to be assigned to the Securities;

(k) Borrower's obligations under the contract of sale pursuant to which the transfer is proposed to occur shall expressly be subject to the satisfaction of the terms and conditions of this Section 7.5;

(l) Transferee shall, prior to such transfer, deliver a substantive non-consolidation opinion to Lender, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies;

(m) In connection with an assumption of the Loan, Lender shall release the Property and the Loan from any cross collateralization and cross default provisions contained the other Loan Documents; and

(n) Lender shall have determined that the Debt Service Coverage Ratio with respect to each of (i) the Property and (ii) the Crossed Properties after giving effect to the assumption (assuming a loan amount equal to the principal balance of the Note which is not being assumed immediately following the subject assumption) shall be at least equal to 1.275 to 1.0 for the twelve (12) full calendar months immediately preceding the assumption of the Loan.

A consent by Lender with respect to a transfer of the Property in its entirety or one hundred percent (100%) of the ownership interests in Borrower to, and the related assumption of the Loan by, a Transferee pursuant to this Section 7.5 shall not be construed to be a waiver of the right of Lender to consent to any subsequent Sale of Pledge of the Property.

SECTION 7.6. EASEMENTS; LICENSES.

Notwithstanding anything contained to the contrary herein, Borrower may grant easements, covenants, reservations and rights of way with respect to the Property in the ordinary course of business for utilities, ingress and egress and other similar purposes provided such grants, transfers, conveyances or easements (i) do not impair the utility or operation of the Property, materially adversely effect the value of Property or adversely affect Borrower's ability to repay the Loan and (ii) shall be in form reasonably acceptable to Lender, and, in such case, Lender shall subordinate the Lien of the Security Instrument to such grant, easement, transfer or conveyance.

ARTICLE VIII
INSURANCE; CASUALTY; CONDEMNATION; RESTORATION

SECTION 8.1. INSURANCE

(a) Borrower shall obtain and maintain, or cause to be maintained, at all times insurance for Borrower and the Property providing at least the following coverages:

(i) comprehensive "all risk" insurance on the Improvements and the Personal Property, in each case (A) in an amount equal to one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions; (C) providing for no deductible in excess of \$100,000 for all such insurance coverage; and (D) if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses, providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements and containing an "Ordinance or Law Coverage" or "Enforcement" endorsement. In addition, Borrower shall obtain: (y) if any portion of the Improvements (it being understood that for purposes of this clause (y) only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is currently or at any time in the future located in a "special flood hazard area" designated by the Federal Emergency Management Agency, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended; and (z) earthquake insurance in amounts and in form and substance reasonably satisfactory to Lender in the event the Property is located in an area with a high degree of seismic risk, provided that the insurance pursuant to clauses (y) and (z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this subsection (i);

(ii) Commercial General Liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, with such insurance (A) to be on the so-called "occurrence" form with a general aggregate limit of not less than \$2,000,000 and a per occurrence limit of not less than \$1,000,000; and (B) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations; (3) independent contractors; (4) blanket contractual liability; and (5) contractual liability covering the indemnities contained in Article 12 and Article 14 hereof to the extent the same is available;

(iii) loss of rents insurance or business income insurance, as applicable, (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in subsection (i) above; and (C) which provides that after the physical loss to the Improvements and Personal Property occurs, the loss of rents or income, as applicable, will be insured until completion of Restoration or the expiration of twelve (12) months, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (D) which contains 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 six (6) months from the date that the Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such loss of rents or business income insurance, as applicable, shall be determined prior to the date hereof and at least once each year thereafter based on Borrower's reasonable estimate of the gross income from the Property for the succeeding period of coverage required above. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied to the obligations secured by the Loan Documents from time to time due and payable hereunder and under the Note; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured by the Loan Documents on the respective dates of payment provided for in the Note, this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such loss of rents or business income insurance, as applicable;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Property coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in subsection (i) above written in a so-called Builder's Risk Completed Value form (1) on a non-reporting basis, (2) against "all risks" insured against pursuant to subsection (i) above, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the State, and employer's liability insurance in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable);

(vi) comprehensive equipment breakdown insurance, if applicable, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above;

(vii) excess liability insurance in an amount not less than \$50,000,000 per occurrence on terms consistent with the commercial general liability insurance required under subsection (ii) above; and

(viii) insurance against damage resulting from acts of terrorism, on terms consistent with the commercial property insurance policy required under subsection (i) above and on terms consistent with the business income policy required under subsection (iii) above; provided such coverage shall not be in an amount less than \$5,000,000.00; provided, further, Borrower shall only be required to maintain such terrorism insurance (and in no way limiting the coverage for the all risk insurance except as such coverage relates to perils resulting from terrorism) equal to the lesser of (A) the amount of coverage Borrower is required to maintain pursuant to this clause (viii) or (B) in the event that terrorism coverage is not available at commercially reasonable rates at any time, then the maximum amount of coverage that Borrower can obtain by paying an annual premium in the amount of 200% of the portion of the Borrower's insurance premiums allocable to terrorism insurance coverage as of the date hereof.

(ix) upon sixty (60) days' written notice, such other reasonable insurance and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(b) All insurance provided for in Section 8.1(a) shall be obtained under valid and enforceable policies (collectively, the "POLICIES" or in the singular, the "POLICY"), and shall be subject to the reasonable approval of Lender as to insurance companies, amounts, deductibles, loss payees and insureds. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the State and having (i) with respect to the primary layer(s) of coverage (which shall not be less than \$5,000,000.00) a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender, and (ii) with respect to additional layers of coverage, a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender. To the extent such Policies are not available as of the Closing Date, Borrower shall deliver certified copies of all Policies to Lender not later than thirty (30) days after the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, renewal Policies accompanied by evidence satisfactory to Lender of payment of the premiums due thereunder (the "INSURANCE PREMIUMS") shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 8.1(a).

(d) All Policies provided for or contemplated by Section 8.1(a), except for the Policy referenced in Section 8.1(a)(v), shall name Borrower as the insured and Lender as the additional insured, as its interests may appear, and in the case of property damage, equipment breakdown, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies provided for in Section 8.1(a) shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policies shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least thirty (30) days' prior written notice to Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give written notice to Lender if the Policies have not been renewed thirty (30) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, obtaining such insurance coverage as Lender in its sole discretion deems appropriate. All premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and, until paid, shall be secured by the Mortgage and shall bear interest at the Default Rate.

SECTION 8.2. CASUALTY

If the Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "CASUALTY"), Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the Restoration of the Property in accordance with Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. Borrower shall pay all costs of such Restoration to the extent such costs are not covered by insurance. Lender may, but shall not be obligated to make proof of loss if not made timely by Borrower. Borrower shall adjust all claims for Insurance Proceeds in consultation with, and approval of, Lender; provided, however, if an Event of Default has occurred and is continuing, Lender shall have the exclusive right to participate in the adjustment of all claims for Insurance Proceeds.

SECTION 8.3. CONDEMNATION

Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of the Property of which Borrower has knowledge and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If the Property or any portion thereof is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of the Property and otherwise comply with the provisions of Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Debt.

SECTION 8.4. RESTORATION

The following provisions shall apply in connection with the Restoration of the Property:

(a) If the Net Proceeds shall be less than \$250,000 and the costs of completing the Restoration shall be less than \$250,000, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 8.4(b)(i) are met (except for Section 8.1(b)(i)(J)) and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement; provided, however, with respect to the budget delivered to Lender pursuant to Section 8.4(b)(i)(I), such budget is not subject to the prior approval of Lender.

(b) If the Net Proceeds are equal to or greater than \$250,000 or the costs of completing the Restoration are equal to or greater than \$250,000, Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 8.4. The term "NET PROCEEDS" for purposes of this Section 8.4 shall mean: (i) the net amount of all insurance proceeds received by Lender pursuant to Section 8.1(a)(i), (iv), (vi) and (viii) as a result of a Casualty, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("INSURANCE PROCEEDS"), or (ii) the net amount of the Award as a result of a Condemnation, after deduction of its reasonable

costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("CONDEMNATION PROCEEDS"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower for Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing;

(B) No later than the date the insurance described in Section 8.1(a)(iii) hereof expires or would expire, Tenants under Leases covering in the aggregate at least fifty percent (50%) of the total rentable space in the Property which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such Casualty or Condemnation, whichever the case may be shall remain in full force and effect during and after the completion of the Restoration;

(C) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than sixty (60) days after such Casualty or Condemnation or thirty (30) days after adjustment of the Net Proceeds, whichever is later, whichever the case may be, occurs) and shall diligently pursue the same to satisfactory completion;

(D) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Property as a result of the occurrence of any such Casualty or Condemnation, whichever the case may be, will be covered out of the insurance coverage referred to in Section 8.1(a)(iii) above or funds provided by the Borrower;

(E) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date, (2) such time as may be required under applicable zoning law, ordinance, rule or regulation, or (3) the expiration of the insurance coverage referred to in Section 8.1(a)(iii) unless Borrower Principal agrees to make capital contributions to Borrower which are sufficient to make any payments to Lender pursuant to the terms hereof;

(F) the Property and the use thereof after the Restoration will be in compliance with and permitted under all Legal Requirements;

(G) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in substantial compliance with all applicable Legal Requirements;

(H) such Casualty or Condemnation, as applicable, does not result in the loss of access to the Property or the Improvements;

(I) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating

the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender; and

(J) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's reasonable judgment to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender until disbursements commence, and, until disbursed in accordance with the provisions of this Section 8.4, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all the conditions precedent to such advance, including those set forth in Section 8.4(b)(i), have been satisfied, (B) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the related Restoration item have been paid for in full, and (C) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Property which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy. Notwithstanding the foregoing, Insurance Proceeds from the Policies required to be maintained by Borrower pursuant to Section 8.1(a)(iii) shall be controlled by Lender at all times, shall not be subject to the provisions of this Section 8.4 and shall be used solely for the payment of the obligations under the Loan Documents and Operating Expenses.

(iii) All plans and specifications required in connection with a Restoration in excess of \$250,000 shall be subject to prior review and reasonable acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the "RESTORATION CONSULTANT"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts in excess of \$50,000 under which they have been engaged, shall be subject to prior review and reasonable acceptance by Lender and the Restoration Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration, including, without limitation, reasonable counsel fees and disbursements and the Restoration Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Restoration Consultant, minus the Restoration Retainage. The term "RESTORATION RETAINAGE" shall mean an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Restoration Consultant, until the Restoration has been completed. The Restoration Retainage shall be reduced to five percent (5%) of the costs incurred upon receipt by Lender of satisfactory evidence that fifty percent (50%) of the

Restoration has been completed. The Restoration Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 8.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Restoration Retainage shall not be released until the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b) and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Restoration Retainage; provided, however, that Lender will release the portion of the Restoration Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Restoration Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Restoration Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender in consultation with the Restoration Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Restoration Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "NET PROCEEDS DEFICIENCY") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 8.4(b) shall constitute additional security for the Debt and other obligations under the Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have

occurred and shall be continuing under the Note, this Agreement or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Section 8.4(b)(vii) may (x) be retained and applied by Lender toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as Lender in its sole discretion shall deem proper, or, (y) at the sole discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes and upon such conditions as Lender shall designate.

(d) In the event of foreclosure of the Mortgage, or other transfer of title to the Property in extinguishment in whole or in part of the Debt, all right, title and interest of Borrower in and to the Policies then in force concerning the Property and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure, Lender or other transferee in the event of such other transfer of title.

ARTICLE IX RESERVE FUNDS

SECTION 9.1. REQUIRED REPAIRS

(a) Borrower shall make the repairs and improvements to the Property set forth on Schedule I and as more particularly described in the Physical Conditions Report prepared in connection with the closing of the Loan (such repairs hereinafter referred to as "REQUIRED REPAIRS"). Borrower shall complete the Required Repairs in a good and workmanlike manner on or before the date that is twelve (12) months from the date hereof or within such other time frame for completion specifically set forth on Schedule I.

(b) Borrower shall establish on the date hereof an account with Lender or Lender's agent to fund the Required Repairs (the "REQUIRED REPAIR ACCOUNT") into which Borrower shall deposit on the date hereof the amount of \$0.00. Amounts so deposited shall hereinafter be referred to as the "REQUIRED REPAIR FUNDS".

SECTION 9.2. REPLACEMENTS

(a) On an ongoing basis throughout the term of the Loan, Borrower shall make capital repairs, replacements and improvements necessary to keep the Property in good order and repair and in a good marketable condition or prevent deterioration of the Property (collectively, the "REPLACEMENTS"). Borrower shall complete all Replacements in a good and workmanlike manner as soon as commercially reasonable after commencing to make each such Replacement.

(b) Upon the commencement of a Reserve DSCR Period Borrower shall establish an Eligible Account with Lender or Lender's agent to fund the Replacements (the "REPLACEMENT RESERVE ACCOUNT"). Borrower shall deposit, during the continuance of a Reserve DSCR Period, one-twelfth (1/12) of the sum \$50.00 per pad site on the Property (the "Replacement Reserve Monthly Deposit") into the Replacement Reserve Account on each

Scheduled Payment Date. Amounts so deposited shall hereinafter be referred to as "Replacement Reserve Funds".

SECTION 9.3. INTENTIONALLY RESERVED

SECTION 9.4. REQUIRED WORK

Borrower shall diligently pursue all Required Repairs and Replacements (collectively, the "Required Work") to completion in accordance with the following requirements:

(a) Lender reserves the right, at its option, to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Required Work to the extent such contracts or work orders exceed \$50,000, which approval shall not be unreasonably withheld, conditioned or delayed. Upon Lender's request, Borrower shall assign any contract or subcontract to Lender.

(b) In the event Lender determines in its reasonable discretion that any Required Repair is not being or has not been performed in a workmanlike or timely manner (consistent with the time deadlines provided herein). Upon written notice to Borrower and Borrower's failure to commence performance thereof within thirty (30) days, weather permitting, Lender shall have the option to withhold disbursement for such unsatisfactory Required Repairs and to proceed under existing contracts or to contract with third parties to complete such Required Repairs and to apply the Required Repair Funds, toward the labor and materials necessary to complete such Required Repairs and to exercise any and all other remedies available to Lender upon an Event of Default hereunder.

(c) In order to facilitate Lender's completion of the Required Repair, effective only when Lender has the right to exercise its rights under Section 9.4(b), Borrower grants Lender the right to enter onto the Property and perform any and all work and labor necessary to complete Required Work and/or employ watchmen to protect the Property from damage. All sums so expended by Lender, to the extent not from the Reserve Funds, shall be deemed to have been advanced under the Loan to Borrower and secured by the Mortgage. For this purpose and subject to the limitations contained in the first sentence of this Section 9.4(c), Borrower constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution to complete or undertake the Required Repair in the name of Borrower upon Borrower's failure to do so in a workmanlike and timely manner. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked. Borrower empowers said attorney-in-fact as follows: (i) to use any of the Reserve Funds for the purpose of making or completing the Required Repair; (ii) to make such additions, changes and corrections to the Required Repair as shall be necessary or desirable to complete the Required Repair as set forth herein and the schedules hereto; (iii) to employ or retain such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes at commercially reasonable prices to the extent such work is not being performed by contractors or subcontractors retained by Borrower; (iv) to pay, settle or compromise all existing bills and claims which are or may become Liens against the Property, or as may be necessary or desirable for the completion of the Required Repair, or for clearance of title; (v) to execute all applications and certificates in the

name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Property or the rehabilitation and repair of the Property; and (vii) to do any and every act which Borrower might do on its own behalf to fulfill the terms of this Section 9.4.

(d) Nothing in this Section 9.4 shall: (i) make Lender responsible for making or completing the Required Repair; (ii) require Lender to expend funds in addition to the Reserve Funds to make or complete any Required Repair; (iii) obligate Lender to proceed with the Required Repair; or (iv) obligate Lender to demand from Borrower additional sums to make or complete any Required Repair.

(e) Borrower shall permit Lender and Lender's agents and representatives (including, without limitation, Lender's engineer, architect, or inspector) or third parties performing Required Repair pursuant to this Section 9.4 to enter onto the Property upon reasonable advance notice during normal business hours (subject to the rights of tenants under their Leases) to inspect the progress of any Required Repair and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Required Repair which are or may be kept at the Property, and to complete any Required Repair made pursuant to this Section 9.4. Borrower shall cause all contractors and subcontractors to cooperate with Lender and Lender's representatives or such other persons described above in connection with inspections described in this Section 9.4 or the completion of Required Repair pursuant to this Section 9.4.

(f) Lender may, to the extent any Required Work would reasonably require an inspection of the Property, inspect the Property at Borrower's expense prior to making a disbursement of the Reserve Funds in order to verify completion of the Required Work for which reimbursement is sought. If Borrower has reserved any amounts for such Required Repair pursuant to Section 9.1 hereof, Borrower shall pay Lender a reasonable inspection fee not exceeding \$500.00 for each such inspection. Lender may require that such inspection be conducted by an appropriate independent qualified professional selected by Lender and/or may require a copy of a certificate of completion by an independent qualified professional acceptable to Lender prior to the disbursement of the Reserve Funds. Borrower shall pay the expense of the inspection as required hereunder, whether such inspection is conducted by Lender or by an independent qualified professional.

(g) The Required Work and all materials, equipment, fixtures, or any other item comprising a part of any Required Work shall be constructed, installed or completed, as applicable, free and clear of all mechanic's, materialman's or other Liens (except for Permitted Encumbrances).

(h) Before each disbursement of the Reserve Funds in excess of \$50,000, Lender may require Borrower to provide Lender with a search of title to the Property effective to the date of the disbursement, which search shows that no mechanic's or materialmen's or other Liens of any nature have been placed against the Property since the date of recordation of the Mortgage and that title to the Property is free and clear of all Liens (except for Permitted Encumbrances).

(i) All Required Work shall comply with all Legal Requirements and applicable insurance requirements including, without limitation, applicable building codes, special use permits, environmental regulations, and requirements of insurance underwriters.

(j) Borrower hereby assigns to Lender all rights and claims Borrower may have against all Persons supplying labor or materials in connection with the Required Work; provided, however, that Lender may not pursue any such rights or claims unless an Event of Default has occurred and remains uncured.

SECTION 9.5. RELEASE OF RESERVE FUNDS

(a) Upon written request from Borrower and satisfaction of the requirements set forth in this Agreement, Lender shall disburse to Borrower amounts from (i) the Required Repair Account to the extent necessary to reimburse Borrower for the actual costs of each Required Repair (but not exceeding 125% of the original estimated cost of such Required Repair as set forth on Schedule I, unless Lender has agreed to reimburse Borrower for such excess cost pursuant to Section 9.5(f)) or (ii) the Replacement Reserve Account to the extent necessary to reimburse Borrower for the actual costs of any approved Replacements. Notwithstanding the preceding sentence, in no event shall Lender be required to (x) disburse any amounts which would cause the amount of funds remaining in the Required Repair Account after any disbursement (other than with respect to the final disbursement) to be less than 125% of the then current estimated cost of completing all remaining Required Repairs for the Property, (y) disburse funds from any of the Reserve Accounts if an Event of Default exists, or (z) disburse funds from the Replacement Reserve Account to reimburse Borrower for the costs of routine repairs or maintenance to the Property or for costs which are to be reimbursed from funds held in the Required Repair Account.

(b) Each request for disbursement from any of the Reserve Accounts shall be on a form provided or approved by Lender and shall (i) include copies of invoices for all items or materials purchased and all labor or services provided and (ii) specify (A) the Required Work for which the disbursement is requested, (B) the quantity and price of each item purchased, if the Required Work includes the purchase or replacement of specific items, (C) the price of all materials (grouped by type or category) used in any Required Work other than the purchase or replacement of specific items, and (D) the cost of all contracted labor or other services applicable to each Required Work for which such request for disbursement is made. With each request Borrower shall certify that all Required Work has been performed in accordance with all Legal Requirements. Except as provided in Section 9.5(d), each request for disbursement shall be made only after completion of the Required Repair or Replacement (or the portion thereof completed in accordance with Section 9.5(d)), as applicable, for which disbursement is requested. Borrower shall provide Lender evidence satisfactory to Lender in its reasonable judgment of such completion or performance.

(c) Borrower shall pay all invoices in connection with the Required Work with respect to which a disbursement is requested prior to submitting such request for disbursement from the Reserve Accounts or, at the request of Borrower, Lender will issue joint checks, payable to Borrower and the contractor, supplier, materialman, mechanic, subcontractor or other party to whom payment is due in connection with the Required Work. In the case of

payments made by joint check, Lender may require a waiver of lien from each Person receiving payment prior to Lender's disbursement of the Reserve Funds. In addition, as a condition to any disbursement, Lender may require Borrower to obtain lien waivers from each contractor, supplier, materialman, mechanic or subcontractor who receives payment in an amount equal to or greater than \$50,000 for completion of its work or delivery of its materials. Any lien waiver delivered hereunder shall conform to all Legal Requirements and shall cover all work performed and materials supplied (including equipment and fixtures) for the Property by that contractor, supplier, subcontractor, mechanic or materialman through the date covered by the current disbursement request (or, in the event that payment to such contractor, supplier, subcontractor, mechanic or materialmen is to be made by a joint check, the release of lien shall be effective through the date covered by the previous release of funds request).

(d) If (i) the cost of any item of Required Work exceeds \$50,000, (ii) the contractor performing such Required Work requires periodic payments pursuant to terms of a written contract, and (iii) Lender has approved in writing in advance such periodic payments (provided, Lender shall not be entitled to approve the contract if Lender has already approved such contract pursuant to the provisions of Section 9.4(a)), a request for disbursement from the Reserve Accounts may be made after completion of a portion of the work under such contract, provided (A) such contract requires payment upon completion of such portion of work, (B) the materials for which the request is made are on site at the Property and are properly secured or have been installed in the Property, and (C) all other conditions in this Agreement for disbursement have been satisfied.

(e) Borrower shall not make a request for, nor shall Lender have any obligation to make, any disbursement from any Reserve Account more frequently than once in any calendar month and (except in connection with the final disbursement) in any amount less than the lesser of (i) \$10,000 or (ii) the total cost of the Required Work for which the disbursement is requested.

(f) In the event any Borrower requests a disbursement from the Required Repair Account to reimburse Borrower for the actual cost of labor or materials used in connection with repairs or improvements other than the Required Repairs specified on Schedule I, or for a Required Repair to the extent the cost of such Required Repair exceeds 125% of the estimated cost of such Required Repair as set forth on Schedule I (in either case, an "ADDITIONAL REQUIRED REPAIR"), Borrower shall disclose in writing to Lender the reason why funds in the Required Repair Account should be used to pay for such Additional Required Repair. If Lender determines that (i) such Additional Required Repair is of the type intended to be covered by the Required Repair Account, (ii) costs for such Additional Required Repair are reasonable, (iii) the funds in the Required Repair Account are sufficient to pay for such Additional Required Repair and all other Required Repairs for the Property specified on Schedule I, (iv) such Additional Required Repair is not covered or is not of the type intended to be covered by the Replacement Reserve Account, and (v) all other conditions for disbursement under this Agreement have been met, Lender may disburse funds from the Required Repair Account.

(g) Intentionally reserved.

(h) Lender's disbursement of any Reserve Funds or other acknowledgment of completion of any Required Work in a manner satisfactory to Lender shall not be deemed a certification or warranty by Lender to any Person that the Required Work has been completed in accordance with Legal Requirements.

(i) If the funds in any Reserve Account should exceed the amount of payments actually applied by Lender for the purposes of the account, Lender shall return any excess to Borrower, unless at the time Borrower is required to make future payments to the Reserve Account, in which case Lender may, in its discretion, credit such excess against future payments to be made to that Reserve Account. In allocating any such excess, Lender may deal with the Person shown on Lender's records as being the owner of the Property. If at any time Lender reasonably determines that the Reserve Funds are not or will not be sufficient to make the required payments, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment thereof.

(j) The insufficiency of any balance in any of the Reserve Accounts shall not relieve Borrower from its obligation to fulfill all preservation and maintenance covenants in the Loan Documents.

(k) Upon the earlier to occur of (i) the timely completion of all Required Repairs and any Additional Required Repairs, if any, in accordance with the requirements of this Agreement, as verified by Lender in its reasonable discretion, or (ii) the payment in full of the Debt, all amounts remaining on deposit, if any, in the Required Repair Account shall be returned to Borrower or the Person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

(l) Upon payment in full of the Debt, all amounts remaining on deposit, if any, in the Replacement Reserve Account shall be returned to Borrower or the Person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

SECTION 9.6. TAX AND INSURANCE RESERVE FUNDS

Upon the commencement of a Reserve DSCR Period Borrower shall establish an account with Lender or Lender's agent sufficient to discharge Borrower's obligations for the payment of Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof (the "TAX AND INSURANCE RESERVE ACCOUNT"), which amount, when added to the required monthly deposits set forth in the next sentence, is sufficient to make the payments of Taxes and Insurance Premiums as required herein. Borrower shall deposit into the Tax and Insurance Reserve Account on each Scheduled Payment Date (a) one-twelfth of the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Taxes at least thirty (30) days prior to the earlier of (i) the date that the same will become delinquent and (ii) the date that additional charges or interest will accrue due to the non-payment thereof, and (b) except to the extent Lender has waived the insurance escrow because the insurance required hereunder is maintained under a blanket insurance Policy acceptable to Lender in accordance with Section 8.1(c), one-

twelfth of the Insurance Premiums that Lender estimates will be payable during the next ensuing twelve (12) months for the renewal of the coverage afforded by the Policies upon the expiration thereof or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (said amounts in (a) and (b) above hereinafter called the "TAX AND INSURANCE RESERVE FUNDS"). Lender will apply the Tax and Insurance Reserve Funds to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Section 5.4 and Section 8.1 hereof. In making any disbursement from the Tax and Insurance Reserve Account, Lender may do so according to any bill, statement or estimate procured from the appropriate public office or tax lien service (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax and Insurance Reserve Funds shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax and Insurance Reserve Account. In allocating any such excess, Lender may deal with the person shown on Lender's records as being the owner of the Property. Any amount remaining in the Tax and Insurance Reserve Account after the Debt has been paid in full shall be returned to Borrower or the person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto. If at any time Lender reasonably determines that the Tax and Insurance Reserve Funds are not or will not be sufficient to pay Taxes and Insurance Premiums by the dates set forth in (a) and (b) above, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment thereof. Notwithstanding the foregoing, so long as (x) Borrower is maintaining all or a portion of the insurance required under Section 8.1 through a blanket insurance policy in accordance with the terms and conditions hereof, including, but not limited to, Section 8.1(c) hereof and such blanket policy is acceptable to Lender, (y) no Event of Default exists and (z) Borrower provides Lender with evidence in form and substance satisfactory to Lender of the annual renewal of such blanket insurance policy, Borrower shall not be required to escrow for Insurance Premiums as set forth in this Section 9.6 for that portion of the insurance required under Section 8.1 which is covered by the blanket insurance policy in accordance with the terms hereof. In the event that, at any time, a blanket insurance policy is not in effect in accordance with the terms and conditions hereof, Borrower shall immediately provide for either (i) an individual policy for the Property complying with the terms and conditions set forth herein and shall immediately commence making deposits for Insurance Premiums in accordance with this Section 9.6 or (ii) a replacement blanket policy complying with the terms and conditions set forth herein and acceptable to Lender. Notwithstanding the foregoing, Borrower shall not be required to make monthly deposits for Taxes pursuant to clause (a) above, unless a Reserve DSCR Period is continuing; provided, however, in the event a Reserve DSCR Period is continuing, in lieu of making the monthly deposits required pursuant to clause (a) above, Borrower may elect to deliver to Lender, within ten (10) Business Days after the commencement of a Reserve DSCR Period, a Letter of Credit in an amount equal to the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months. Borrower shall give Lender no less than five (5) Business days notice of Borrower's election to deliver a Letter of Credit pursuant to this Section 9.6 and Borrower shall pay to Lender all of Lender's reasonable out-of-pocket costs and

expenses in connection therewith. Borrower shall not be entitled to draw from any such Letter of Credit. Upon thirty (30) days notice to Lender, Borrower may replace a Letter of Credit with a cash deposit to the Tax and Insurance Reserve Fund if a Letter of Credit has been outstanding for more than six (6) months. Prior to the return of a Letter of Credit, Borrower shall deposit an amount equal to the amount that would have accumulated in the Tax and Insurance Reserve Fund and not been disbursed in accordance with this Agreement if such Letter of Credit had not been delivered. Borrower shall provide Lender with notice of any increases in the annual payments for Taxes thirty (30) days prior to the effective date of any such increase and any applicable Letter of Credit shall be increased by such increased amount at least ten (10) days prior to the effective date of such increase. So long as no Event of Default has occurred and is continuing, upon the discontinuance of a Reserve DSCR Period, Lender shall release to Borrower any Letter of Credit delivered to Lender pursuant to this Section 9.6 or return to Borrower all funds in the Tax and Insurance Reserve Account.

SECTION 9.7. INTENTIONALLY RESERVED

SECTION 9.8. INTENTIONALLY RESERVED

SECTION 9.9. LETTERS OF CREDIT

(a) Each Letter of Credit delivered under this Agreement shall be additional security for the payment of the Debt. Upon the occurrence of an Event of Default, Lender shall have the right, at its option, to draw on any Letter of Credit and to apply all or any part thereof to the payment of the items for which such Letter of Credit was established or to apply each such Letter of Credit to payment of the Debt in such order, proportion or priority as Lender may determine. Any such application to the Debt shall be subject to the prepayment premium set forth in Section 2.4(c) hereof.

(b) In addition to any other right Lender may have to draw upon a Letter of Credit pursuant to the terms and conditions of this Agreement, Lender shall have the additional rights to draw in full any Letter of Credit: (i) with respect to any evergreen Letter of Credit, if Lender has received a notice from the issuing bank that the Letter of Credit will not be renewed and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (ii) with respect to any Letter of Credit with a stated expiration date, if Lender has not received a notice from the issuing bank that it has renewed the Letter of Credit at least thirty (30) days prior to the date on which such Letter of Credit is scheduled to expire and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (iii) upon receipt of notice from the issuing bank that the Letter of Credit will be terminated (except if the termination of such Letter of Credit is permitted pursuant to the terms and conditions of this Agreement or a substitute Letter of Credit is provided); or (iv) if Lender has received notice that the bank issuing the Letter of Credit shall cease to be an Eligible Institution; provided, however, so long as no Event of Default is continuing, any funds resulting from draw made by Lender pursuant to the provisions of clauses (i) - (iv) above shall be deposited into the Reserve Account for which Borrower delivered such Letter of Credit. Notwithstanding anything to the contrary contained in the above, Lender is not obligated to draw any Letter of Credit upon the happening of an event specified in (i), (ii), (iii) or (iv) above and shall not be liable for any losses sustained

by Borrower due to the insolvency of the bank issuing the Letter of Credit if Lender has not drawn the Letter of Credit.

SECTION 9.10. RESERVE FUNDS GENERALLY

(a) (i) Except for the Required Repair Account and the Replacement Reserve Account, no earnings or interest on the Reserve Accounts shall be payable to Borrower. Neither Lender nor any loan servicer that at any time holds or maintains such non-interest-bearing Reserve Accounts such Reserve Accounts or any funds deposited therein in interest-bearing accounts. If Lender or any such loan servicer elects in its sole and absolute discretion to keep or maintain any non-interest-bearing Reserve Account or any funds deposited therein in an interest-bearing account, the account shall be an Eligible Account and (A) such funds shall not be invested except in Permitted Investments, and (B) all interest earned or accrued thereon shall be for the account of and be retained by Lender or such loan servicer.

(ii) Funds deposited in the Required Repair Account and the Replacement Reserve Account shall be held in an interest-bearing business savings account and interest shall be credited to Borrower. In no event shall Lender or any loan servicer that at any time holds or maintains the Required Repair Account or Replacement Reserve Account, as applicable, be required to select any particular interest-bearing account or the account that yields the highest rate of interest, provided that selection of the account shall be consistent with the general standards at the time being utilized by Lender or the loan servicer, as applicable, in establishing similar accounts for loans of comparable type. All such interest shall be and become part of the Required Repair Account and the Replacement Reserve Account, as applicable, and shall be disbursed in accordance with Section 9.5 above; provided, however, that Lender may, at its election, retain any such interest for its own account during the occurrence and continuance of an Event of Default. Borrower agrees that it shall include all interest on Required Repair Funds and Replacement Reserve Funds as the income of Borrower (and, if Borrower is a partnership or other pass-through entity, the partners, members or beneficiaries of Borrower, as the case may be), and shall be the owner of the Required Repair Funds and Replacement Reserve Funds for federal and applicable state and local tax purposes, except to the extent that Lender retains any interest for its own account during the occurrence and continuance of an Event of Default as provided herein.

(b) Borrower grants to Lender a first-priority perfected security interest in, and assigns and pledges to Lender all Reserve Funds now or hereafter deposited in the related Reserve Accounts as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Reserve Accounts and the Reserve Funds shall constitute additional security for the Debt. The provisions of this Section 9.10 are intended to give Lender or any subsequent holder of the Loan "control" of the Reserve Accounts within the meaning of the UCC.

(c) The Reserve Accounts and any and all Reserve Funds now or hereafter deposited in the Reserve Accounts shall be subject to the exclusive dominion and control of Lender, which shall hold the Reserve Accounts and any or all Reserve Funds now or hereafter deposited in the Reserve Accounts subject to the terms and conditions of this Agreement.

Borrower shall have no right of withdrawal from the Reserve Accounts or any other right or power with respect to the Reserve Accounts or any or all of the Reserve Funds now or hereafter deposited in the Reserve Accounts, except as expressly provided in this Agreement.

(d) Lender shall furnish or cause to be furnished to Borrower, without charge, a quarterly accounting of each Reserve Account in the normal format of Lender or its loan servicer, showing credits and debits to such Reserve Account, if any, and the purpose for which each debit to each Reserve Account was made, if any.

(e) As long as no Event of Default has occurred, Lender shall make disbursements from the Reserve Accounts in accordance with this Agreement. All such disbursements shall be deemed to have been expressly pre-authorized by Borrower, and shall not be deemed to constitute the exercise by Lender of any remedies against Borrower unless an Event of Default has occurred and is continuing and Lender has expressly stated in writing its intent to proceed to exercise its remedies as a secured party, pledgee or lienholder with respect to the Reserve Accounts.

(f) If any Event of Default occurs, Borrower shall immediately lose all of its rights to receive disbursements from the Reserve Accounts until the earlier to occur of (i) the date on which such Event of Default is cured to Lender's satisfaction, or (ii) the payment in full of the Debt. In addition, at Lender's election, Borrower shall lose all of its rights to receive interest on the Required Repair Account and the Replacement Reserve Account during the occurrence and continuance of an Event of Default. Upon the occurrence of any Event of Default, Lender may exercise any or all of its rights and remedies as a secured party, pledgee and lienholder with respect to the Reserve Accounts. Without limitation of the foregoing, upon any Event of Default, Lender may use and disburse the Reserve Funds (or any portion thereof) for any of the following purposes: (A) repayment of the Debt, including, but not limited to, principal prepayments and the prepayment premium applicable to such full or partial prepayment (as applicable); (B) reimbursement of Lender for all losses, fees, costs and expenses (including, without limitation, reasonable legal fees) suffered or incurred by Lender as a result of such Event of Default; (C) payment of any amount expended in exercising any or all rights and remedies available to Lender at law or in equity or under this Agreement or under any of the other Loan Documents; (D) payment of any item from any of the Reserve Accounts as required or permitted under this Agreement; or (E) any other purpose permitted by applicable law; provided, however, that any such application of funds shall not cure or be deemed to cure any Event of Default. Without limiting any other provisions hereof, each of the remedial actions described in the immediately preceding sentence shall be deemed to be a commercially reasonable exercise of Lender's rights and remedies as a secured party with respect to the Reserve Funds and shall not in any event be deemed to constitute a setoff or a foreclosure of a statutory banker's lien. Nothing in this Agreement shall obligate Lender to apply all or any portion of the Reserve Funds to effect a cure of any Event of Default, or to pay the Debt, or in any specific order of priority. The exercise of any or all of Lender's rights and remedies under this Agreement or under any of the other Loan Documents shall not in any way prejudice or affect Lender's right to initiate and complete a foreclosure under the Mortgage.

(g) The Reserve Funds shall not constitute escrow or trust funds and may be commingled with other monies held by Lender. Notwithstanding anything else herein to the

contrary, Lender may commingle in one or more Eligible Accounts any and all funds controlled by Lender, including, without limitation, funds pledged in favor of Lender by other borrowers, whether for the same purposes as the Reserve Accounts or otherwise. Without limiting any other provisions of this Agreement or any other Loan Document, the Reserve Accounts may be established and held in such name or names as Lender or its loan servicer, as agent for Lender, shall deem appropriate, including, without limitation, in the name of Lender or such loan servicer as agent for Lender. In the case of any Reserve Account which is held in a commingled account, Lender or its loan servicer, as applicable, shall maintain records sufficient to enable it to determine at all times which portion of such account is related to the Loan. Upon assignment of the Loan by Lender, any Reserve Funds shall be turned over to the assignee and any responsibility of Lender as assignor shall terminate. The requirements of this Agreement concerning Reserve Accounts in no way supersede, limit or waive any other rights or obligations of the parties under any of the Loan Documents or under applicable law.

(h) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in the Reserve Accounts or the Reserve Funds deposited therein or permit any Lien to attach thereto, except for the security interest granted in this Section 9.10, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(i) Borrower will maintain the security interest created by this Section 9.10 as a first priority perfected security interest and will defend the right, title and interest of Lender in and to the Reserve Accounts and the Reserve Funds against the claims and demands of all Persons whomsoever. At any time and from time to time, upon the written request of Lender, and at the sole expense of Borrower, Borrower will promptly and duly execute and deliver such further instruments and documents and will take such further actions as Lender reasonably may request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted.

(j) Lender shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper, document or signature believed by Lender to be genuine, and it may be assumed conclusively that any Person purporting to give any of the foregoing in connection with the Reserve Accounts has been duly authorized to do so. Lender may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder and in good faith in accordance therewith. Lender shall not be liable to Borrower for any act or omission done or omitted to be done by Lender in reliance upon any instruction, direction or certification received by Lender and without gross negligence or willful misconduct.

(k) Beyond the exercise of reasonable care in the custody thereof, Lender shall have any duty as to any Reserve Funds in its possession or control as agent therefor or bailee thereof or any income thereon or the preservation of rights against any person or otherwise with respect thereto. In no event shall Lender or its Affiliates, agents, employees or bailees, be liable or responsible for any loss or damage to any of the Reserve Funds, or for any diminution in value thereof, by reason of the act or omission of Lender, except to the extent that such loss or damage results from Lender's gross negligence or willful misconduct or intentional nonperformance by Lender of its obligations under this Agreement.

ARTICLE X
CASH MANAGEMENT

SECTION 10.1. PROPERTY OPERATING ACCOUNT

(a) Borrower acknowledges and confirms that Borrower has established, and Borrower covenants that it shall maintain a deposit account with a federally insured financial institution (whether one or more, individually and collectively, as the case may be, the "PROPERTY OPERATING ACCOUNT BANK") with respect to the Property into which Borrower shall, and shall cause Manager to, deposit or cause to be deposited, all Rents and other revenue from the Property (such account, all funds at any time on deposit therein and any proceeds, replacements or substitutions of such account or funds therein, are referred to herein as the "PROPERTY OPERATING ACCOUNT").

(b) Borrower agrees to pay the customary fees and expenses of Property Operating Account Bank (incurred in connection with maintaining the Property Operating Account) and any successors thereto in connection therewith, as separately agreed by them from time to time.

(c) Lender shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies. Borrower shall indemnify and hold Lender and its directors, employees, officers and agents harmless from and against any loss, cost or damage (including, without limitation, reasonable attorneys' fees and disbursements) incurred by such parties in connection with the Property Operating Account other than such as result from the gross negligence or willful misconduct of Lender.

SECTION 10.2. DEPOSITS AND WITHDRAWALS.

(a) Borrower represents, warrants and covenants that:

(i) Borrower shall, and shall cause Manager to, instruct all Persons that maintain open accounts with Borrower or Manager with respect to the Property or with whom Borrower or Manager does business on an "accounts receivable" basis with respect to the Property to deliver all payments due under such accounts to the Property Operating Account. Neither Borrower nor Manager shall direct any such Person to make payments due under such accounts in any other manner;

(ii) All Rents or other income from the Property shall (A) be deemed additional security for payment of the Debt and shall be held in trust for the benefit, and as the property, of Lender and (B) not be commingled with any other funds or property of Borrower or Manager prior to being deposited into the Property Operating Account;

(iii) So long as any portion of the Debt remains outstanding, neither Borrower, Manager nor any other Person shall open or maintain any accounts other than the Property Operating Account into which revenues from the ownership and operation of the Property are initially deposited. The foregoing shall not prohibit Borrower from utilizing

one or more separate accounts for the disbursement or retention of funds that have been transferred to Borrower pursuant to the express terms of this Agreement; and

(b) Upon the occurrence and during the continuance of an Event of Default, (A) if requested by Lender, the Borrower shall direct all Tenants to pay Rent to such account as may be required by Lender, and (B) the Borrower shall and shall cause the Property Operating Account Bank to promptly execute such documentation and otherwise cooperate in a prompt and timely manner with such other requests of Lender in order to grant Lender (x) a first priority perfected security interest in each Property Operating Account and (y) control with respect to each Property Operating Account all funds on deposit or to be deposited therein.

(c) If an Event of Default shall have occurred and be continuing, Borrower hereby irrevocably authorizes Lender to make any and all withdrawals from each Property Operating Account. Lender's right to withdraw and apply funds as stated herein shall be in addition to all other rights and remedies provided to Lender under this Agreement, the Note, the Mortgage and the other Loan Documents.

ARTICLE XI
EVENTS OF DEFAULT; REMEDIES

SECTION 11.1. EVENT OF DEFAULT

The occurrence of any one or more of the following events shall constitute an "EVENT OF DEFAULT":

(a) if any portion of the Debt is not paid within five (5) days of the date the same is due or if the entire Debt is not paid on or before the Maturity Date;

(b) except as otherwise expressly provided in the Loan Documents, if any of the Taxes or Other Charges are not paid in accordance with the terms hereof, unless there is sufficient money in the Tax and Insurance Reserve Account for payment of amounts then due and payable and Lender's access to such money has not been constrained or restricted in any manner;

(c) if the Policies are not kept in full force and effect, or if certified copies of the Policies are not delivered to Lender as provided in Section 8.1;

(d) if Borrower breaches any covenant with respect to itself or any SPE Component Entity (if any) contained in Article 6 or any covenant contained in Article 7 hereof unless, with respect to the covenants set forth in Article 6 only, such breach is (i) immaterial, (ii) capable of cure and (iii) cured within ten (10) days of the occurrence of such breach;

(e) if any representation or warranty of Borrower, Borrower Principal, any SPE Component Entity, or any member, general partner, principal or beneficial owner of any of the foregoing, made herein, in any other Loan Document, or in any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the

Loan or during the term of the Loan shall have been false or misleading in any material respect when made;

(f) if (i) Borrower, or any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall commence any case, proceeding or other action (A) under any Creditors Rights Laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property, whether it be superior or junior in lien to the Mortgage;

(h) if the Property becomes subject to any mechanic's, materialman's or other Lien in excess of \$100,000 other than a Lien for any Taxes or Other Charges not then due and payable and the Lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(i) if any federal tax lien in excess of \$100,000 is filed against Borrower, any member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) or the Property and same is not discharged of record within thirty (30) days after same is filed;

(j) if a judgment is filed against the Borrower in excess of the lesser of (x) ten percent (10%) of the principal amount of the Loan and (y) \$500,000 which is not vacated or discharged or bonded over within 30 days unless the claim(s) set forth in the judgment is covered by insurance;

(k) if any default occurs under any guaranty or indemnity executed in connection herewith and such default continues after the expiration of applicable grace periods, if any;

(l) intentionally reserved;

(m) if Borrower shall continue to be in default under any other term, covenant or condition of this Agreement or any of the Loan Documents for more than ten (10) days after notice from Lender in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days; or

(n) if any of the assumptions contained in any opinion relating to issues of substantive consolidation delivered to the Lender in connection with the Loan, or in any other opinion relating to substantive consolidation delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect.

SECTION 11.2. REMEDIES

(a) Upon the occurrence of an Event of Default (other than an Event of Default described in Section 11.1(f) above) and at any time thereafter Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in the Property, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against Borrower and the Property, including, without limitation, all rights or remedies available at law or in equity (subject to the terms of Article XV below); and upon any Event of Default described in Section 11.1(f) above, the Debt and all other obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time (subject to the terms of Article XV below), whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or

otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents.

ARTICLE XII
ENVIRONMENTAL PROVISIONS

SECTION 12.1. ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants, based upon, and except as otherwise disclosed or described in an Environmental Report of the Property (unless Borrower has actual knowledge that such information disclosed in an Environmental Report is inaccurate in any material respect) and information that Borrower knows or should reasonably have known, that: (a) there are no Hazardous Materials or underground storage tanks in, on, or under the Property, except those that are both (i) in compliance with Environmental Laws and with permits issued pursuant thereto (if such permits are required), if any, and (ii) in the case of Hazardous Materials, in amounts not in excess of that necessary to operate the Property for the purposes set forth herein; (b) there are no past, present or threatened Releases of Hazardous Materials in violation of any Environmental Law or which would require remediation by a Governmental Authority in, on, under or from the Property; (c) there is no threat of any Release of Hazardous Materials migrating to the Property except as described in the Environmental Report; (d) there is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with the Property; (e) Borrower does not know of, and has not received, any written or oral notice or other communication from any Person relating to Hazardous Materials in, on, under or from the Property which would cause a violation of any Environmental Law; and (f) to the extent not included in the Environmental Report prepared for Lender in connection with the Loan, Borrower has truthfully and fully provided to Lender, in writing, any and all information relating to environmental conditions in, on, under or from the Property known to Borrower or contained in Borrower's files and records, including but not limited to any reports relating to Hazardous Materials in, on, under or migrating to or from the Property and/or to the environmental condition of the Property.

SECTION 12.2. ENVIRONMENTAL COVENANTS

Borrower covenants and agrees that so long as Borrower owns, manages, is in possession of, or otherwise controls the operation of the Property: (a) all uses and operations on or of the Property, whether by Borrower or any other Person, shall be in compliance with all Environmental Laws and permits issued pursuant thereto; (b) there shall be no Releases of Hazardous Materials in, on, under or from the Property in violation of any Environmental Law caused by Borrower, its agents or employees; (c) there shall be no Hazardous Materials in, on, or under the Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto, if and to the extent required, and (ii) (A) in amounts not in excess of that necessary to operate the Property for the purposes set forth herein or (B) fully disclosed to and approved by Lender in writing; (d) Borrower shall keep the Property free and clear of all Environmental Liens; (e) Borrower shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to Section 12.4 below, including but not limited

to providing all relevant information and making knowledgeable persons available for interviews; (f) Borrower shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Property, pursuant to any reasonable written request of Lender, upon Lender's reasonable belief that the Property is not in full compliance with all Environmental Laws, and share with Lender the reports and other results thereof, and Lender and other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (g) Borrower shall, at its sole cost and expense, comply with all reasonable written requests of Lender to (i) reasonably effectuate remediation of any Hazardous Materials in, on, under or from the Property; and (ii) comply with any Environmental Law; (h) Borrower shall not allow any tenant or other user of the Property to violate any Environmental Law; and (i) Borrower shall immediately notify Lender in writing after it has become aware of (A) any presence or Release or threatened Release of Hazardous Materials in, on, under, from or migrating towards the Property; (B) any non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential Environmental Lien against the Property; (D) any required or proposed remediation of environmental conditions relating to the Property; and (E) any written notice or other communication of which Borrower becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials.

SECTION 12.3. LENDER'S RIGHTS

Lender and any other Person designated by Lender, including but not limited to any representative of a Governmental Authority, and any environmental consultant, and any receiver appointed by any court of competent jurisdiction, shall have the right, but not the obligation, to enter upon the Property at all reasonable times and upon reasonable advance notice to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Borrower shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

SECTION 12.4. OPERATIONS AND MAINTENANCE PROGRAMS

If recommended by the Environmental Report or any other environmental assessment or audit of the Property, Borrower shall establish and comply with an operations and maintenance program with respect to the Property, in form and substance reasonably acceptable to Lender, prepared by an environmental consultant reasonably acceptable to Lender, which program shall address any asbestos-containing material or lead based paint that may now or in the future be detected at or on the Property. Without limiting the generality of the preceding sentence, Lender may require (a) periodic notices or reports to Lender in form, substance and at such intervals as Lender may specify, (b) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (c) at Borrower's sole expense, supplemental examination of the Property by consultants specified by Lender, (d) access to the Property by Lender, its agents or servicer, to review and assess the environmental condition of the Property and Borrower's compliance with any operations and maintenance program, and (e) variation of the operations and maintenance program in response to the reports provided by any such consultants.

SECTION 12.5. ENVIRONMENTAL DEFINITIONS

"ENVIRONMENTAL LAW" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other government directives or requirements, as well as common law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, that apply to Borrower or the Property and relate to Hazardous Materials or protection of human health or the environment. "ENVIRONMENTAL LIENS" means all Liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Borrower or any other Person. "ENVIRONMENTAL REPORT" means the written reports resulting from the environmental site assessments of the Property delivered to Lender in connection with the Loan. "HAZARDOUS MATERIALS" shall mean petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives, flammable materials; radioactive materials; polychlorinated biphenyls and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material", "hazardous waste", "toxic substance", "toxic pollutant", "contaminant", or "pollutant" within the meaning of any Environmental Law. "RELEASE" of any Hazardous Materials includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

SECTION 12.6. INDEMNIFICATION

(a) Borrower and Borrower Principal covenant and agree at their sole cost and expense, to protect, defend, indemnify, release and hold Indemnified Parties harmless from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (i) any presence of any Hazardous Materials in, on, above, or under the Property in violation of any Environmental Law; (ii) any past, present or threatened Release of Hazardous Materials in, on, above, under or from the Property in violation of any Environmental Law; (iii) any activity by Borrower, any Person affiliated with Borrower, and any Tenant in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Hazardous Materials at any time located in, under, on or above the Property or any actual or proposed remediation of any Hazardous Materials at any time located in, under, on or above the Property, whether or not such remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action in each case in violation of any Environmental Law; (iv) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Property or operations thereon, including but not limited to any failure by Borrower, any person or entity affiliated with Borrower, and any tenant or other user of the Property to comply with any order of any Governmental Authority in connection with any

Environmental Laws; (v) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Property; (vi) any acts of Borrower, any person or entity affiliated with Borrower, and any tenant in (A) arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Materials at any facility or incineration vessel containing such or similar Hazardous Materials or (B) accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites from which there is a Release, or a threatened Release of any Hazardous Substance which causes the incurrence of costs for remediation; and (vii) any material and intentional misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Agreement relating to environmental matters.

(b) Upon written request by any Indemnified Party, Borrower and Borrower Principal shall defend same (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals reasonably approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding, provided, with respect to such resolution, Lender agrees to obtain Borrower's prior written approval (it being acknowledged and agreed that Borrower shall not unreasonably withhold, condition of delay its approval and any rejection of proposed resolution shall set forth the reasons for the same in reasonable detail); provided, however, so long as there is not a conflict of interest between any Indemnified Party and Borrower, as determined by an Indemnified Party, no Indemnified Party shall engage additional attorneys nor other professionals. Upon demand, Borrower and Borrower Principal shall pay or, in the sole discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

(c) Notwithstanding the foregoing, Borrower shall have no liability for any Losses imposed upon or incurred by or asserted against any Indemnified Parties and described in subsection (a) above to the extent that Borrower can conclusively prove that such Losses were caused (i) solely by actions, conditions or events that occurred after the date that Borrower was no longer in possession or control of the Property, whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver and that such Losses were not caused by the direct or indirect actions of Borrower, Borrower Principal, or any partner, member, principal, officer, director, trustee or manager of Borrower or Borrower Principal or any employee, agent, contractor or Affiliate of Borrower or Borrower Principal or (ii) by the gross negligence or intentional misconduct of any of the Indemnified Parties. The obligations and liabilities of Borrower and Borrower Principal under this Section 12.6 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XIII
SECONDARY MARKET

SECTION 13.1. TRANSFER OF LOAN

Lender may, at any time, sell, transfer or assign the Loan Documents, or grant participations therein ("PARTICIPATIONS") or syndicate the Loan ("SYNDICATION") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement ("SECURITIES") (a Syndication or the issuance of Participations and/or Securities, a "SECURITIZATION").

SECTION 13.2. DELEGATION OF SERVICING

At the option of Lender, the Loan may be serviced by a servicer/trustee selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to such servicer/trustee pursuant to a servicing agreement between Lender and such servicer/trustee.

SECTION 13.3. DISSEMINATION OF INFORMATION

Lender may forward to each purchaser, transferee, assignee, or servicer of, and each participant, or investor in, the Loan, or any Participations and/or Securities or any of their respective successors (collectively, the "INVESTOR") or any Rating Agency rating the Loan, or any Participations and/or Securities, each prospective Investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information which Lender now has or may hereafter acquire relating to the Debt and to Borrower, any managing member or general partner thereof, Borrower Principal, any SPE Component Entity (if any) and the Property, including financial statements, whether furnished by Borrower or otherwise, as Lender determines necessary or desirable. Borrower irrevocably waives any and all rights it may have under applicable Legal Requirements to prohibit such disclosure, including but not limited to any right of privacy so long as the information is used in accordance with the requirements hereof.

SECTION 13.4. COOPERATION

Borrower and Borrower Principal agree to cooperate with Lender in connection with any sale or transfer of the Loan or any Participation and/or Securities created pursuant to this Article 13, including, without limitation, the delivery of an estoppel certificate required in accordance with Section 5.12(a) and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower and Borrower Principal consent to Lender furnishing to such Investors or such prospective Investors or such Rating Agency and any and all information concerning the Property, the Leases, the financial condition of Borrower or Borrower Principal as may be requested by Lender, any Investor, any prospective Investor or any Rating Agency in connection with any sale or transfer of the Loan or any Participations or Securities. At the request of the holder of the Note and, to the extent not already required to be provided by Borrower under this Agreement, Borrower and Borrower Principal shall use reasonable efforts to provide information not in the possession of the holder of the Note relating to the Property, the Leases, the financial condition of Borrower or Borrower Principal in order to

satisfy the market standards to which the holder of the Note customarily adheres or which may be reasonably required in the marketplace or by the Rating Agencies in connection with such sales or transfers, including, without limitation, to:

(a) provide updated financial, budget and other information with respect to the Property, Borrower, Borrower Principal and Manager and provide modifications and/or updates to the appraisals, market studies, environmental reviews and reports (Phase I reports and, if appropriate, Phase II reports) and engineering reports of the Property obtained in connection with the making of the Loan (all of the foregoing being referred to as the "PROVIDED INFORMATION"), together, if customary, with appropriate verification and/or consents of the Provided Information, at Lender's expense, through letters of auditors or opinions of counsel of independent attorneys acceptable to Lender and the Rating Agencies;

(b) make changes to the organizational documents of Borrower, any SPE Component Entity and their respective principals which are consistent with the provisions of Article 6;

(c) at Lender's expense, cause counsel to render or update existing opinion letters as to enforceability and non-consolidation, which may be relied upon by the holder of the Note, the Rating Agencies and their respective counsel, which shall be dated as of the closing date of the Securitization;

(d) permit site inspections, appraisals, market studies and other due diligence investigations of the Property, as may be reasonably requested by the holder of the Note or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization all at Lender's expense;

(e) make the representations and warranties with respect to the Property, Borrower, Borrower Principal and the Loan Documents as are made in the Loan Documents;

(f) execute such amendments to the Loan Documents as may be reasonably requested by the holder of the Note or the Rating Agencies or otherwise to effect the Securitization all at Lender's expense including, without limitation, bifurcation of the Loan into two or more components and/or separate notes and/or creating a senior/subordinate note structure; provided, however, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (i) change the interest rate, the stated maturity or the amortization of principal set forth in the Note, except in connection with a bifurcation of the Loan which may result in varying fixed interest rates and amortization schedules, but which shall have the same weighted average coupon of the original Note throughout the entire term of the Loan, or (ii) in the reasonable judgment of Borrower, modify or amend any other material economic term of the Loan, or (iii) in the reasonable judgment of Borrower, materially increase Borrower's obligations and liabilities under the Loan Documents;

(g) deliver to Lender and/or any Rating Agency, at Lender's expense, (i) one or more certificates executed by an officer of the Borrower certifying as to the accuracy in all material respects, as of the closing date of the Securitization, of all representations made by Borrower in the Loan Documents as of the Closing Date in all relevant jurisdictions or, if such

representations are no longer accurate, certifying as to what modifications to the representations would be required to make such representations accurate in all material respects as of the closing date of the Securitization, and (ii) certificates of the relevant Governmental Authorities in all relevant jurisdictions indicating the good standing and qualification of Borrower as of the date of the closing date of the Securitization;

(h) have reasonably appropriate personnel participate in a bank meeting and/or presentation for the Rating Agencies or Investors; and

(i) cooperate with and assist Lender in obtaining ratings of the Securities from two (2) or more of the Rating Agencies.

Except as otherwise provided in this Section 13.4, all reasonable third party costs and expenses incurred by Borrower in connection with Borrower's complying with requests made under this Section 13.4 shall be paid by Borrower, it being acknowledged and agreed that Borrower shall not be obligated to pay Lender's costs and expenses and the costs and expenses of third parties engaged by Lender in connection with requests by Lender pursuant to this Section 13.4, unless otherwise provided in this Section 13.4.

In the event that Borrower requests any consent or approval hereunder and the provisions of this Agreement or any Loan Documents require the receipt of written confirmation from each Rating Agency with respect to the rating on the Securities, or, in accordance with the terms of the transaction documents relating to a Securitization, such a rating confirmation is required in order for the consent of Lender to be given, Borrower shall pay all of the reasonable costs and expenses of Lender, Lender's servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency as a condition to the delivery of such confirmation.

SECTION 13.5. SECURITIZATION INDEMNIFICATION

(a) Borrower and Borrower Principal understand that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including, without limitation, a prospectus, prospectus supplement, offering memorandum or private placement memorandum (each, a "DISCLOSURE DOCUMENT") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act or the Exchange Act, or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, Borrower and Borrower Principal will cooperate with the holder of the Note in updating the Disclosure Document by providing all current information necessary to keep the Disclosure Document accurate and complete in all material respects, subject to the terms and conditions contained in Section 13.4.

(b) Borrower and Borrower Principal agree to provide in connection with each of (i) a preliminary and a final offering memorandum or private placement memorandum or similar document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or (ii) a preliminary and final prospectus or prospectus

supplement, as applicable, an indemnification certificate (A) certifying that Borrower and Borrower Principal have carefully examined the specific sections of any memorandum or prospectus describing or disclosing the Property Information (which specific sections shall be provided by Lender) which shall only relate to Borrower, Borrower Principal, Manager, their Affiliates, the Loan, the Loan Documents and the Property, and that, to the best of Borrower's knowledge, such sections (and any other sections reasonably requested) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided, however, Borrower shall not make any representations or warranties concerning the truth, accuracy or completeness of any information or reports prepared by a third party, (B) indemnifying Lender (and for purposes of this Section 13.5, Lender hereunder shall include its officers and directors) and the Affiliate of Lender that (i) has filed the registration statement, if any, relating to the Securitization and/or (ii) which is acting as issuer, depositor, sponsor and/or a similar capacity with respect to the Securitization (any Person described in (i) or (ii), an "ISSUER PERSON"), and each director and officer of any Issuer Person, and each Person or entity who controls any Issuer Person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "ISSUER GROUP"), and each Person which is acting as an underwriter, manager, placement agent, initial purchaser or similar capacity with respect to the Securitization, each of its directors and officers and each Person who controls any such Person within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act (collectively, the "UNDERWRITER GROUP") for any Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Losses directly arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such sections or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such sections or necessary in order to make the statements in such sections or in light of the circumstances under which they were made, not materially misleading (collectively the "SECURITIES LIABILITIES") and (C) agreeing to reimburse Lender, the Issuer Group and the Underwriter Group for any legal or other expenses reasonably incurred by Lender and Issuer Group in connection with investigating or defending the Securities Liabilities; provided, however, that Borrower will be liable in any such case under clauses (B) or (C) above only to the extent that any such Securities Liabilities arise out of or is based upon any such untrue statement or omission made therein in reliance upon and in conformity with information furnished to Lender or any member of the Issuer Group or Underwriter Group by or on behalf of Borrower or Borrower Principal in connection with the preparation of the memorandum or prospectus or other document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or in connection with the underwriting of the Loan, including, without limitation, financial statements of Borrower or Borrower Principal, operating statements, rent rolls, environmental site assessment reports and Property condition reports with respect to the Property. This indemnity agreement will be in addition to any liability which Borrower and Borrower Principal may otherwise have. Moreover, the indemnification provided for in Clauses (B) and (C) above shall be effective whether or not an indemnification certificate described in (A) above is provided and shall be applicable based on information previously provided by Borrower and Borrower Principal or their Affiliates if Borrower or Borrower Principal do not provide the indemnification certificate so long as Lender provides Borrower with the disclosure thereof and prospectus as set forth in this Section 13.5(b).

(c) In connection with the initial filings under the Exchange Act in connection with a Securitization of the Loan, Borrower and Borrower Principal agree to indemnify (i) Lender, the Issuer Group and the Underwriter Group for Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Securities Liabilities arise out of or are based solely upon the omission or alleged omission to state in the Provided Information delivered to Lender prior to the Securitization a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in light of the circumstances under which they were made not misleading and (ii) reimburse Lender, the Issuer Group or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, the Issuer Group or the Underwriter Group in connection with defending or investigating the Securities Liabilities; provided that in the event that such filings under the Exchange Act contain information in a form not previously reviewed by Borrower, then Lender shall provide Borrower with a copy of such filings for its approval of the content thereof prior to submitting the same.

(d) Promptly after receipt by an indemnified party under this Section 13.5 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 13.5, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, so long as there is not a conflict of interest between the indemnifying party and any indemnified party or parties, as reasonably determined by counsel to such indemnified party or parties, the indemnified party or parties shall not engage additional counsel to assume such defense on behalf of the related indemnifying party. After notice from the indemnifying party to such indemnified party under this Section 13.5 the indemnifying party shall be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, and that there is a conflict of interest between the indemnified party or parties and the indemnifying party, as reasonably determined by counsel to such indemnified party or parties, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. The indemnifying party shall not be liable for the expenses of more than one such separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to another indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreements provided for in Section 13.5(b) or Section 13.5(c) is or are for any reason held to be unenforceable by an indemnified party in respect of any losses, claims, damages or liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 13.5(b) or Section 13.5(c), the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages or liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified party's, Borrower's and Borrower Principal's relative knowledge and access to information concerning the matter with respect to which claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender, Borrower and Borrower Principal hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of Borrower and Lender under this Section 13.5 shall survive the satisfaction of this Agreement and the satisfaction and discharge of the Debt. The liabilities and obligations of Borrower Principal under this Section 13.5 and any certificate provided pursuant to the terms hereof shall only survive until November 30, 2006 and then shall terminate and be of no further force and effect with respect to any matters for which written claims have not been made against Borrower Principal prior to November 30, 2006.

ARTICLE XIV
INDEMNIFICATIONS

SECTION 14.1. GENERAL INDEMNIFICATION

Borrower shall indemnify, defend and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (b) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (d) any failure of the Property to be in compliance with any Applicable Legal Requirements; (e) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (f) the holding or investing of the Reserve Accounts or the performance of the Required Work, or (g) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan (collectively, the "INDEMNIFIED LIABILITIES"); provided, however, that Borrower shall not have any obligation to Lender hereunder (i) to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender and (ii) with

respect to any Indemnified Liability (A) not caused by Borrower and (B) first arising after the date Borrower is no longer in possession or control of the Property whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

SECTION 14.2. MORTGAGE AND INTANGIBLE TAX INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of the Mortgage, the Note or any of the other Loan Documents, but excluding any income, franchise or other similar taxes.

SECTION 14.3. ERISA INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Section 4.9 or Section 5.18 of this Agreement.

SECTION 14.4. SURVIVAL

The obligations and liabilities of Borrower under this Article 14 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XV
EXCULPATION

SECTION 15.1. EXCULPATION

(a) Except as otherwise provided herein or in the other Loan Documents, Lender shall not enforce the liability and obligation of Borrower or Borrower Principal, as applicable, to pay, perform and/or observe the obligations contained herein, in the Note, or in the other Loan Documents by any action or proceeding against Borrower wherein a money judgment shall be sought against Borrower, the members/partners of Borrower or Borrower Principal or its respective members or partners, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding against Borrower to enable Lender to enforce and realize upon this Agreement, the Note, the Mortgage and the other Loan Documents, and the interest in the Property, the Rents and any other collateral given to Lender

created by this Agreement, the Note, the Mortgage and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting this Agreement, the Note, the Mortgage and the other Loan Documents, agrees that it shall not, except as otherwise provided in Section 15.1(b) and (c), sue for, seek or demand any deficiency judgment against Borrower or Borrower Principal in any such action or proceeding, under or by reason of or under or in connection with this Agreement, the Note, the Mortgage or the other Loan Documents. The provisions of this Section 15.1 shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Note, the Mortgage or the other Loan Documents; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Agreement and the Mortgage; (iii) affect the validity or enforceability of any indemnity (including, without limitation, those contained in Section 12.6, Section 13.5 and Article 14 of this Agreement), made in connection with this Agreement, the Note, the Mortgage and the other Loan Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the assignment of leases provisions contained in the Mortgage; or (vi) impair the right of Lender to obtain a deficiency judgment against Borrower or other judgment on the Note against Borrower if necessary to obtain any Insurance Proceeds or Awards to which Lender would otherwise be entitled under this Agreement; provided however, Lender shall only enforce such judgment to the extent of the Insurance Proceeds and/or Awards.

(b) Notwithstanding the provisions of this Section 15.1 to the contrary, Borrower and Borrower Principal shall be personally liable to Lender on a joint and several basis for Losses due to:

(i) fraud, material intentional misrepresentation, gross negligence or willful misconduct by Borrower, Borrower Principal or any other Affiliate of Borrower or Borrower Principal in connection with the execution and the delivery of this Agreement, the Note, the Mortgage, any of the other Loan Documents, or any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan;

(ii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of Rents received by Borrower, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof, after the occurrence of an Event of Default;

(iii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of tenant security deposits or Rents collected in advance, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(iv) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or the misappropriation of Insurance Proceeds or Awards, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(v) Borrower's failure to pay Taxes or Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms hereof and there exists no impediment to Lender's utilization thereof (whether or not used by Lender for such purpose) or the Property is not generating sufficient proceeds to pay such Taxes or Other Charges);

(vi) intentionally reserved;

(vii) any act of actual physical waste or arson by Borrower, any principal, Affiliate, member or general partner thereof or by Borrower Principal, any principal, Affiliate, member or general partner thereof;

(viii) Borrower's failure following any Event of Default to deliver to Lender upon demand all Rents collected by Borrower after such Event of Default and books and records relating to the Property;

(ix) Borrower's withdrawal following an Event of Default of any amounts from any Property Operating Account, except as directed by Lender; or

(x) Borrower's failure to complete the Required Repairs within the time frames set forth in Section 9.1 hereof, to the extent Lender has not required Borrower to make a deposit into the Required Repair Account pursuant to the provisions of Section 9.1 hereof.

(c) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect and the Debt immediately shall become fully recourse to Borrower and Borrower Principal, jointly and severally, in the event of (i) a default by Borrower, Borrower Principal or any SPE Component Entity (if any) of any of the covenants set forth in Article 6, except the extent that such breach was inadvertent, immaterial and is promptly cured, (ii) of a breach of any of the covenants set forth in Article 7 hereof, or (iii) if (A) a voluntary bankruptcy or insolvency proceeding is commenced by Borrower under the U.S. Bankruptcy Code or any similar federal or state law, or (B) an involuntary bankruptcy or insolvency proceeding is commenced against Borrower or Borrower Principal in connection with which Borrower, Borrower Principal, SPE Component Entity or any Affiliate of any of the foregoing has or have colluded in any way with the creditors commencing or filing such proceeding.

(d) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provision of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Mortgage or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with this Agreement, the Note, the Mortgage or the other Loan Documents.

ARTICLE XVI
NOTICES

SECTION 16.1. NOTICES

All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested, (b) expedited prepaid overnight delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or by (c) telecopier (with answer back acknowledged provided an additional notice is given pursuant to subsection (b) above), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

If to Lender: Bank of America, N.A.
Capital Markets Servicing Group
555 South Flower Street, 6th Floor
CA9-706-06-42
Los Angeles, California 90071
Attention: Servicing Manager
Telephone No: (800) 462-0505
Facsimile No.: (213) 345-6587

With a copy to: Bank of America Legal Department
GCIB/CMBS
NC1-007-20-01
100 North Tyron Street
Charlotte, North Carolina 28255-0001
Attention: Paul Kurzeja, Esq.
Facsimile No.: (704) 387-0922

Cadwalader, Wickersham and Taft LLP
227 West Trade Street, Suite 2400
Charlotte, North Carolina 28202
Attention: James P. Carroll, Esq.
Facsimile No.: (704) 348-5200

If to Borrower: c/o Sun Communities, Inc.
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

(On or after September 1, 2004)
The American Center
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Fax No.: (248) 351-3082

If to Borrower
Principal: Sun Communities Operating Limited Partnership
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; or in the case of expedited prepaid delivery and telecopy, upon the first attempted delivery on a Business Day.

ARTICLE XVII
FURTHER ASSURANCES

SECTION 17.1. REPLACEMENT DOCUMENTS

Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement Note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

SECTION 17.2. RECORDING OF MORTGAGE, ETC.

Borrower forthwith upon the execution and delivery of the Mortgage and thereafter, from time to time, will cause the Mortgage and any of the other Loan Documents

creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, the Mortgage, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Mortgage, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do. Lender agrees to reasonably cooperate, at Borrower's expense, with reasonable requests made by Borrower to assign this Agreement, or any of the other Loan Documents to a new lender in connection with a refinance of the Loan in order to minimize the tax obligations incurred by Borrower in connection with such refinance

SECTION 17.3. FURTHER ACTS, ETC.

Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, deeds of trust, mortgages, assignments, security agreements, control agreements, notices of assignments, transfers and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing, registering or recording the Mortgage, or for complying with all Legal Requirements; provided, however, none of the foregoing shall materially increase the obligations or reduce the rights of Borrower hereunder. Borrower, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements and financing statement amendments to evidence more effectively, perfect and maintain the priority of the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation, such rights and remedies available to Lender pursuant to this Section 17.3.

SECTION 17.4. CHANGES IN TAX, DEBT, CREDIT AND DOCUMENTARY STAMP

LAWS

(a) If any law is enacted or adopted or amended after the date of this Agreement which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or

taxable to Lender or unenforceable or provide the basis for a defense of usury then Lender shall have the option by written notice of not less than one hundred twenty (120) days to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of the Mortgage or the Debt. If such claim, credit or deduction shall be required by law, Lender shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, the Mortgage, or any of the other Loan Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

SECTION 17.5. EXPENSES

Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender upon receipt of written notice from Lender for all reasonable costs and expenses (including reasonable, actual attorneys' fees and disbursements and the allocated costs of internal legal services and all actual disbursements of internal counsel) reasonably incurred by Lender in accordance with this Agreement in connection with (a) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Lender as to any legal matters arising under this Agreement or the other Loan Documents with respect to the Property); (b) Borrower's ongoing performance of and compliance with Borrower's respective agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (c) following a request by Borrower, Lender's ongoing performance and compliance with all agreements and conditions contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date; (d) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by Lender (except as expressly limited by the provisions of the provisions of Section 13.4 hereof); (e) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement; (f) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other similar expenses incurred in creating and perfecting the Lien in favor of Lender pursuant to this Agreement and the other Loan Documents; (g) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the other Loan Documents, the Property, or any other security given for the Loan; and (h) enforcing any obligations of or collecting any

payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; provided, however, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender.

ARTICLE XVIII
WAIVERS

SECTION 18.1. REMEDIES CUMULATIVE; WAIVERS

The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower or Borrower Principal pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise except as limited by Article XV hereof. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

SECTION 18.2. MODIFICATION, WAIVER IN WRITING

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, or of the Note, or of any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

SECTION 18.3. DELAY NOT A WAIVER

Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan

Documents, or to declare a default for failure to effect prompt payment of any such other amount.

SECTION 18.4. TRIAL BY JURY

BORROWER, BORROWER PRINCIPAL AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER, BORROWER PRINCIPAL AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF LENDER, BORROWER PRINCIPAL AND BORROWER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER, BORROWER PRINCIPAL AND LENDER.

SECTION 18.5. WAIVER OF NOTICE

Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower.

SECTION 18.6. REMEDIES OF BORROWER

In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that neither Lender nor its agents shall be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment. Lender agrees that, in such event, it shall cooperate in expediting any action seeking injunctive relief or declaratory judgment.

SECTION 18.7. WAIVER OF MARSHALLING OF ASSETS

To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners and others with interests in Borrower, and of the Property, and agrees not to assert any right under

any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Property for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Property in preference to every other claimant whatsoever.

SECTION 18.8. WAIVER OF STATUTE OF LIMITATIONS

Borrower hereby expressly waives and releases, to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations.

SECTION 18.9. WAIVER OF COUNTERCLAIM

Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents; provided, however, nothing in this section shall prevent Borrower from, subject to the provisions of Section 18.6 above, asserting such claim or counterclaim in a separate action against Lender.

ARTICLE XIX GOVERNING LAW

SECTION 19.1. CHOICE OF LAW

This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, (a) that with respect to the creation, perfection, priority and enforcement of any Lien created by the Loan Documents, and the determination of deficiency judgments, the laws of the state where the Property is located shall apply, and (b) with respect to the security interest in each of the Reserve Accounts, the laws of the state where each such account is located shall apply.

SECTION 19.2. SEVERABILITY

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

SECTION 19.3. PREFERENCES

During the continuance of an Event of Default, Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently

invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditors Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

ARTICLE XX
MISCELLANEOUS

SECTION 20.1. SURVIVAL

This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

SECTION 20.2. LENDER'S DISCRETION

Whenever pursuant to this Agreement, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive absent manifest error.

SECTION 20.3. HEADINGS

The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 20.4. COST OF ENFORCEMENT

In the event (a) that the Mortgage is foreclosed in whole or in part, (b) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, or (c) Lender exercises any of its other remedies under this Agreement or any of the other Loan Documents, Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, together with all required service or use taxes.

SECTION 20.5. SCHEDULES INCORPORATED

The Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

SECTION 20.6. OFFSETS, COUNTERCLAIMS AND DEFENSES

Any assignee of Lender's interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

SECTION 20.7. NO JOINT VENTURE OR PARTNERSHIP; NO THIRD PARTY BENEFICIARIES

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender, Borrower and Borrower Principal any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

(c) The general partners, members, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

(d) Notwithstanding anything to the contrary contained herein, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(e) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Agreement, the Mortgage, the Note or the other

Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

(f) Borrower recognizes and acknowledges that in accepting this Agreement, the Note, the Mortgage and the other Loan Documents, Lender is expressly and primarily relying on the truth and accuracy of the representations and warranties set forth in Article 4 of this Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof, that the warranties and representations are a material inducement to Lender in making the Loan; and that Lender would not be willing to make the Loan and accept this Agreement, the Note, the Mortgage and the other Loan Documents in the absence of the warranties and representations as set forth in Article 4 of this Agreement.

SECTION 20.8. PUBLICITY

All news releases, publicity or advertising by Borrower or its Affiliates through any media intended to reach the general public which refers to the Loan, Lender, Banc of America Securities LLC, or any of their Affiliates shall be subject to the prior written approval of Lender, not to be unreasonably withheld. Lender shall be permitted to make any news, releases, publicity or advertising by Lender or its Affiliates through any media intended to reach the general public which refers to the Loan, the Property, Borrower, Borrower Principal and their respective Affiliates without the approval of Borrower or any such Persons; provided, however, Lender agrees to consult with the timing of any such publicity if Lender reasonably believes that Lender's disclosure of such information would have an affect on SCI's compliance with the Securities Act. Borrower also agrees that Lender may share any information pertaining to the Loan with Bank of America Corporation, including its bank subsidiaries, Banc of America Securities LLC and any other Affiliates of the foregoing, in connection with the sale or transfer of the Loan or any Participations and/or Securities created.

SECTION 20.9. CONFLICT; CONSTRUCTION OF DOCUMENTS; RELIANCE

In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the

foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

SECTION 20.10. ENTIRE AGREEMENT

This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Borrower and Lender are superseded by the terms of this Agreement and the other Loan Documents.

SECTION 20.11. TAX DISCLOSURE

Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, each party (and each employee, representative or other agent of each party) hereto may disclose to any and all persons, without limitation of any kind, any information with respect to the United States federal income "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such parties (or their representatives) relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the United States federal income tax treatment or tax structure of the transactions contemplated hereby.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

SUN CONTINENTAL ESTATES LLC, a
Michigan limited liability company

By: Sun QRS Pool 7, Inc., a Michigan
corporation, its managing member

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

BORROWER PRINCIPAL:

Acknowledged and agreed to with respect to its
obligations set forth in Article 4, Section 12.6,
Article 13, Article 15 and Article 18 hereof:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
a Michigan limited partnership

By: Sun Communities, Inc., a Maryland
corporation, its general partner

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

LENDER:

BANK OF AMERICA, N.A., a national banking
association

By: /s/ Fay Smith

Fay Smith, Vice President

Schedule Identifying Substantially Identical Agreements to Exhibit No. 10.5

Various subsidiaries of the Company each entered into loan agreements which are substantially identical to the loan agreement filed under Exhibit 10.5. The following table lists the borrower(s), loan amounts, interest rates and maturity dates which differ from that in Exhibit 10.5 for each of the loan agreements listed below.

Borrower(s) - - - - -	Loan Amount - - - - -	Interest Rate - - - - -	Maturity Date - - - - -
Sun Continental North LLC	\$12,458,235.00	5.051%	7/1/2014
Sun Davison East LLC	\$ 4,626,928.00	5.051%	7/1/2014
Sun Arbor Terrace LLC	\$ 5,280,000.00	5.32%	7/1/2016
Sun Pool 12 LLC	\$ 9,593,686.00	5.32%	7/1/2016
Sun Bonita LLC	\$ 1,520,000.00	4.9308%	7/1/2011
Sun Communities Acquisitions LLC	\$21,984,005.00	5.32%	7/1/2016
Sun Pool 1 LLC (Maplewood Mobile)	\$ 4,640,000.00	5.32%	7/1/2016
Sun Pool 1 LLC (Pine Ridge)	\$ 6,000,000.00	5.32%	7/1/2016
Sun Pool 1 LLC (Meadows)	\$ 7,360,000.00	5.32%	7/1/2016
Sun Woods Edge LLC	\$13,764,053.00	5.051%	7/1/2014
Sun Village Trails LLC	\$ 1,680,000.00	5.051%	7/1/2014
Sun Pool 4 LLC	\$13,360,000.00	4.9308%	7/1/2011
Sun Forest Meadows LLC	\$ 1,699,156.00	5.051%	7/1/2014

LOAN AGREEMENT

Dated as of June 9, 2004

Between

SUN INDIAN CREEK LLC,
as Borrower

and

BANK OF AMERICA, N.A.,
as Lender

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EXHIBIT A Borrower Equity Ownership Structure

SCHEDULE I Required Repairs

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 9, 2004 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "AGREEMENT"), between BANK OF AMERICA, N.A., a national banking association, having an address at Bank of America Corporate Center, 214 North Tryon Street, Charlotte, North Carolina 28255 (together with its successors and/or assigns, "LENDER") and SUN INDIAN CREEK LLC, a Michigan limited liability company, having an address at The American Center, 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 (together with its successors and/or assigns, "BORROWER").

RECITALS:

Borrower desires to obtain the Loan (defined below) from Lender.

Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (defined below).

In consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE I
DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1. DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"ACCEPTABLE ACCOUNTANT" shall mean a "Big Four" accounting firm or other independent certified public accountant reasonably acceptable to Lender (it being agreed that for purposes herein Grant Thornton LLP and any other accounting firm similar in size, expertise and reputation as Grant Thornton LLP are each deemed an Acceptable Accountant).

"ACQUIRED PROPERTY" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACQUIRED PROPERTY STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"ACT" shall have the meaning set forth in Section 6.1(c).

"ADDITIONAL REPLACEMENT" shall have the meaning set forth in Section 9.5(g) hereof.

"ADDITIONAL REQUIRED REPAIR" shall have the meaning set forth in Section 9.5(f) hereof.

"AFFILIATE" shall mean, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person or of an Affiliate of such Person.

"AFFILIATED MANAGER" shall have the meaning set forth in Section 7.1 hereof.

"ALTA" shall mean American Land Title Association, or any successor thereto.

"ALTERATION THRESHOLD" means \$250,000.00.

"ANNEX" shall have the meaning set forth in Section 4.40 hereof.

"ANNUAL BUDGET" shall mean the operating budget consistent with the annual operating statements described in Section 5.11 of this Agreement for the Property, including all planned capital expenditures, for the Property, for the applicable calendar year or other period.

"APPRAISAL" shall mean an "as is" appraisal of the Property conforming to FIRREA and USPAP requirements and prepared at the Borrower's expense by a qualified appraiser designated by and reasonably satisfactory to the Lender, in accordance with written instructions from the Lender, dated as of a date reasonably acceptable to the Lender and otherwise reasonably satisfactory in form and substance to the Lender.

"ASSIGNMENT OF MANAGEMENT AGREEMENT" shall mean any Assignment and Subordination of Management Agreement entered into among Lender, Borrower and any Qualified Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"AWARD" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of the Property.

"BORROWER PRINCIPAL" shall mean SCOLP and, solely with respect to the recourse carveouts set forth in Section 15.1(b)(viii) and (ix), SCI.

"BUSINESS DAY" shall mean a day on which Lender is open for the conduct of substantially all of its banking business at its office in the city in which the Note is payable (excluding Saturdays and Sundays).

"CASUALTY" shall have the meaning set forth in Section 8.2.

"CLOSING DATE" shall mean the date of the funding of the Loan.

"CONTROL" shall have the meaning set forth in Section 7.1 hereof.

"CONDEMNATION" shall mean a temporary or permanent taking by any Governmental Authority as the result, in lieu or in anticipation, of the exercise of the right of

condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof.

"CONDEMNATION PROCEEDS" shall have the meaning set forth in Section 8.4(b)

"CREDITORS RIGHTS LAWS" shall mean with respect to any Person any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

"DEBT" shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, this Agreement, the Mortgage or any other Loan Document.

"DEBT SERVICE" shall mean, with respect to any particular period of time, scheduled principal and/or interest payments under the Note.

"DEBT SERVICE COVERAGE RATIO" shall mean, as of any date of determination, for the applicable period of calculation, the ratio, as reasonably determined by Lender using the same standards and criteria used by Lender in underwriting the Loan, of (i) Net Operating Income to (ii) the aggregate amount of Debt Service which would be due for the same period based on the outstanding principal amount of the Loan.

"DEFAULT" shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would be an Event of Default.

"DEFAULT RATE" shall mean, with respect to the Loan, a rate per annum equal to the lesser of (a) the maximum rate permitted by applicable law, or (b) four percent (4%) above the Note Rate.

"DEFEASANCE COLLATERAL" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASANCE COLLATERAL ACCOUNT" shall have the meaning set forth in Section 2.4(h) hereof.

"DEFEASANCE SECURITY AGREEMENT" shall have the meaning set forth in Section 2.4(b) (i) (D) (2) hereof.

"DEFEASED NOTE" shall have the meaning set forth in Section 2.4(g) (i) (D) hereof.

"DISCLOSURE DOCUMENT" shall have the meaning set forth in Section 13.5 hereof.

"ELIGIBLE ACCOUNT" shall mean a separate and identifiable account from all other funds held by the holding institution that is either (a) an account or accounts maintained with a

federal or state chartered depository institution or trust company which complies with the definition of Eligible Institution or (b) a segregated trust account or accounts maintained with a federal or state chartered depository institution or trust company acting in its fiduciary capacity which, in the case of a state chartered depository institution or trust company, is subject to regulations substantially similar to 12 C.F.R. Section 9.10(b), having in either case a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal and state authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"ELIGIBLE INSTITUTION" shall mean either Bank of America, N.A. or a depository institution or trust company insured by the Federal Deposit Insurance Corporation, the short term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by S&P, "P-1" by Moody's and "F-1+" by Fitch in the case of accounts in which funds are held for thirty (30) days or less (or, in the case of accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least "AA" by Fitch and S&P and "Aa2" by Moody's).

"EMBARGOED PERSON" shall the meaning set forth in Section 4.39.

"ENVIRONMENTAL LAW" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL LIENS" shall have the meaning set forth in Section 12.5 hereof.

"ENVIRONMENTAL REPORT" shall have the meaning set forth in Section 12.5 hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statutes thereto and applicable regulations issued pursuant thereto in temporary or final form.

"EVENT OF DEFAULT" shall have the meaning set forth in Section 11.1 hereof.

"EXCHANGE ACT" shall mean the Securities and Exchange Act of 1934, as amended.

"EXCHANGE ACT FILING" shall have the meaning set forth in Section 5.11(c) hereof.

"FITCH" shall mean Fitch, Inc.

"GAAP" shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

"GOVERNMENTAL AUTHORITY" shall mean any court, board, agency, department, commission, office or other authority of any nature whatsoever for any governmental unit (federal, state, county, municipal, city, town, special district or otherwise) whether now or hereafter in existence.

"HAZARDOUS MATERIALS" shall have the meaning set forth in Section 12.5 hereof.

"IMPROVEMENTS" shall have the meaning set forth in the granting clause of the Mortgage.

"INDEMNIFIED PARTIES" shall mean (a) Lender, (b) any prior owner or holder of the Loan or Participations in the Loan, (c) any servicer or prior servicer of the Loan, (d) any Investor or any prior Investor in any Securities, (e) any trustees, custodians or other fiduciaries who hold or who have held a full or partial interest in the Loan for the benefit of any Investor or other third party, (f) any receiver or other fiduciary appointed in a foreclosure or other Creditors Rights Laws proceeding, (g) any officers, directors, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates or subsidiaries of any and all of the foregoing, and (h) the heirs, legal representatives, successors and assigns of any and all of the foregoing (including, without limitation, any successors by merger, consolidation or acquisition of all or a substantial portion of the Indemnified Parties' assets and business), in all cases whether during the term of the Loan or as part of or following a foreclosure of the Mortgage.

"INDEPENDENT DIRECTOR" shall mean a director of the SPE Component Entity who is not at the time of such individual's initial appointment, and shall not have been at any time during the preceding five (5) years, and shall not be at any time while serving as a director of such SPE Component Entity, either (a) a shareholder (or other equity owner) of, or an officer, director (with the exception of serving as the Independent Director of such SPE Component Entity), partner, manager, member (other than as a Special Member in the case of single member Delaware limited liability companies), employee, attorney or counsel of, Borrower, such SPE Component Entity or any Affiliate of either of them (other than a holder of interests in a mutual fund or other professionally managed fund of stocks, bonds, options, commodities, money market securities or other investments that pools the assets of individuals and/or organizations and is registered (if required) with the SEC, which may hold shares in SCI); (b) a customer or creditor of, or supplier to, Borrower who derives any of its purchases or revenue from its activities with Borrower or such SPE Component Entity or any Affiliate of any of them; (c) a Person who Controls or is under common Control with any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer; or (d) a member of the immediate family (by blood or marriage) of any such shareholder, officer, director, partner, manager, member, employee, supplier, creditor or customer.

A natural person who satisfies the foregoing definition of Independent Director other than clause (b) shall not be disqualified from serving as an Independent Director of such SPE Component Entity if such individual is an independent director provided by a nationally recognized company that provides professional independent directors and that also provides other corporate services in the ordinary course of its business.

A natural person who otherwise satisfies the foregoing definition other than clause (a) by reason of being the Independent Director of a "special purpose entity" Affiliated with the SPE Component Entity, the Borrower, or SCOLP, shall not be disqualified from serving as an Independent Director of the SPE Component Entity if either (i) such individual is a professional Independent Director, or (ii) the fees that such individual earns from serving as an Independent Director of the Affiliate of the SPE Component Entity or the Borrower constitute in the aggregate less than five percent (5%) of such individual's annual income. For purposes of

this definition, "special purpose entity" means an entity whose organizational documents contain restrictions on its activities similar to those set forth in Section 6.1 hereof.

"INSURANCE PREMIUMS" shall have the meaning set forth in 8.1(b) hereof.

"INSURANCE PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"INVESTOR" shall have the meaning set forth in Section 13.3 hereof.

"IO MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest due on each IO Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"IO SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"ISSUER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

"ISSUER PERSON" shall have the meaning set forth in Section 13.5(b) hereof.

"LEASE" shall have the meaning set forth in the Mortgage.

"LEGAL REQUIREMENTS" shall mean all statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (a) require repairs, modifications or alterations in or to the Property or any part thereof, or (b) in any way limit the use and enjoyment thereof.

"LETTER OF CREDIT" shall mean an irrevocable, unconditional, transferable, clean sight draft letter of credit acceptable to Lender and the Rating Agencies (either an evergreen letter of credit or one which does not expire until at least thirty (30) Business Days after the Maturity Date) in favor of Lender and entitling Lender to draw thereon in New York, New York, issued by a domestic Eligible Institution or the U.S. agency or branch of a foreign Eligible Institution and providing for no reimbursement or other obligations by Borrower or any SPE Component Entity. If at any time the bank issuing any such Letter of Credit shall cease to be an Eligible Institution, Lender shall have the right immediately to draw down the same in full and hold the proceeds of such draw in accordance with the applicable provisions hereof.

"LIEN" shall mean, with respect to the Property, any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or

transfer of, on or affecting Borrower, the Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

"LLC AGREEMENT" shall have the meaning set forth in Section 6.1(c).

"LOAN" shall mean the loan made by Lender to Borrower pursuant to this Agreement.

"LOAN DOCUMENTS" shall mean, collectively, this Agreement, the Note, the Mortgage, the Assignment of Management Agreement, if any, and any and all other documents, agreements and certificates executed and/or delivered in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"LOCKOUT PERIOD" shall mean the period commencing on the date hereof and ending on the date which is six (6) months prior to the Maturity Date.

"LOSSES" shall mean any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments, awards, amounts paid in settlement of whatever kind or nature (including but not limited to legal fees and other costs of defense).

"MAJOR LEASE" shall mean as to the Property (i) any Lease which, individually or when aggregated with all other leases at the Property with the same Tenant or its Affiliate, either (A) accounts for five percent (5%) or more of the Property's aggregate Net Operating Income, or (B) demises 5,000 square feet or more of the Property's gross leasable area, (ii) any Lease which contains any option, offer, right of first refusal or other similar entitlement to acquire all or any portion of the Property, or (iii) any instrument guaranteeing or providing credit support for any Lease meeting the requirements of (i) or (ii) above.

"MANAGEMENT AGREEMENT" shall mean any management agreement entered into by and between Borrower and any Manager, pursuant to which such Manager is to provide management and other services with respect to the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified in accordance with the terms of this Agreement.

"MANAGER" shall mean any entity selected as the manager of the Property in accordance with the terms of this Agreement, which in all cases shall be required to be a Qualified Manager.

"MATERIAL ADVERSE EFFECT" shall mean any event, change, circumstance or effect that is, or that may, reasonably be expected to be, materially adverse to the operations, condition (financial or otherwise), assets, results of operations or liabilities of Borrower or the Property.

"MATURITY DATE" shall mean July 1, 2014.

"MAXIMUM LEGAL RATE" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"MEMBER" shall have the meaning set forth in Section 6.1(c).

"MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and/or principal due on each Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"MOODY'S" shall mean Moody's Investor Services, Inc.

"MORTGAGE" shall mean that certain first priority Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated the date hereof, executed and delivered by Borrower and encumbering the Property, each as security for the Loan and encumbering the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NET OPERATING INCOME" shall mean, with respect to any period of time, the amount obtained by subtracting Operating Expenses from Operating Income, as such amount may be adjusted by Lender in its good faith discretion based on Lender's underwriting standards and consistent with the standards and criteria used by Lender in underwriting the Loan, including without limitation, adjustments for vacancy allowance not to exceed the greater of (x) actual vacancy or (y) five percent (5%).

"NET PROCEEDS" shall have the meaning set forth in Section 8.4(b) hereof.

"NET PROCEEDS DEFICIENCY" shall have the meaning set forth in Section 8.4(b) (vi) hereof.

"NOTE" shall mean that certain promissory note of even date herewith in the principal amount of \$52,000,000.00, made by Borrower in favor of Lender, together with any Assumed Note, Defeased Note, as may exist from time to time, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NOTE RATE" shall mean an interest rate equal to 5.051% per annum.

"OFFERING DOCUMENT DATE" shall have the meaning set forth in Section 5.11(c) (i) (D) hereof.

"OPERATING EXPENSES" shall mean, with respect to any period of time and the Property the total of all expenses actually paid or payable, computed in accordance with GAAP, of whatever kind relating to the operation, maintenance and management of the Property, including without limitation, utilities, ordinary repairs and maintenance, Insurance Premiums, license fees, Taxes and Other Charges, advertising expenses, payroll and related taxes, computer processing charges, management fees equal to the greater of 4% of the Operating Income and the management fees actually paid under the Management Agreement, operational equipment or

other lease payments as approved by Lender, normalized capital expenditures equal to \$50.00 per homesite per annum, but specifically excluding depreciation and amortization, income taxes (or other payments due in lieu thereof), Debt Service, any incentive fees due under the Management Agreement, any item of expense that in accordance with GAAP should be capitalized but only to the extent the same would qualify for funding from the Reserve Accounts, any item of expense that would otherwise be covered by the provisions hereof but which is paid by any Tenant under such Tenant's Lease or other agreement, and deposits into the Reserve Accounts.

"OPERATING INCOME" shall mean, with respect to any period of time and the Property all income, computed in accordance with GAAP, derived from the ownership and operation of the Property from whatever source, including, but not limited to, Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, and other required pass-throughs but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, interest income from any source other than the escrow accounts, Reserve Accounts or other accounts required pursuant to the Loan Documents, Insurance Proceeds (other than business interruption or other loss of income insurance), Awards, percentage rents, unforfeited security deposits, utility and other similar deposits, non-recurring or extraordinary income, including, without limitation lease termination payments, and any disbursements to Borrower from the Reserve Funds.

"OTHER CHARGES" shall mean all ground rents, maintenance charges, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PARTICIPATIONS" shall have the meaning set forth in Section 13.1 hereof.

"PATRIOT ACT" shall have the meaning set forth in Section 4.40 hereof.

"PERMITTED ENCUMBRANCES" shall mean collectively, (a) the Lien and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed in the Title Insurance Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent, and (d) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's sole discretion.

"PERMITTED INVESTMENTS" shall mean to the extent available from Lender or Lender's servicer for deposits in the Reserve Accounts, any one or more of the following obligations or securities acquired at a purchase price of not greater than par, including those issued by a servicer of the Loan, the trustee under any securitization or any of their respective Affiliates, payable on demand or having a maturity date not later than the Business Day immediately prior to the date on which the funds used to acquire such investment are required to be used under this Agreement and meeting one of the appropriate standards set forth below:

(a) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) be rated "AAA" or the equivalent by each of the Rating Agencies, (iii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iv) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (v) such investments must not be subject to liquidation prior to their maturity;

(b) Federal Housing Administration debentures;

(c) obligations of the following United States government sponsored agencies: Federal Home Loan Mortgage Corp. (debt obligations), the Farm Credit System (consolidated systemwide bonds and notes), the Federal Home Loan Banks (consolidated debt obligations), the Federal National Mortgage Association (debt obligations), the Financing Corp. (debt obligations), and the Resolution Funding Corp. (debt obligations); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(d) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements with maturities of not more than 365 days of any bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(e) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances with maturities of not more than 365 days and issued by, any bank or trust company, savings and loan association or savings bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(f) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest long-term unsecured rating category; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(g) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days and that at all times is rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest short-term unsecured debt rating; provided, however, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(h) units of taxable money market funds, with maturities of not more than 365 days and which funds are regulated investment companies, seek to maintain a constant net asset value per share and invest solely in obligations backed by the full faith and

credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(i) any other security, obligation or investment which has been approved as a Permitted Investment in writing by (i) Lender and (ii) each Rating Agency, as evidenced by a written confirmation that the designation of such security, obligation or investment as a Permitted Investment will not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities by such Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments, (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of one hundred twenty percent (120%) of the yield to maturity at par of such underlying investment or (C) such obligation or security has a remaining term to maturity in excess of one (1) year.

"PERSON" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"PERSONAL PROPERTY" shall have the meaning set forth in the granting clause of the Mortgage.

"PHYSICAL CONDITIONS REPORT" shall mean a report prepared by a company satisfactory to Lender regarding the physical condition of the Property, satisfactory in form and substance to Lender in its sole discretion.

"POLICIES" shall have the meaning set forth in Section 8.1 hereof.

"PROHIBITED TRANSFER" shall have the meaning set forth in Section 7.2 hereof.

"PROPERTY" shall mean, collectively, all real property, the Improvements thereon and all Personal Property owned by Borrower and encumbered by the Mortgage, together with all rights pertaining to such property and Improvements, as more particularly described in the granting clause of the Mortgage and referred to therein as the "Property".

"PROPERTY OPERATING ACCOUNT" shall have the meaning set forth in Section 10.1 hereof.

"PROPERTY OPERATING ACCOUNT BANK" shall have the meaning set forth in Section 10.1 hereof.

"PROVIDED INFORMATION" shall have the meaning set forth in Section 13.4(a) hereof.

"P&I MONTHLY PAYMENT AMOUNT" shall mean the monthly payment of interest and principal due on each P&I Scheduled Payment Date as set forth in Section 2.2(b) hereof.

"P&I SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"QUALIFIED MANAGER" shall mean Manager or a reputable and experienced professional management organization (a) which manages, together with its affiliates, manufactured home communities of a type, quality and size similar to the Property, totaling in the aggregate no less than 1,000 home sites, exclusive of the Property and (b) approved by Lender, which approval shall not have been unreasonably withheld and for which Lender shall have received (i) written confirmation from the Rating Agencies that the employment of such manager will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, and (ii) with respect to any Affiliated Manager, a revised substantive non-consolidation opinion if one was delivered in connection with the closing of the Loan. For purposes hereof, Borrower Principal and any Affiliate of Borrower Principal which is Controlled by Borrower Principal or an Affiliate of Borrower Principal, shall be deemed a Qualified Manager.

"RATING AGENCIES" shall mean each of S&P, Moody's and Fitch, or any other nationally-recognized statistical rating agency which has been approved by Lender.

"REA" shall mean any construction, operation and reciprocal easement agreement or similar agreement (including any separate agreement or other agreement between Borrower and one or more other parties to an REA with respect to such REA) affecting the Property or portion thereof.

"RELEASE" shall have the meaning set forth in Section 12.5 hereof.

"REMIC PROHIBITION PERIOD" shall have the meaning set forth in Section 2.4(b) (iv) hereof.

"REMIC TRUST" shall mean a "real estate mortgage investment conduit" (within the meaning of Section 860D, or applicable successor provisions, of the Code) that holds the Note.

"RENT ROLL" shall have the meaning set forth in Section 4.25 hereof.

"RENTS" shall have the meaning set forth in the Mortgage.

"REPLACEMENT RESERVE ACCOUNT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE FUNDS" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENT RESERVE MONTHLY DEPOSIT" shall have the meaning set forth in Section 9.2(b) hereof.

"REPLACEMENTS" shall have the meaning set forth in Section 9.2(a) hereof.

"REQUIRED REPAIR ACCOUNT" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIR FUNDS" shall have the meaning set forth in Section 9.1(b) hereof.

"REQUIRED REPAIRS" shall have the meaning set forth in Section 9.1(a) hereof.

"REQUIRED WORK" shall have the meaning set forth in Section 9.4 hereof.

"RESERVE ACCOUNTS" shall mean the following accounts: the Tax and Insurance Reserve Account, the Replacement Reserve Account, and the Required Repair Account, or any other escrow account established by the Loan Documents.

"RESERVE DSCR PERIOD" shall mean the period commencing upon the date that Lender determines that the Debt Service Coverage Ratio for the immediately preceding three (3) month period is less than 1.10 to 1.00, and continuing through the date that Lender determines that the Debt Service Coverage Ratio for the immediately preceding six (6) month period is not less than 1.10 to 1.00.

"RESERVE FUNDS" shall mean the Tax and Insurance Reserve Funds, the Replacement Reserve Funds, and the Required Repair Funds, or any other escrow funds established by the Loan Documents.

"RESTORATION" shall mean, following the occurrence of a Casualty or a Condemnation which is of a type necessitating the repair of the Property, the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such Casualty or Condemnation, with such alterations as may be reasonably approved by Lender.

"RESTORATION CONSULTANT" shall have the meaning set forth in Section 8.4(b) (iii) hereof.

"RESTORATION RETAINAGE" shall have the meaning set forth in Section 8.4(b) (iv) hereof.

"RESTRICTED PARTY" shall have the meaning set forth in Section 7.1 hereof.

"SALE OR PLEDGE" shall have the meaning set forth in Section 7.1 hereof.

"SCHEDULED PAYMENT DATE" shall have the meaning set forth in Section 2.2(b) hereof.

"SCI" shall mean Sun Communities, Inc., a Maryland corporation.

"SCOLP" shall mean Sun Communities Operating Limited Partnership, a Michigan limited partnership.

"SECURITIES" shall have the meaning set forth in Section 13.1 hereof.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SECURITIES LIABILITIES" shall have the meaning set forth in Section 13.5 hereof.

"SECURITIZATION" shall have the meaning set forth in Section 13.1 hereof.

"SPECIAL MEMBER" shall have the meaning set forth in Section 6.1(c).

"SPE COMPONENT ENTITY" shall have the meaning set forth in Section 6.1(b) hereof.

"STANDARD STATEMENTS" shall have the meaning set forth in Section 5.11(c) (i) (A) hereof.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"STATE" shall mean the state in which the Property or any part thereof is located.

"SUCCESSOR BORROWER" shall have the meaning set forth in Section 2.4(b) (iii) hereof.

"TAX AND INSURANCE RESERVE FUNDS" shall have the meaning set forth in Section 9.6 hereof.

"TAX AND INSURANCE RESERVE ACCOUNT" shall have the meaning set forth in Section 9.6 hereof.

"TAXES" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against the Property or part thereof.

"TENANT" shall mean any Person leasing, subleasing or otherwise occupying any portion of the Property under a Lease or other occupancy agreement with Borrower.

"TITLE INSURANCE POLICY" shall mean that certain ALTA mortgagee title insurance policy issued with respect to the Property and insuring the lien of the Mortgage.

"TRANSFeree" shall have the meaning set forth in Section 7.5 hereof.

"TRIBUNAL" shall mean any state, commonwealth, federal, foreign, territorial or other court or governmental department, commission, board, bureau, district, authority, agency, central bank, or instrumentality, or any arbitration authority.

"UCC" or "UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the State where the applicable Property is located.

"UNDERWRITER GROUP" shall have the meaning set forth in Section 13.5(b) hereof.

SECTION 1.2. PRINCIPLES OF CONSTRUCTION.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE II GENERAL TERMS

SECTION 2.1. LOAN COMMITMENT; DISBURSEMENT TO BORROWER

(a) Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

(b) Borrower may request and receive only one borrowing in respect of the Loan and any amount borrowed and repaid in respect of the Loan may not be reborrowed.

(c) The Loan shall be evidenced by the Note and secured by the Mortgage and the other Loan Documents.

(d) Borrower shall use the proceeds of the Loan to (i) pay certain costs in connection with the financing of the Property, (ii) make deposits into the Reserve Funds on the Closing Date in the amounts provided herein, (iii) pay costs and expenses incurred in connection with the closing of the Loan, as approved by Lender, (iv) fund any working capital requirements of the Property, and (v) distribute the balance, if any, to its members.

SECTION 2.2. LOAN PAYMENTS

(a) The Loan shall bear interest at a fixed rate per annum equal to the Note Rate. Interest shall be computed based on the daily rate produced assuming a three hundred sixty (360) day year, multiplied by the actual number of days elapsed. Except as otherwise set forth in this Agreement, interest shall be paid in arrears.

(b) Borrower hereby agrees to pay sums due under the Note as follows: An initial payment of \$160,509.58 is due on the Closing Date for interest from the Closing Date

through and including June 30, 2004. Thereafter, consecutive monthly installments of interest only computed in accordance with Section 2.2(a) shall be payable (the "IO MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on August 1, 2004 through and including the first (1st) day of July, 2006 (each an "IO SCHEDULED PAYMENT DATE"). Thereafter, except as may be adjusted in accordance with the last sentence of Section 2.2(c), consecutive monthly installments of principal and interest in an amount equal \$280,770.28 shall be payable (the "P&I MONTHLY PAYMENT AMOUNT"; collectively with the IO Monthly Payment Amount, the "MONTHLY PAYMENT AMOUNT") on the first (1st) day of each month beginning on August 1, 2006 (each a "P&I SCHEDULED PAYMENT DATE"; collectively with the IO Scheduled Payment Date, each a "SCHEDULED PAYMENT DATE") until the entire indebtedness evidenced hereby is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due and payable on the Maturity Date.

(c) The P&I Monthly Payment Amount shall mean the amount of interest and principal which would be due in order to fully amortize the principal amount of the Loan, over an amortization term of thirty (30) years assuming an annual interest rate equal to the Note Rate, computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each. Borrower expressly understands and agrees that such computation of interest based on a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each is solely for the purpose of determining the P&I Monthly Payment Amount, and, notwithstanding such computation, interest shall accrue on the outstanding principal amount of the Loan as provided in Section 2.2(a) above. Borrower understands and acknowledges that such interest accrual requirement results in more interest accruing on the Loan than if either a thirty (30) day month and a three hundred sixty (360) day year or the actual number of days and a three hundred sixty-five (365) day year were used to compute the accrual of interest on the Loan. Borrower recognizes that such interest accrual requirement will not fully amortize the Loan within the amortization period set forth above. Following any partial prepayment occurring solely as a result of the application of Insurance Proceeds or Awards pursuant to the terms of this Agreement, Lender may, in its sole and absolute discretion, adjust the P&I Monthly Payment Amount to give effect to any such partial prepayment, provided, however, that in no event will any such adjustment result in any such installment becoming due and payable on any date after the Maturity Date.

(d) Each payment by Borrower hereunder or under the Note shall be payable at P. O. Box 515228, Los Angeles, California 90051-6528, Attn: Commercial Mortgage Loan Servicing #1777, or at such other place as the Lender may designate from time to time in writing, on the date such payment is due, to Lender by deposit to such account as Lender may designate by written notice to Borrower. Whenever any payment hereunder or under the Note shall be stated to be due on a day which is not a Business Day, such payment shall be made on the first Business Day preceding such scheduled due date.

(e) Prior to the occurrence of an Event of Default, all monthly payments made as scheduled under this Agreement and the Note shall be applied first to the payment of interest computed at the Note Rate, and the balance toward the reduction of the principal amount of the Note. All voluntary and involuntary prepayments on the Note shall be applied, to the extent thereof, to accrued but unpaid interest on the amount prepaid, to the remaining principal amount, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and

order as Lender may elect in its sole and absolute discretion, including, but not limited to, application to principal installments in inverse order of maturity. Following the occurrence of an Event of Default, any payment made on the Note shall be applied to accrued but unpaid interest, late charges, accrued fees, the unpaid principal amount of the Note, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion.

(f) All payments made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without any deduction for, any setoff, defense or counterclaims.

SECTION 2.3. LATE PAYMENT CHARGE

If any regularly scheduled monthly principal or interest payment is not paid by Borrower within five (5) days after the date the same is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Mortgage and the other Loan Documents to the extent permitted by applicable law.

SECTION 2.4. PREPAYMENT; DEFEASANCE

Except as otherwise expressly permitted by this Section 2.4 no voluntary prepayments, whether in whole or in part, of the Loan or any other amount at any time due and owing under the Note can be made by Borrower or any other Person without the express written consent of Lender.

(a) Lockout Period. Borrower has no right to make, and Lender shall have no obligation to accept, any voluntary prepayment, whether in whole or in part, of the Loan during the Lockout Period. Notwithstanding the foregoing, if either (i) Lender, in its sole and absolute discretion, accepts a full or partial voluntary prepayment during the Lockout Period or (ii) there is an involuntary prepayment during the Lockout Period, then, in either case, Borrower shall, in addition to any portion of the Loan prepaid (together with all interest accrued and unpaid thereon), pay to Lender a prepayment premium in an amount calculated in accordance with Section 2.4(c) hereof.

(b) Defeasance.

(i) Notwithstanding any provisions of this Section 2.4 to the contrary, including, without limitation, subsection (a) of this Section 2.4, at any time other than during a REMIC Prohibition Period, Borrower may cause the release of the Property from the lien of the Mortgage and the other Loan Documents upon the satisfaction of the following conditions:

(A) no default shall exist under any of the Loan Documents;

(B) not less than thirty (30) (but not more than ninety (90)) days prior written notice shall be given to Lender specifying a date on which the Defeasance Collateral (as hereinafter defined) is to be delivered (the "RELEASE DATE"), such date being on a Scheduled Payment Date; provided, however, that Borrower shall have the right (i) to cancel such notice by providing Lender with notice of cancellation not less than five (5) days prior to the scheduled Release Date, or (ii) to extend the scheduled Release Date until the next Scheduled Payment Date; provided that in each case, Borrower shall pay all of Lender's costs and expenses incurred as a result of such cancellation or extension;

(C) all accrued and unpaid interest and all other sums due under the Note, this Agreement and under the other Loan Documents up to the Release Date, including, without limitation, all fees, costs and expenses incurred by Lender and its agents in connection with such release (including, without limitation, legal fees and expenses for the review and preparation of the Defeasance Security Agreement (as hereinafter defined) and of the other materials described in Section 2.4(b) (i) (D) below and any related documentation, and any servicing fees, Rating Agency fees or other costs related to such release), shall be paid in full on or prior to the Release Date;

(D) Borrower shall deliver to Lender on or prior to the Release Date:

(1) a pledge and security agreement, in form and substance satisfactory to a prudent lender, creating a first priority security interest in favor of Lender in the Defeasance Collateral and the Defeasance Collateral Account, each as defined herein (the "DEFEASANCE SECURITY AGREEMENT"), which shall provide, among other things, that any excess amounts received by Lender from the Defeasance Collateral over the amounts payable by Borrower on a given Scheduled Payment Date, which excess amounts are not required to cover all or any portion of amounts payable on a future Scheduled Payment Date, shall be refunded to Borrower promptly after each such Scheduled Payment Date;

(2) direct non-callable obligations of the United States of America (or any agency thereof to the extent acceptable to the applicable Rating Agencies) or other obligations which are "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, to the extent the applicable Rating Agencies rating the Securities have confirmed in writing will not cause a downgrade, withdrawal or qualification of the initial, or, if higher, then applicable ratings of the Securities, that provide for payments prior and as close as possible to (but in no event later than) all successive Scheduled Payment Dates occurring after the Release Date, with each such payment being equal to or greater than the amount of the corresponding Monthly Payment Amount required to be paid under this Agreement and the Note (including the amount necessary to pay the outstanding principal balance of the Loan on the first Scheduled Payment Date occurring after the expiration of the Lockout

Period) for the balance of the Lockout Period (the "DEFEASANCE COLLATERAL"), each of which shall be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance wholly satisfactory to Lender in its sole discretion (including, without limitation, such certificates, documents and instruments as may be required by the depository institution holding such securities or the issuer thereof, as the case may be, to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the Defeasance Security Agreement the first priority security interest therein in favor of Lender in conformity with all applicable state and federal laws governing granting of such security interests;

(3) a certificate of Borrower certifying that all of the requirements set forth in this Section 2.4(b) (i) have been satisfied;

(4) one or more opinions of counsel for Borrower in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (i) Lender has a perfected first priority security interest in the Defeasance Collateral and the Defeasance Collateral Account and that the Defeasance Security Agreement is enforceable against Borrower in accordance with its terms, (ii) in the event of a bankruptcy proceeding or similar occurrence with respect to Borrower, none of the Defeasance Collateral nor any proceeds thereof will be property of Borrower's estate under Section 541 of the U.S. Bankruptcy Code or any similar statute and the grant of security interest therein to Lender shall not constitute an avoidable preference under Section 547 of the U.S. Bankruptcy Code or applicable state law, (iii) the release of the lien of the Mortgage and the pledge of Defeasance Collateral will not directly or indirectly result in or cause any REMIC Trust that then holds the Note to fail to maintain its status as a REMIC Trust and (iv) the defeasance will not cause any REMIC Trust to be an "investment company" under the Investment Company Act of 1940;

(5) a certificate in form and scope acceptable to Lender in its sole discretion from an Acceptable Accountant or such other accountant whose certification is customarily acceptable by lenders in defeasance transactions certifying that the Defeasance Collateral will generate amounts sufficient to make all payments of principal and interest due under the Note (including the scheduled outstanding principal balance of the Loan due on the Maturity Date); and

(6) such other certificates, documents and instruments customarily delivered in connection with similar defeasance transactions as Lender may in its sole and reasonable discretion require; and

(E) in the event the Loan is held by a REMIC Trust, Lender has received written confirmation from any Rating Agency rating any Securities that substitution of the Defeasance Collateral will not result in a downgrade, withdrawal, or qualification of the ratings then assigned to any of the Securities.

(ii) Upon compliance with the requirements of Section 2.4(b)(i), the Property shall be released from the lien of the Mortgage and the other Loan Documents, and the Defeasance Collateral shall constitute collateral which shall secure the Note and all other obligations under the Loan Documents. Lender will, at Borrower's expense, execute and deliver any agreements reasonably requested by Borrower to release the lien of the Mortgage and the other Loan Documents from the Property.

(iii) Upon the release of the Property in accordance with this Section 2.4(b), Borrower shall (at Lender's sole and absolute discretion) assign all its obligations and rights under the Note, together with the pledged Defeasance Collateral, to a successor entity designated and approved by Lender in its sole and reasonable discretion ("SUCCESSOR BORROWER"). Successor Borrower shall execute an assignment and assumption agreement in form and substance satisfactory to Lender in its sole and reasonable discretion pursuant to which it shall assume Borrower's obligations under the Note and the Defeasance Security Agreement. As conditions to such assignment and assumption, Borrower shall (A) deliver to Lender one or more opinions of counsel in form and substance that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that such assignment and assumption agreement is enforceable against Borrower and the Successor Borrower in accordance with its terms and that the Note, the Defeasance Security Agreement and the other Loan Documents, as so assigned and assumed, are enforceable against the Successor Borrower in accordance with their respective terms, and opining to such other matters relating to Successor Borrower and its organizational structure as Lender may reasonably require, and (B) pay all reasonable fees, costs and expenses incurred by Lender or its agents in connection with such assignment and assumption (including, without limitation, legal fees and expenses and for the review of the proposed transferee and the preparation of the assignment and assumption agreement and related certificates, documents and instruments and any fees payable to any Rating Agencies and their counsel in connection with the issuance of the confirmation referred to in subsection (b)(i)(E) above). Upon such assignment and assumption, Borrower shall be relieved of its obligations hereunder, under the Note, under the other Loan Documents and under the Defeasance Security Agreement, except as expressly set forth in the assignment and assumption agreement.

(iv) For purposes of this Section 2.4, "REMIC PROHIBITION PERIOD" means the earlier of (x) the period commencing on the date hereof and ending on the date which is four (4) years after the first Scheduled Payment Date following the date hereof or (y) the two-year period commencing with the "startup day" within the meaning of Section 860G(a)(9) of the Code of any REMIC Trust that holds the Note. In no event shall Lender have any obligation to notify Borrower that a REMIC Prohibition Period is in effect with respect to the Loan, except that Lender shall notify Borrower if any REMIC Prohibition Period is in effect with respect to the Loan after receiving any notice

described in Section 2.4(b) (i) (B); provided, however, that the failure of Lender to so notify Borrower shall not impose any liability on Lender or grant Borrower any right to defease the Loan during any such REMIC Prohibition Period.

(v) At Borrower's request, Lender shall assign the Security Instrument and the Note, each without recourse, covenant or warranty of any nature, express or implied, except that Lender is the holder of the Note and the outstanding amount owed under the Note by Borrower to such new mortgagee designated by Borrower (other than Borrower or a nominee of Borrower) provided that Borrower or Successor Borrower, as applicable (i) has executed and delivered to such new mortgagee a new note to be secured by the Defeasance Collateral pursuant to the Defeasance Security Agreement between Borrower and such new mortgagee (such new note to have the same term, interest rate, unpaid principal balance and all other material terms and conditions of the Note), which new note, together with the Defeasance Security Agreement and the rights of such new mortgagee in and to the Defeasance Collateral, shall be assigned by such new mortgagee to Lender simultaneously with the assignment of the Note and Security Instrument by Lender and (ii) has complied with all other provisions of this Section 2.4(b) to the extent not inconsistent with this subparagraph (v). In addition, any such assignment shall be conditioned on the following: (A) payment by Borrower of (I) Lender's then customary administrative fee for processing assignments of mortgage; (II) the reasonable expenses of Lender incurred in connection therewith; and (III) Lender's reasonable attorney's fees for the preparation, delivery and performance of such an assignment; (B) such new mortgagee shall not substantially modify the Note such that it shall be treated as a new loan for federal tax purposes; (C) such an assignment is not then prohibited by any federal, state or local law, rule, regulation, order or by any other governmental authority; (D) such assignment and the actions described above do not constitute a prohibited transaction for any REMIC Trust formed in connection with a Securitization and will not disqualify such REMIC Trust as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code as a result of such assignment and the Defeasance, and an opinion of counsel to Borrower that is standard in commercial mortgage lending transactions and subject only to customary qualifications, assumptions and exceptions; and (E) Borrower shall provide such other opinions, items, information and documents which a prudent lender would require to effectuate such assignment. Borrower shall be responsible for all mortgage recording taxes, recording fees and other charges payable in connection with any such assignment. Lender agrees that the assignment of the Note and Security Instrument to the new mortgagee and the assignment of the new note, the Defeasance Collateral and the Defeasance Security Agreement by the new mortgagee to Lender shall be accomplished by an escrow closing conducted through an escrow agent satisfactory to Lender and pursuant to an escrow agreement satisfactory to Lender in form and substance.

(c) Involuntary Prepayment During the Lockout Period. During the Lockout Period, in the event of any involuntary prepayment of the Loan or any other amount under the Note, whether in whole or in part, in connection with or following Lender's acceleration of the Note or otherwise, and whether the Mortgage is satisfied or released by foreclosure (whether by power of sale or judicial proceeding), deed in lieu of foreclosure or by any other means, including, without limitation, repayment of the Loan by Borrower or any other Person pursuant

to any statutory or common law right of redemption, Borrower shall, in addition to any portion of the principal balance of the Loan prepaid (together with all interest accrued and unpaid thereon and in the event the prepayment is made on a date other than a Scheduled Payment Date, a sum equal to the amount of interest which would have accrued under the Note on the amount of such prepayment if such prepayment had occurred on the next Scheduled Payment Date), pay to Lender a prepayment premium in an amount calculated in accordance with this Section 2.4(c). Such prepayment premium shall be in an amount equal to the greater of:

(i) 1% of the portion of the Loan being prepaid; or

(ii) the product obtained by multiplying:

(A) the portion of the Loan being prepaid, times;

(B) the difference obtained by subtracting (I) the Yield Rate from (II) the Note Rate, times;

(C) the present value factor calculated using the following formula:

$$\frac{1-(1+r)^{-n}}{r}$$

r = Yield Rate

n = the number of years and any fraction thereof, remaining between the date the prepayment is made and first Scheduled Payment Date occurring after the expiration of the Lockout Period.

As used herein, "YIELD RATE" means the yield calculated by the linear interpolation of the yields, as reported in the Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading "U.S. government securities" and the sub-heading "Treasury constant maturities" for the week ending prior to the Prepayment Calculation Date, of the U.S. Treasury constant maturities with maturity dates (one longer and one equal to or shorter) most nearly approximating the Maturity Date, and converted to a monthly compounded nominal yield. In the event Release H.15 is no longer published, Lender shall select a comparable publication to determine the Yield Rate. The "PREPAYMENT CALCULATION DATE" shall mean, as applicable, the date on which (i) Lender applies any partial prepayment to the reduction of the outstanding principal amount the Note, in the case of a voluntary partial prepayment which is accepted by Lender, (ii) Lender accelerates the Loan, in the case of a prepayment resulting from acceleration, or (iii) Lender applies funds held under any Reserve Account, in the case of a prepayment resulting from such an application (other than in connection with acceleration of the Loan).

(d) Insurance and Condemnation Proceeds; Excess Interest.

Notwithstanding any other provision herein to the contrary, and provided no Event of Default exists, Borrower shall not be required to pay any prepayment premium in connection with any prepayment occurring solely as a result of (i) the application of Insurance Proceeds or Condemnation

Proceeds pursuant to the terms of the Loan Documents, or (ii) the application of any interest in excess of the maximum rate permitted by applicable law to the reduction of the Loan.

(e) After the Lockout Period. Commencing on the day after the expiration of the Lockout Period, and upon giving Lender at least thirty (30) days (but not more than ninety (90) days) prior written notice, Borrower may voluntarily prepay (without premium) the Note in whole (but not in part) on a Scheduled Payment Date. Lender shall accept a prepayment pursuant to this Section 2.4(e) on a day other than a Scheduled Payment Date provided that, in addition to payment of the full outstanding principal balance of the Note, Borrower pays to Lender a sum equal to the amount of interest which would have accrued on the Note if such prepayment occurred on the next Scheduled Payment Date.

(f) Limitation on Partial Prepayments. In no event shall Lender have any obligation to accept a partial prepayment.

(g) Intentionally Reserved(i) .

(h) Defeasance Collateral Account. On or before the date on which Borrower delivers the Defeasance Collateral, Borrower shall open at any Eligible Institution the defeasance collateral account (the "DEFEASANCE COLLATERAL ACCOUNT") which shall at all times be an Eligible Account. The Defeasance Collateral Account shall contain only (i) Defeasance Collateral, and (ii) cash from interest and principal paid on the Defeasance Collateral. All cash from interest and principal payments paid on the Defeasance Collateral shall be paid over to Lender on each Scheduled Payment Date and applied first to accrued and unpaid interest and then to principal. Any cash from interest and principal paid on the Defeasance Collateral not needed to pay the Scheduled Defeasance Payments shall be paid to Borrower. Borrower shall cause the Eligible Institution at which the Defeasance Collateral is deposited to enter an agreement with Borrower and Lender, satisfactory to Lender in its sole discretion, pursuant to which such Eligible Institution shall agree to hold and distribute the Defeasance Collateral in accordance with this Agreement. The Borrower or Successor Borrower, as applicable, shall be the owner of the Defeasance Collateral Account and shall report all income accrued on the Defeasance Collateral for federal, state and local income tax purposes in its income tax return. Borrower shall prepay all cost and expenses associated with opening and maintaining the Defeasance Collateral Account. Lender shall not in any way be liable by reason of any insufficiency in the Defeasance Collateral Account.

SECTION 2.5. PAYMENTS AFTER DEFAULT

Upon the occurrence and during the continuance of an Event of Default, interest on the outstanding principal balance of the Loan and, to the extent permitted by law, other amounts due in respect of the Loan, (a) shall accrue at the Default Rate, and (b) Lender shall be entitled to receive and Borrower shall pay to Lender all cash flow from the Property in accordance with the terms of Article 10 hereof, such amount to be applied by Lender to the payment of the Debt in such order as Lender shall determine in its sole discretion, including, without limitation, alternating applications thereof between interest and principal. Interest at the Default Rate shall be computed from the occurrence of the Event of Default until the earlier of (i) the actual receipt and collection of the Debt (or that portion thereof that is then due) and (ii)

the cure of such Event of Default. This paragraph shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default; the acceptance of any payment from Borrower shall not be deemed to cure or constitute a waiver of any Event of Default; and Lender retains its rights under this Agreement to accelerate and to continue to demand payment of the Debt upon the happening of and during the continuance any Event of Default, despite any payment by Borrower to Lender.

SECTION 2.6. USURY SAVINGS

This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Note Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

ARTICLE III CONDITIONS PRECEDENT

The obligation of Lender to make the Loan hereunder is subject to the fulfillment by Borrower or waiver by Lender of the following conditions precedent no later than the Closing Date.

SECTION 3.1. REPRESENTATIONS AND WARRANTIES; COMPLIANCE WITH CONDITIONS

The representations and warranties of Borrower contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of such date, and Lender shall have determined that no Default or an Event of Default shall have occurred and be continuing nor will any Default or Event of Default occur immediately following the Closing Date; and Borrower shall be in compliance in all material respects with all terms and conditions set forth in this Agreement and in each other Loan Document on its part to be observed or performed.

SECTION 3.2. DELIVERY OF LOAN DOCUMENTS; TITLE INSURANCE; REPORTS; LEASES

(a) Mortgage, Loan Agreement and Note. Lender shall have received from Borrower a fully executed and acknowledged counterpart of the Mortgage and evidence that counterparts of the Mortgage and Uniform Commercial Code financing statements have been

delivered to the title company for recording, in the reasonable judgment of Lender, so as to effectively create upon such recording valid and enforceable Liens upon the Property, of the requisite priority, in favor of Lender (or such other trustee as may be required or desired under local law), subject only to the Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents. Lender shall have also received from Borrower fully executed counterparts of this Agreement, the Note and all other Loan Documents.

(b) Title Insurance. Lender shall have received a Title Insurance Policy issued by a title company acceptable to Lender and dated as of the Closing Date, with reinsurance and direct access agreements acceptable to Lender. Such Title Insurance Policy shall (i) provide coverage in the amount of the Loan, (ii) insure Lender that the Mortgage creates a valid lien on the Property of the requisite priority, free and clear of all exceptions from coverage other than Permitted Encumbrances and standard exceptions and exclusions from coverage (as modified by the terms of any endorsements), (iii) contain such endorsements and affirmative coverages as Lender may reasonably request, and (iv) name Lender as the insured. The Title Insurance Policy shall be assignable. Lender also shall have received evidence that all premiums in respect of such Title Insurance Policy have been paid.

(c) Survey. Lender shall have received a current title survey for the Property, certified to the title company and Lender and their successors and assigns, in form and content satisfactory to Lender and prepared by a professional and properly licensed land surveyor satisfactory to Lender in accordance with the 1999 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys. The survey shall meet the classification of an "Urban Survey" and the following additional items from the list of "Optional Survey Responsibilities and Specifications" (Table A) should be added to each survey: 2, 3, 4, 6, 8, 9, 10, 11 and 13. Such survey shall reflect the same legal description contained in the Title Insurance Policy referred to in subsection (b) above and shall include, among other things, a metes and bounds description of the real property comprising part of the Property reasonably satisfactory to Lender. The surveyor's seal shall be affixed to the survey and the surveyor shall provide a certification for each survey in form and substance acceptable to Lender.

(d) Insurance. Lender shall have received copies of the Policies required hereunder, satisfactory to Lender in its sole discretion, and evidence of the payment of all Insurance Premiums payable for the existing policy period.

(e) Environmental Reports. Lender shall have received an Environmental Report in respect of the Property satisfactory to Lender.

(f) Zoning/Building Code. Lender shall have received evidence of compliance with zoning and building ordinances and codes, including, without limitation, required certificates of occupancy, reasonably acceptable to Lender.

(g) Encumbrances. Borrower shall have taken or caused to be taken such actions in such a manner so that Lender has a valid and perfected first Lien as of the Closing Date on the Property, subject only to applicable Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents, and Lender shall have received satisfactory evidence thereof.

(h) Lien Searches. Borrower shall have delivered to Lender certified search results pertaining to the Borrower, Borrower Principal and such other Persons or any SPE Component Entity as reasonably required by Lender for state and federal tax liens, bankruptcy, judgment, litigation and state and local UCC filings

SECTION 3.3. RELATED DOCUMENTS

Each additional document not specifically referenced herein, but relating to the transactions contemplated herein, shall have been duly authorized, executed and delivered by all parties thereto and at Lender's written request, Lender shall have received and approved certified copies thereof.

SECTION 3.4. ORGANIZATIONAL DOCUMENTS

On or before the Closing Date, Borrower shall deliver or cause to be delivered to Lender (a) copies certified by Borrower of all organizational documentation related to Borrower, each SPE Component Entity and Borrower Principal which must be acceptable to Lender in its sole and reasonable discretion, and (b) such other evidence of the formation, structure, existence, good standing and/or qualification to do business of the Borrower, each SPE Component Entity and Borrower Principal, as Lender may request in its sole and reasonable discretion, including, without limitation, good standing or existence certificates, qualifications to do business in the appropriate jurisdictions, resolutions authorizing the entering into of the Loan and incumbency certificates as may be requested by Lender.

SECTION 3.5. OPINIONS OF BORROWER'S COUNSEL

Lender shall have received opinions of Borrower's counsel (a) with respect to non-consolidation issues and (b) with respect to due execution, authority, enforceability of the Loan Documents and such other matters as Lender may require, all such opinions in form, scope and substance satisfactory to Lender and Lender's counsel in their sole discretion.

SECTION 3.6. ANNUAL BUDGET

Borrower shall have delivered, and Lender shall have approved, the Annual Budget for the current fiscal year, a copy of which has been delivered to Lender prior to the date hereof.

SECTION 3.7. TAXES AND OTHER CHARGES

Borrower shall have paid all Taxes and Other Charges (including any in arrears) relating to the Property, which amounts may be funded with proceeds of the Loan.

SECTION 3.8. COMPLETION OF PROCEEDINGS

All corporate and other proceedings taken or to be taken in connection with the transactions contemplated by this Agreement and other Loan Documents and all documents incidental thereto shall be satisfactory in form and substance to Lender, and Lender shall have

received all such counterpart originals or certified copies of such documents as Lender may reasonably request.

SECTION 3.9. PAYMENTS

All payments, deposits or escrows required to be made or established by Borrower under this Agreement, the Note and the other Loan Documents on or before the Closing Date shall have been paid.

SECTION 3.10. TRANSACTION COSTS

Except as otherwise expressly provided herein, Borrower shall have paid or reimbursed Lender for all out of pocket expenses in connection with the underwriting, negotiation, Securitization and closing of the Loan, including title insurance premiums and other title company charges; recording, registration, filing and similar fees, taxes and charges; transfer, mortgage, deed, stamp or documentary taxes or similar fees or charges; costs of third-party reports, including without limitation, environmental studies, credit reports, seismic reports, engineer's reports, appraisals and surveys; underwriting and origination expenses; Securitization expenses; and all actual, reasonable legal fees and expenses charged by counsel to Lender.

SECTION 3.11. NO MATERIAL ADVERSE CHANGE

There shall have been no material adverse change in the financial condition or business condition of the Property, Borrower, Borrower Principal, any SPE Component Entity, Manager or any other person or party contributing to the operating income and operations of the Property since the date of the most recent financial statements and/or other information delivered to Lender. The income and expenses of the Property, the occupancy and leases thereof, and all other features of the transaction shall be as represented to Lender without material adverse change. Neither Borrower nor Borrower Principal, any SPE Component Entity or Affiliated Manager shall be the subject of any bankruptcy, reorganization, or insolvency proceeding.

SECTION 3.12. LEASES AND RENT ROLL

Lender shall have received a current certified rent roll of the Property, reasonably satisfactory in form and substance to Lender.

SECTION 3.13. INTENTIONALLY RESERVED

SECTION 3.14. INTENTIONALLY RESERVED

SECTION 3.15. INTENTIONALLY RESERVED

SECTION 3.16. TAX LOT

Lender shall have received evidence that the Property constitutes one (1) or more separate tax lots, which evidence shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.17. PHYSICAL CONDITIONS REPORT

Lender shall have received a Physical Conditions Report with respect to the Property, which report shall be reasonably satisfactory in form and substance to Lender.

SECTION 3.18. INTENTIONALLY RESERVED

SECTION 3.19. APPRAISAL

Lender shall have received an appraisal of the Property, which shall be satisfactory in form and substance to Lender.

SECTION 3.20. FINANCIAL STATEMENTS

Lender shall have received financial statements and related information in form and substance satisfactory to Lender and in compliance with any Legal Requirements promulgated by the Securities and Exchange Commission, including, without limitation, a balance sheet, income and expense statement with respect to Borrower and an operating statement with respect to the Property for the year-to-date [2004, 2003, 2002 and 2004].

SECTION 3.21. INTENTIONALLY RESERVED

SECTION 3.22. FURTHER DOCUMENTS

Lender or its counsel shall have received such other and further approvals, opinions, documents and information as Lender or its counsel may have reasonably requested including the Loan Documents in form and substance satisfactory to Lender and its counsel.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Borrower and, where specifically indicated, Borrower Principal (subject to Section 4.43 below) represents and warrants to Lender as of the Closing Date that:

SECTION 4.1. ORGANIZATION

Borrower and each Borrower Principal (when not an individual) (a) has been duly organized and is validly existing and in good standing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged, (b) is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, (c) possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged (except for any such rights, licenses, permits and authorization for which the failure to obtain would not have a Material Adverse Effect), and the sole business of Borrower is the ownership, management and operation of the Property, and (d) in the case of Borrower, has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to the terms of the Loan Documents, and in the case of Borrower and each Borrower Principal,

has full power, authority and legal right to keep and observe all of the terms of the Loan Documents to which it is a party. The chart attached hereto as Exhibit A sets forth an accurate listing of the direct and indirect owners of the equity interests in Borrower and each SPE Component Entity (if any).

SECTION 4.2. STATUS OF BORROWER

Borrower's exact legal name is correctly set forth on the first page of this Agreement, on the Mortgage and on any UCC-1 Financing Statements filed in connection with the Loan. Borrower is an organization of the type specified on the first page of this Agreement. Borrower is incorporated in or organized under the laws of the State of Michigan. Borrower's principal place of business and chief executive office, and the place where Borrower keeps its books and records, including recorded data of any kind or nature, regardless of the medium of recording, including software, writings, plans, specifications and schematics, has been for the preceding four months (or, if less, the entire period of the existence of Borrower) the address of Borrower set forth on the first page of this Agreement. Borrower's organizational identification number, if any, assigned by the state of incorporation or organization is as set forth on the Lender's closing statement executed by Borrower in connection with the Loan.

SECTION 4.3. VALIDITY OF DOCUMENTS

Borrower and each Borrower Principal have taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents to which they are parties. This Agreement and such other Loan Documents have been duly executed and delivered by or on behalf of Borrower and each Borrower Principal and constitute the legal, valid and binding obligations of Borrower and each Borrower Principal enforceable against Borrower and each Borrower Principal in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 4.4. NO CONFLICTS

The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower and each Borrower Principal will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than pursuant to the Loan Documents) which would have a Material Adverse Effect upon any of the property or assets of Borrower or any Borrower Principal pursuant to the terms of any agreement or instrument to which Borrower or any Borrower Principal is a party or by which any of Borrower's or Borrower Principal's property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having jurisdiction over Borrower or any Borrower Principal or any of Borrower's or Borrower Principal's properties or assets which would have a Material Adverse Effect, and any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by Borrower or Borrower Principal of this Agreement or any of the other Loan Documents has been obtained and is in full force and effect.

SECTION 4.5. LITIGATION

There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to Borrower's or Borrower Principal's knowledge, threatened against or affecting Borrower, any Borrower Principal, Manager or the Property, which actions, suits or proceedings, if determined against Borrower, any Borrower Principal, Manager or the Property, would materially adversely affect the condition (financial or otherwise) or business of Borrower or any Borrower Principal or the condition or ownership of the Property.

SECTION 4.6. AGREEMENTS

Borrower is not a party to any agreement or instrument or subject to any restriction which would materially and adversely affect Borrower or the Property, or Borrower's business, properties or assets, operations or condition, financial or otherwise. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or the Property is bound. Borrower has no material financial obligation under any agreement or instrument to which Borrower is a party or by which Borrower or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Property (b) obligations under the Loan Documents, (c) obligations reflected in the financial statements delivered to Lender, (d) the Permitted Encumbrances, and (e) as previously disclosed in writing to Lender.

SECTION 4.7. SOLVENCY

Borrower and each Borrower Principal have (a) not entered into the transaction or executed the Note, this Agreement or any other Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for their obligations under such Loan Documents. Giving effect to the Loan, the fair saleable value of the assets of Borrower and each Borrower Principal exceeds and will, immediately following the making of the Loan, exceed the total liabilities of Borrower and each Borrower Principal, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. No petition in bankruptcy has been filed against Borrower, any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years, and neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager in the last ten (10) years has made an assignment for the benefit of creditors or taken advantage of any Creditors Rights Laws. Neither Borrower nor any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager is contemplating either the filing of a petition by it under any Creditors Rights Laws or the liquidation of all or a major portion of Borrower's assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against Borrower or any Borrower Principal, any SPE Component Entity (if any) or Affiliated Manager.

SECTION 4.8. FULL AND ACCURATE DISCLOSURE

No statement of fact made by or on behalf of Borrower or any Borrower Principal in this Agreement or in any of the other Loan Documents or in any other document or certificate delivered by or on behalf of Borrower or any Borrower Principal contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no material fact presently known to Borrower or any Borrower Principal which has not been disclosed to Lender which materially and adversely affects, nor as far as Borrower or any Borrower Principal can reasonably foresee, might materially and adversely affect, the Property or the business, operations or condition (financial or otherwise) of Borrower or any Borrower Principal.

SECTION 4.9. NO PLAN ASSETS

Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101. In addition, (a) Borrower is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with Borrower are not subject to state statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Agreement.

SECTION 4.10. NOT A FOREIGN PERSON

Neither Borrower nor Borrower Principal is a "foreign person" within the meaning of ss.1445(f)(3) of the Internal Revenue Code.

SECTION 4.11. ENFORCEABILITY

The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by Borrower, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and neither Borrower nor Borrower Principal has asserted any right of rescission, set-off, counterclaim or defense with respect thereto. No Default or Event of Default exists under or with respect to any Loan Document.

SECTION 4.12. BUSINESS PURPOSES

The Loan is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

SECTION 4.13. COMPLIANCE

Borrower and the Property, and the use and operation thereof, comply in all material respects with all Legal Requirements, including, without limitation, building and zoning ordinances and codes and the Americans with Disabilities Act, except for any noncompliance which would not have a Material Adverse Effect. To Borrower's knowledge, Borrower is not in

default or violation of any order, writ, injunction, decree or demand of any Governmental Authority and Borrower has received no written notice of any such default or violation which would have a Material Adverse Effect. There has not been committed by Borrower or, to Borrower's knowledge, any other Person in occupancy of or involved with the operation or use of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents.

SECTION 4.14. FINANCIAL INFORMATION

All financial data, including, without limitation, the balance sheets, statements of income and operating expense and rent rolls, that have been delivered to Lender by or on behalf of Borrower and/or Borrower Principal in respect of Borrower, any Borrower Principal and/or the Property (a) are true, complete and correct in all material respects, (b) accurately represent the financial condition of Borrower, Borrower Principal or the Property, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a material adverse effect on the Property or the current and/or intended operation thereof, except as referred to or reflected in said financial statements, the Permitted Encumbrances or otherwise disclosed in writing to Lender. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower or Borrower Principal from that set forth in said financial statements. Lender acknowledges that Lender has not received any of the foregoing statements from the Borrower, but only with respect to the Borrower Principal and the Property.

SECTION 4.15. CONDEMNATION

No Condemnation or other proceeding has been commenced or, to Borrower's best knowledge, is threatened or contemplated with respect to all or any portion of the Property or for the relocation of roadways providing access to the Property.

SECTION 4.16. UTILITIES AND PUBLIC ACCESS; PARKING

The Property has adequate rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities (public or private) adequate to service the Property as currently operated. All public utilities necessary to the full use and enjoyment of the Property as currently used and enjoyed are, to Borrower's knowledge, located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property. All roads necessary for the use of the Property for its current purposes (i) have been completed and dedicated to public use and accepted by all Governmental Authorities or (ii) are provided by means of private ingress and egress easements benefiting the Property. The Property has, or is served by, parking to the extent required to comply with all Legal Requirements.

SECTION 4.17. SEPARATE LOTS

The Property is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Property or any portion thereof.

SECTION 4.18. ASSESSMENTS

To Borrower's knowledge after due inquiry, there are no pending or proposed special or other assessments for public improvements or otherwise affecting the Property, nor are there any contemplated improvements to the Property that may result in such special or other assessments which, in either case, would have a Material Adverse Effect.

SECTION 4.19. INSURANCE

Borrower has obtained and has delivered to Lender certified copies of all Policies or, to the extent such Policies are not available as of the Closing Date, certificates of insurance with respect to all such Policies reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. To Borrower's knowledge, no Person, including Borrower, has done, by act or omission, anything which would impair the coverage of any of the Policies.

SECTION 4.20. USE OF PROPERTY

The Property is used exclusively for a manufactured home community and other appurtenant and related uses.

SECTION 4.21. CERTIFICATE OF OCCUPANCY; LICENSES

All certifications, permits, licenses and approvals, including, without limitation, certificates of completion or occupancy, if any, and any applicable liquor license required for the legal use, occupancy and operation of the Property for the purpose intended herein, have been obtained and are valid and in full force and effect, except for those which, if not obtained, would not have a Material Adverse Affect. Borrower shall keep and maintain all licenses necessary for the operation of the Property for the purpose intended herein. The use being made of the Property is in conformity with the certificate of occupancy, if any, and any permits or licenses issued for the Property, except for those which, if not obtained, would not have a Material Adverse Affect.

SECTION 4.22. FLOOD ZONE

None of the Improvements on the Property are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards, or, if any portion of the Improvements (it being understood that for purposes of this representation only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is located within such area, Borrower has obtained the insurance prescribed in Section 8.1(a) (i).

SECTION 4.23. PHYSICAL CONDITION

To Borrower's knowledge after due inquiry, and except as set forth in the Property Conditions Report and the Appraisal delivered to Lender in connection with the Loan, the Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, electrical systems, equipment, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects in light of the age, design and utility. To Borrower's knowledge after due inquiry, there exists no structural or other material defects or damages in the Property, as a result of a Casualty or otherwise, and whether latent or otherwise. Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

SECTION 4.24. BOUNDARIES

Except as shown in the Title Insurance Policy or as shown on the Survey, (a) none of the Improvements which were included in determining the appraised value of the Property lie outside the boundaries and building restriction lines of the Property to any material extent, and (b) no improvements on adjoining properties encroach upon the Property and no easements or other encumbrances upon the Property encroach upon any of the Improvements so as to materially affect the value or marketability of the Property.

SECTION 4.25. LEASES AND RENT ROLL

Borrower has delivered to Lender a true, correct and complete rent roll for the Property (a "RENT ROLL") which includes all Leases affecting the Property. Except as set forth in the Rent Roll (as same has been updated by written notice thereof to Lender) and estoppel certificates delivered to Lender on or prior to the Closing Date: (a) each Lease is in full force and effect; (b) the premises demised under the Leases have been completed and the Tenants under the Leases have accepted possession of their respective demised premises; (c) the Tenants under the Leases have commenced the payment of rent under the Leases, there are no offsets, claims or defenses to the enforcement thereof, and Borrower has no monetary obligations to any Tenant under any Lease; (d) all Rents due and payable under the Leases have been paid and no substantial portion thereof has been paid for any period more than thirty (30) days in advance; (e) the rent payable under each Lease is the amount of fixed rent set forth in the Rent Roll, and, to Borrower's knowledge, there is no claim or basis for a claim by the Tenant thereunder for an offset or adjustment to the rent; (f) no Tenant has made any written claim of a material default against the landlord under any Lease which remains outstanding nor has Borrower or Manager received, by telephonic, in-person, e-mail or other communication, any notice of a material default under any Lease; (g) to Borrower's knowledge there is no present material default by the Tenant under any Lease; (h) all security deposits under the Leases have been collected by Borrower; (i) Borrower is the sole owner of the entire landlord's interest in each Lease; (j) to Borrower's knowledge, each Lease is the valid, binding and enforceable obligation of Borrower and the applicable Tenant thereunder and there are no agreements between the Borrower and Tenants under the Leases other than as expressly set forth in the Leases; (k) no Person has any

possessory interest in, or right to occupy, the Property or any portion thereof except under the terms of a Lease or the Permitted Encumbrances; (l) none of the Leases contains any option or offer to purchase or right of first refusal to purchase the Property or any part thereof (except as may be required by any applicable Legal Requirements); and (m) neither the Leases nor the Rents have been assigned, pledged or hypothecated except to Lender, and, to Borrower's knowledge, no other Person has any interest therein except the Tenants thereunder. Lender hereby recognizes that in addition to the Leases, the relationship between the Borrower and the Tenants of the Property may be governed by the terms of an agreement between the Borrower (or its predecessor in interest) and the homeowners association established by the Tenants of the Property and the prospectus for the Property filed with the State where the Property is located.

SECTION 4.26. FILING AND RECORDING TAXES

All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Mortgage, have been paid or will be paid, and, under current Legal Requirements, the Mortgage is enforceable in accordance with its terms by Lender (or any subsequent holder thereof).

SECTION 4.27. INTENTIONALLY RESERVED.

SECTION 4.28. ILLEGAL ACTIVITY

No portion of the Property has been or will be purchased with proceeds of any illegal activity, and no part of the proceeds of the Loan will be used in connection with any illegal activity.

SECTION 4.29. CONSTRUCTION EXPENSES

All costs and expenses of any and all labor, materials, supplies and equipment used in the construction maintenance or repair of the Improvements have been paid in full or will be paid in the ordinary course of business. To Borrower's knowledge after due inquiry, there are no claims for payment for work, labor or materials affecting the Property which are or may become a lien prior to, or of equal priority with, the Liens created by the Loan Documents.

SECTION 4.30. PERSONAL PROPERTY

Borrower has paid in full for, and is the owner of, all Personal Property (other than tenants' property) used in connection with the operation of the Property, free and clear of any and all security interests, liens or encumbrances, except for Permitted Encumbrances and the Lien and security interest created by the Loan Documents.

SECTION 4.31. TAXES

Borrower and Borrower Principal have filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by them and have paid all taxes and related liabilities which have become due pursuant to such returns or

pursuant to any assessments received by them. Neither Borrower nor Borrower Principal knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

SECTION 4.32. PERMITTED ENCUMBRANCES

None of the Permitted Encumbrances, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by the Loan Documents, materially and adversely affects the value of the Property, materially impairs the use or the operation of the Property or materially impairs Borrower's ability to pay its obligations in a timely manner.

SECTION 4.33. FEDERAL RESERVE REGULATIONS

Borrower will use the proceeds of the Loan for the purposes set forth in Section 2.1(d) hereof and not for any illegal activity. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements or prohibited by the terms and conditions of this Agreement or the other Loan Documents.

SECTION 4.34. INVESTMENT COMPANY ACT

Borrower is not (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

SECTION 4.35. RECIPROCAL EASEMENT AGREEMENTS

Except as set forth in the Title Insurance Policy, there is no REA affecting any portion of the Property.

SECTION 4.36. NO CHANGE IN FACTS OR CIRCUMSTANCES; DISCLOSURE

All information submitted by Borrower or its agents to Lender and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan or in satisfaction of the terms thereof and all statements of fact made by Borrower in this Agreement or in any other Loan Document, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects or might materially and adversely affect the Property or the business operations or the financial condition of Borrower. To Borrower's knowledge, Borrower has disclosed to Lender all material facts relating to Borrower, Borrower Principal and the Property and has not failed to disclose any material fact

relating to Borrower, Borrower Principal and the Property that could cause any representation or warranty made herein to be materially misleading.

SECTION 4.37. INTELLECTUAL PROPERTY

To Borrower's knowledge, all trademarks, trade names and service marks necessary to the business of Borrower as presently conducted or as Borrower contemplates conducting its business are in good standing, except any such trademarks, trade names and service marks which, if not in good standing, would not have a Material Adverse Effect, and, to the extent of Borrower's actual knowledge, uncontested. Borrower has not infringed, is not infringing, and has not received notice of infringement with respect to asserted trademarks, trade names and service marks of others. To Borrower's knowledge, there is no infringement by others of trademarks, trade names and service marks of Borrower.

SECTION 4.38. SURVEY

The Survey for the Property delivered to Lender in connection with this Agreement does not, to the knowledge of Borrower, fail to reflect any material matter affecting the Property or the title thereto.

SECTION 4.39. EMBARGOED PERSON

As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, (a) none of the funds or other assets of Borrower and Borrower Principal constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. ss.ss. 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by Lender is in violation of law ("EMBARGOED PERSON"); (b) no Embargoed Person has any interest of any nature whatsoever in Borrower or Borrower Principal, as applicable, with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower or Borrower Principal, as applicable, have been derived from any unlawful activity with the result that the investment in Borrower or Borrower Principal, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law. Notwithstanding anything to the contrary set forth in this Section 4.39, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.40. PATRIOT ACT

All capitalized words and phrases and all defined terms used in the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and in other statutes and all orders, rules and regulations of the United States government and its various executive departments, agencies and offices related to the subject matter of the Patriot Act, including Executive Order 13224 effective September 24, 2001 (collectively referred to in this Section only as the "PATRIOT ACT") and are

incorporated into this Section. Each of Borrower and Borrower Principal hereby represents and warrants that Borrower and Borrower Principal and each and every Person affiliated with Borrower or Borrower Principal or that to Borrower's knowledge has an economic interest in Borrower, or, to Borrower's knowledge, that has or will have an interest in the transaction contemplated by this Agreement or in the Property or will participate, in any manner whatsoever, in the Loan, is: (i) not a "blocked" person listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and all modifications thereto or thereof (as used in this Section only, the "ANNEX"); (ii) in full compliance with the requirements of the Patriot Act and all other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (as used in this Section only, "OFAC"); (iii) operated under policies, procedures and practices, if any, that are in compliance with the Patriot Act and available to Lender for Lender's review and inspection during normal business hours and upon reasonable prior notice; (iv) not in receipt of any notice from the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States claiming a violation or possible violation of the Patriot Act; (v) not listed as a Specially Designated Terrorist or as a "blocked" person on any lists maintained by the OFAC pursuant to the Patriot Act or any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of the OFAC issued pursuant to the Patriot Act or on any other list of terrorists or terrorist organizations maintained pursuant to the Patriot Act; (vi) not a person who has been determined by competent authority to be subject to any of the prohibitions contained in the Patriot Act; and (vii) not owned or controlled by or now acting and or will in the future act for or on behalf of any person named in the Annex or any other list promulgated under the Patriot Act or any other person who has been determined to be subject to the prohibitions contained in the Patriot Act. Borrower covenants and agrees that in the event Borrower receives any notice that Borrower Principal or Borrower (or any of its beneficial owners or affiliates or participants) become listed on the Annex or any other list promulgated under the Patriot Act or is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering, Borrower shall immediately notify Lender. It shall be an Event of Default hereunder if Borrower, Borrower Principal or any other party to any Loan Document becomes listed on any list promulgated under the Patriot Act or is indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering. Notwithstanding anything to the contrary set forth in this Section 4.40, neither Borrower nor Borrower Principal is making any such representation or warranty with respect to any shareholder of SCI.

SECTION 4.41. ASSUMPTIONS

Each of the assumptions contained in the opinion related to issues of substantive consolidation delivered by Borrower to Lender on the date hereof relating to the Borrower, SPE Component Entity and their operations are true and accurate in all material respects.

SECTION 4.42. SURVIVAL

Borrower agrees that, unless expressly provided otherwise, all of the representations and warranties of Borrower set forth in this Agreement and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any portion of the Debt remains owing to Lender. All representations, warranties, covenants and agreements made in

this Agreement or in the other Loan Documents by Borrower shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf; provided, however, Lender shall not be entitled to rely upon such representation or warranty if any employee of Lender who has been actively involved with the making of the Loan has actual knowledge that such representation or warranty is false as of the date made.

SECTION 4.43. REPRESENTATIONS, WARRANTIES AND COVENANTS

Notwithstanding any provision in this Agreement to the contrary, any covenant, representation, warranty, undertaking or agreement made by Borrower Principal hereunder is being made by Borrower Principal only with respect to Borrower Principal and shall not be construed to mean that Borrower Principal is making any covenant, representation, warranty, undertaking or agreement with respect to the Borrower, the Property or any other matter herein; provided, however, nothing in this Section shall in any way limit the liability and obligations of Borrower or Borrower Principal if Borrower and/or Borrower Principal breaches any covenant, representation or warranty which gives rise to recourse liability pursuant to Article 15 hereof.

ARTICLE V BORROWER COVENANTS

From the date hereof and until repayment of the Debt in full and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Lien of the Mortgage (and all related obligations) in accordance with the terms of this Agreement and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

SECTION 5.1. EXISTENCE; COMPLIANCE WITH LEGAL REQUIREMENTS

(a) Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all Legal Requirements applicable to it and the Property. Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents. Borrower shall at all times maintain, preserve and protect all franchises and trade names used in connection with the operation of the Property.

(b) Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the Legal Requirements affecting the Property, provided that (i) no Default or Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower or the Property is subject and shall not constitute a default thereunder; (iii) neither the Property, any part thereof or interest therein, any of the tenants or occupants thereof, nor Borrower shall be affected in any material adverse way as a result of such proceeding; (iv) non-compliance with the Legal Requirements shall not impose civil or criminal liability on Borrower or Lender and (v) Borrower shall have furnished to Lender all other items reasonably requested by Lender.

SECTION 5.2. MAINTENANCE AND USE OF PROPERTY

Borrower shall cause the Property to be maintained in a good and safe condition and repair. The Improvements and the Personal Property shall not be removed or demolished other than in accordance with the provisions of Section 5.21, materially altered (except for normal replacement of the Personal Property or as otherwise permitted herein) without the prior written consent of Lender. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower will not cause or permit the nonconforming use to be discontinued or the nonconforming Improvement to be abandoned without the express written consent of Lender.

SECTION 5.3. WASTE

Borrower shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that is likely to invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that is likely to materially impair the value of the Property or the security for the Loan. Borrower will not, without the prior written consent of Lender, and except to the extent required under the Permitted Encumbrances, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof.

SECTION 5.4. TAXES AND OTHER CHARGES

(a) Borrower shall pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Property or any part thereof before the same become delinquent; provided, however, Borrower's obligation to directly pay Taxes shall be suspended for so long as Borrower complies with the terms and provisions of Section 9.6 hereof. Borrower shall furnish to Lender receipts for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent (provided, however, that Borrower is not required to furnish such receipts for payment of Taxes in the event that such Taxes have been paid by Lender pursuant to Section 9.6 hereof). Borrower shall not suffer and shall promptly cause to be paid and discharged any Lien or charge whatsoever which may be or become a Lien or charge against the Property, and shall promptly pay for all utility services provided to the Property.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Default or Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the

collection of such contested Taxes or Other Charges from the Property; and (vi) if Borrower is required to make reserve deposits, or deliver a Letter of Credit, to Lender for Taxes and Other Charges, then Borrower shall furnish such security as may be required in the proceeding, or deliver to Lender such reserve deposits as may be requested by Lender, to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon (unless Borrower has paid all of the Taxes or Other Charges under protest). Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the judgment of Lender, the entitlement of such claimant is established or the Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the Lien of the Mortgage being primed by any related Lien.

SECTION 5.5. LITIGATION

Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower which, if adversely decided, would have a Material Adverse Effect.

SECTION 5.6. ACCESS TO PROPERTY

Borrower shall permit agents, representatives and employees of Lender to inspect the Property or any part thereof at reasonable hours upon reasonable advance notice.

SECTION 5.7. NOTICE OF DEFAULT

Borrower shall promptly advise Lender of any material adverse change in the condition (financial or otherwise) of Borrower, any Borrower Principal or the Property or of the occurrence of any Default or Event of Default of which Borrower has knowledge.

SECTION 5.8. COOPERATE IN LEGAL PROCEEDINGS

Borrower shall at Borrower's expense cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

SECTION 5.9. PERFORMANCE BY BORROWER

Borrower shall in a timely manner observe, perform and fulfill in all material respects each and every covenant, term and provision to be observed and performed by Borrower under this Agreement and the other Loan Documents and any other agreement or instrument affecting or pertaining to the Property and any amendments, modifications or changes thereto.

SECTION 5.10. AWARDS; INSURANCE PROCEEDS

Borrower shall cooperate with Lender in obtaining the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with the Property (to be held and

applied in accordance with Section 8.4 hereof), and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable, actual attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Lender in case of a Casualty or Condemnation affecting the Property or any part thereof) out of such Awards or Insurance Proceeds.

SECTION 5.11. FINANCIAL REPORTING

(a) Borrower and Borrower Principal shall each keep separate adequate books and records of account in accordance with GAAP, or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and shall furnish to Lender:

(i) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, certified rent rolls with respect to the Property signed and dated by Borrower, detailing the names of all Tenants, the home site occupied by each Tenant, the rent, and any other charges payable under each Lease, and the term of each Lease, including the commencement and expiration dates and any tenant extension, expansion or renewal options, the extent to which any Tenant is in default under any Lease, and any other information as is reasonably required by Lender, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(ii) prior to a Securitization, at the request of Lender, monthly, and following a Securitization, quarterly and annual, operating statements, profit and loss statements, and statements of the Property Operating Account of the Property, prepared and certified by Borrower, detailing, among other things, the revenues received, the expenses incurred and the net operating income before and after debt service (principal and interest) and major capital improvements for the period of calculation and containing appropriate year-to-date information, within thirty (30) days after the end of each calendar month, forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower, as applicable;

(iii) quarterly and annual balance sheets of Borrower (with respect to the Property) and SCI, profit and loss statements and statements of cash flows of SCI (with the annual financial statements of SCI prepared and audited by an Acceptable Accountant), within forty-five (45) days after the end of each fiscal quarter or ninety (90) days after the close of each fiscal year of Borrower and SCI, as applicable, as the case may be; and

(iv) an Annual Budget not later than thirty (30) days after the commencement of each fiscal year of Borrower.

(b) Upon request from Lender, Borrower shall promptly furnish to Lender:

(i) a property management report for the Property, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in

reasonable detail and certified by Borrower under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits held in connection with any Lease of any part of the Property, 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 of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Intentionally reserved.

(d) Borrower and Borrower Principal shall furnish Lender with such other additional financial or management information (including state and federal tax returns) as may, from time to time, be reasonably required by Lender in form and substance satisfactory to Lender and shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

(e) All items requiring the certification of Borrower shall require a certificate executed by the general partner, managing member or chief executive officer of Borrower, as applicable (and the same rules shall apply to any sole shareholder, general partner or managing member which is not an individual).

SECTION 5.12. ESTOPPEL STATEMENT

(a) After request by Lender, Borrower shall within fifteen (15) Business Days furnish Lender with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the rate of interest on the Note, (iii) the unpaid principal amount of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, if any, and (vi) that the Note, this Agreement, the Mortgage and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification.

(b) Borrower shall use its best efforts to deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more Tenants as required by Lender attesting to such facts regarding the related Lease as Lender may require, including, but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, and that the Tenant claims no defense or offset against the full and timely performance of its obligations under the Lease.

SECTION 5.13. LEASING MATTERS.

(a) Except as otherwise consented to by Lender in writing, all Leases shall be written on the standard form of lease for the Property delivered to Lender prior to the closing of the Loan. Upon request, Borrower shall furnish Lender with executed copies of all Major Leases. No material changes (other than changes which are in the ordinary course of the Borrower's business and/or are required by applicable law, so long as such changes do not have

a Material Adverse Effect) may be made to the standard form of lease without the prior written consent of Lender. In addition, all renewals of Leases and all proposed leases shall provide for rental rates and terms comparable to existing local market rates and terms and shall be arm's-length transactions with bona fide, independent third party tenants. All proposed commercial Leases and renewals of existing Leases for commercial space shall be subject to the prior approval of Lender and its counsel, at Borrower's expense, such approval not to be unreasonably withheld or delayed. All commercial Leases shall provide that they are subordinate to the Mortgage and that the tenant agrees to attorn to Lender. Notwithstanding the foregoing, Lender acknowledges that certain homesites are not leased to Tenants pursuant to written instruments. From and after the date hereof, Borrower shall agree to offer written Leases to new Tenants in accordance with its current ordinary course of business practices.

(b) Borrower (i) shall observe and perform all the obligations imposed upon the landlord under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall enforce all of the material terms, covenants and conditions contained in the Leases upon the part of the Tenant thereunder to be observed or performed, short of termination thereof; provided however, with respect to mobile home or recreational vehicle community residential property, a residential Lease may be terminated in the event of a default by the tenant thereunder; (iii) shall not collect any of the Rents more than one (1) month in advance, except for (A) Rents aggregating in an amount equal to less than five percent (5.0%) of the Operating Income of the Property and (B) Rents collected with respect to recreational vehicle sites; and (iv) shall not execute any other assignment of the landlord's interest in the Leases or the Rents.

(c) Notwithstanding the provisions of subsection (a) above, renewals of existing commercial Leases and proposed Leases for commercial space shall not be subject to the prior approval of Lender, provided all of the following conditions are satisfied: (i) the rental income pursuant to the renewal or proposed Lease is not more than five (5%) percent of the total rental income for the Property (exclusive of any rental income from recreational vehicle sites), (ii) the renewal or proposed Lease has a base term of less than six (6) years including options to renew (other than leases for laundry facilities which may include a 10-year term), (iii) the renewal or proposed Lease is subject and subordinate to the Mortgage and the tenant thereunder shall have agreed to attorn to Lender, (iv) the renewal or proposed Lease is on the standard form of lease approved by Lender, (v) the renewal or proposed Lease does not contain any option, offer, right of first refusal, or other similar right to acquire all or any portion of the Property, and (vi) the renewal or proposed Lease provides for rental rates and terms comparable to existing market rates and terms and is an arm's-length transaction with a bona fide, independent third party tenant. Borrower shall deliver to Lender copies of all Leases which are entered into pursuant to the preceding sentence together with Borrower's certification that it has satisfied all of the conditions of the preceding sentence within thirty (30) days after the execution of the Lease.

SECTION 5.14. PROPERTY MANAGEMENT

(a) Borrower shall (i) promptly perform and observe in all material respects all of the covenants required to be performed and observed by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its material rights

thereunder; (ii) promptly notify Lender of any material default under the Management Agreement of which it is aware; (iii) promptly deliver to Lender a copy of any notice of default or other material notice received by Borrower under the Management Agreement; (iv) promptly give notice to Lender of any notice or information that Borrower receives which indicates that Manager is terminating the Management Agreement or that Manager is otherwise discontinuing its management of the Property; and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement.

(b) If at any time, (i) Manager shall become insolvent or a debtor in a bankruptcy proceeding; (ii) an Event of Default has occurred and is continuing; (iii) a default has occurred and is continuing under the Management Agreement, or (iv) while the Manager is not an Affiliate of the Borrower, the Debt Service Coverage Ratio for the preceding twelve (12) month period ending with the most recently completed calendar quarter is less than 1.10 to 1.0, Borrower shall, at the request of Lender, terminate the Management Agreement upon thirty (30) days prior notice to Manager and replace Manager with a Qualified Manager approved by Lender on terms and conditions satisfactory to Lender, it being understood and agreed that the management fee for such replacement manager shall not exceed then prevailing market rates.

(c) Intentionally reserved.

(d) Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed): (i) surrender, terminate or cancel the Management Agreement or otherwise replace Manager or enter into any other management agreement with respect to the Property, unless the replacement Manager is a Qualified Manager; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; or (iv) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, the Management Agreement in any material respect. In the event that Borrower replaces Manager at any time during the term of Loan pursuant to this subsection, such Manager shall be a Qualified Manager.

(e) If during the term of the Loan the Borrower engages or replaces the Manager with a new property manager that is an Affiliated Manager, the Borrower shall deliver to Lender an opinion as to non-consolidation issues between the Borrower and such Affiliated Manager, such opinion to be acceptable to the Lender and the Rating Agencies.

(f) Notwithstanding the foregoing, Lender and Borrower acknowledge and agree that as of the date hereof the Property is self-managed by Borrower. If during the term of the Loan Borrower engages a property manager, then the provisions of the Management Agreement with such property manager shall be subject to the provisions of this Section 5.14.

SECTION 5.15. LIENS

Borrower shall not, without the prior written consent of Lender, create, incur, assume or suffer to exist any Lien on any portion of the Property or permit any such action to be taken, except Permitted Encumbrances.

SECTION 5.16. DEBT CANCELLATION

Borrower shall not cancel or otherwise forgive or release any claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration or in the ordinary course of Borrower's business.

SECTION 5.17. ZONING

Borrower shall not initiate or consent to any zoning reclassification of any portion of the Property or seek any variance (other than in the ordinary course of business) under any existing zoning ordinance or use or permit the use of any portion of the Property in any manner that could result in such use becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, without the prior written consent of Lender.

SECTION 5.18. ERISA

(a) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as requested by Lender in its sole discretion, that (i) Borrower is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. ss.2510.3-101(b) (2);

(B) Less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. ss.2510.3-101(f) (2); or

(C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. ss.2510.3-101(c) or (e).

SECTION 5.19. NO JOINT ASSESSMENT

Borrower shall not suffer, permit or initiate the joint assessment of the Property with (a) any other real property constituting a tax lot separate from the Property, or (b) any portion of the Property which may be deemed to constitute personal property, or any other procedure whereby the Lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to the Property.

SECTION 5.20. RECIPROCAL EASEMENT AGREEMENTS

Borrower shall not enter into, terminate or modify any REA without Lender's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Borrower shall enforce, comply with, and cause each of the parties to the REA to comply with all of the material economic terms and conditions contained in the REA.

SECTION 5.21. ALTERATIONS

Lender's prior approval shall be required in connection with any alterations to any Improvements (a) that will have a Material Adverse Effect on the Property or (b) that, together with any other alterations undertaken at the same time (including any related alterations, improvements or replacements), are reasonably anticipated to have a cost in excess of the Alteration Threshold.

SECTION 5.22. TRADE INDEBTEDNESS

Borrower shall pay its trade payables and operational debt upon the earlier to occur of (a) sixty (60) days of the date invoiced, and (b) the date the same is due and payable.

SECTION 5.23. TAX CREDITS

Borrower shall not claim a low income housing credit for the Property under Section 42 of the Internal Revenue Code without Lender's prior written consent.

SECTION 5.24. INTENTIONALLY RESERVED.

ARTICLE VI
ENTITY COVENANTS

SECTION 6.1. SINGLE PURPOSE ENTITY/SEPARATENESS

Until the Debt has been paid in full, Borrower represents, warrants and covenants as follows:

(a) Borrower will not:

(i) engage in any business or activity other than the ownership, operation and maintenance of the Property, and activities incidental thereto;

(ii) acquire or own any assets other than (A) the Property, and (B) such incidental Personal Property as may be necessary for the operation of the Property;

(iii) except as otherwise expressly permitted hereunder, merge into or consolidate with any Person, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) except as otherwise permitted therein, fail to observe all organizational formalities, or fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the applicable Legal Requirements of the jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply with the material provisions of its organizational documents;

(v) own any subsidiary, or make any investment in, any Person;

(vi) commingle its assets with the assets of any other Person;

(vii) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) the Debt, (B) trade and operational indebtedness incurred in the ordinary course of business with trade creditors, provided such indebtedness is (1) unsecured, (2) not evidenced by a note, (3) on commercially reasonable terms and conditions, and (4) due not more than sixty (60) days past the date invoiced and paid on or prior to such date, and/or (C) financing leases and purchase money indebtedness incurred in the ordinary course of business relating to Personal Property on commercially reasonable terms and conditions; provided however, the aggregate amount of the indebtedness described in (B) and (C) shall not exceed at any time three percent (3%) of the outstanding principal amount of the Note;

(viii) (A) fail to maintain its records, books of account, bank accounts, financial statements, accounting records and other entity documents for the Property separate and apart from those of any other Person showing the Property's assets and liabilities separate and apart from those of any other Person and (B) include its assets listed on any financial statement of any other person; provided, however, that Borrower's assets may be included in a consolidated operating or financial statement of its Affiliate provided that an appropriate notation shall be made on such consolidated operating or financial statements to indicate the separateness of Borrower from such Affiliate and to indicate Borrower's assets and credit are not available to satisfy the debts and other obligations of such Affiliate or any other Person;

(ix) enter into any contract or agreement with any general partner, member, shareholder, principal, guarantor of the obligations of Borrower, or any Affiliate of the foregoing, except upon terms and conditions that are intrinsically fair, commercially reasonable and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(x) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xi) assume or guaranty the debts of any other Person, hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person, except for the Debt;

(xii) make any loans or advances to any Person;

(xiii) fail to file its own tax returns or files a consolidated federal income tax return with any Person (unless prohibited or required, as the case may be, by applicable Legal Requirements);

(xiv) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity;

(xv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xvi) if it is a partnership or limited liability company, without the unanimous written consent of all of its partners or members, as applicable, and the written consent of 100% of the directors of each SPE Component Entity (if any), including, without limitation, each Independent Director, (a) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any Creditors Rights Laws, (b) seek or consent to the appointment of a receiver, liquidator or any similar official, (c) take any action that might cause such entity to become insolvent, or (d) make an assignment for the benefit of creditors;

(xvii) fail to allocate shared expenses (including, without limitation, shared office space and services performed by an employee of an Affiliate) among the Persons sharing such expenses and to use separate stationery, invoices and checks;

(xviii) fail to remain solvent or pay its own liabilities (including, without limitation, salaries of its own employees) only from its own funds;

(xix) acquire obligations or securities of its partners, members, shareholders or other affiliates, as applicable;

(xx) violate or cause to be violated the assumptions made with respect to Borrower and its principals in any opinion letter pertaining to substantive consolidation delivered to Lender in connection with the Loan; or

(xxi) fail to maintain a sufficient number of employees in light of its contemplated business operations.

Notwithstanding anything contained in this Section 6.1(a) to the contrary, whether express or implied, Lender and Borrower agree that the following operations and activities of Borrower, SPE Component Entity (if any) and their Affiliates shall not be considered a violation of any obligation set forth in this Section 6.1(a): (i) offering services to residents of the Property through Affiliates or other third parties for which fees and charges may be collected by Borrower or the Affiliate and paid to such Affiliate or third party, which may include, without limitation, cable and internet services, landscaping, snow removal, lease or sale of manufactured homes, and child care; provided that such Affiliates do not conduct their business in the name of the Borrower and that any agreements between the Borrower and its Affiliates relating to such services are on commercially reasonable terms similar to those of an arm's-length transaction;

(ii) depositing all gross revenue, whether cash, cash equivalents or similar assets, in the Property Operating Account, after paying expenses of the Borrower or causing SCOLP and/or SCI to pay such expenses in accordance with Article 10 hereof, and subject to the provisions of the applicable Borrower's organizational documents, distributing such remaining cash to SCI, SCOLP or at the direction of SCI or SCOLP, as applicable, to any other Affiliate, and in any case, distributing such remaining cash that does not belong to the Borrower promptly to such entities; (iii) paying all payables, debts and other liabilities arising from or in connection with the operation of the Property from the Property Operating Accounts, or causing SCOLP and/or SCI to pay such liabilities pursuant to Article 10 hereof; (iv) subject to the provisions of the applicable Borrower's organizational documents, using ancillary assets in connection with the operation of the Property held in the name of SCI, SCOLP or any Affiliates, such as vehicles and office and maintenance equipment; (v) treating the Property for all purposes as part of and within the portfolio of manufactured housing communities owned by the SCOLP or any Affiliate, for marketing, promotion and providing information and reports to the public or as required by any Legal Requirements; provided, however, that the Borrower shall conduct business in its own name or its assumed or trade name; and (vi) allocating general overhead and administrative costs incurred by SCI and SCOLP and/or other Affiliates to the Borrower in a fair and equitable manner.

(b) If Borrower is a partnership or limited liability company, each general partner in the case of a general partnership, each general partner in the case of a limited partnership, or the managing member in the case of a limited liability company (each an "SPE COMPONENT ENTITY") of Borrower, as applicable, shall be a corporation whose sole asset is its interest in Borrower. Each SPE Component Entity (i) will at all times comply with each of the covenants, terms and provisions contained in Section 6.1(a)(iii) - (vi) and (viii) - (xxi), as if such representation, warranty or covenant was made directly by such SPE Component Entity; (ii) will not engage in any business or activity other than owning an interest in Borrower and acting as the managing member or general partner of Borrower; (iii) will not acquire or own any assets other than its partnership, membership, or other equity interest in Borrower; (iv) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation); and (v) will cause Borrower to comply with the provisions of this Section 6.1 and Section 6.4. Prior to the withdrawal or the disassociation of any SPE Component Entity from Borrower, Borrower shall immediately appoint a new general partner or managing member whose articles of incorporation are substantially similar to those of such SPE Component Entity and, if an opinion letter pertaining to substantive consolidation was required at closing, deliver a new opinion letter acceptable to Lender and the Rating Agencies with respect to the new SPE Component Entity and its equity owners. Notwithstanding the foregoing, to the extent Borrower is a single member Delaware limited liability company, so long as Borrower maintains such formation status, no SPE Component Entity shall be required.

(c) In the event Borrower is a single member Delaware limited liability company, the limited liability company agreement of Borrower (the "LLC AGREEMENT") shall provide that (i) upon the occurrence of any event that causes the sole member of Borrower ("MEMBER") to cease to be the member of Borrower (other than (A) upon an assignment by Member of all of its limited liability company interest in Borrower and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (B) the resignation of Member and the admission of an additional member of Borrower in accordance

with the terms of the Loan Documents and the LLC Agreement), any person acting as Independent Director of Borrower shall, without any action of any other Person and simultaneously with the Member ceasing to be the member of Borrower, automatically be admitted to Borrower ("SPECIAL MEMBER") and shall continue Borrower without dissolution and (ii) Special Member may not resign from Borrower or transfer its rights as Special Member unless (A) a successor Special Member has been admitted to Borrower as Special Member in accordance with requirements of Delaware law and (B) such successor Special Member has also accepted its appointment as an Independent Director. The LLC Agreement shall further provide that (i) Special Member shall automatically cease to be a member of Borrower upon the admission to Borrower of a substitute Member, (ii) Special Member shall be a member of Borrower that has no interest in the profits, losses and capital of Borrower and has no right to receive any distributions of Borrower assets, (iii) pursuant to Section 18-301 of the Delaware Limited Liability Company Act (the "ACT"), Special Member shall not be required to make any capital contributions to Borrower and shall not receive a limited liability company interest in Borrower, (iv) Special Member, in its capacity as Special Member, may not bind Borrower and (v) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower, including, without limitation, the merger, consolidation or conversion of Borrower; provided, however, such prohibition shall not limit the obligations of Special Member, in its capacity as Independent Director, to vote on such matters required by the Loan Documents or the LLC Agreement. In order to implement the admission to Borrower of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower as Special Member, Special Member shall not be a member of Borrower.

Upon the occurrence of any event that causes the Member to cease to be a member of Borrower, to the fullest extent permitted by law, the personal representative of Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Member in Borrower, agree in writing (i) to continue Borrower and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower, effective as of the occurrence of the event that terminated the continued membership of Member of Borrower in Borrower. Any action initiated by or brought against Member or Special Member under any Creditors Rights Laws shall not cause Member or Special Member to cease to be a member of Borrower and upon the occurrence of such an event, the business of Borrower shall continue without dissolution. The LLC Agreement shall provide that each of Member and Special Member waives any right it might have to agree in writing to dissolve Borrower upon the occurrence of any action initiated by or brought against Member or Special Member under any Creditors Rights Laws, or the occurrence of an event that causes Member or Special Member to cease to be a member of Borrower.

SECTION 6.2. CHANGE OF NAME, IDENTITY OR STRUCTURE

Borrower shall not change or permit to be changed (a) Borrower's name, (b) Borrower's identity (including its trade name or names) although Borrower may change the name of the Property without prior notice to, or the consent of, Lender, (c) Borrower's principal place of business set forth on the first page of this Agreement, (d) the corporate, partnership or other organizational structure of Borrower, each SPE Component Entity (if any), or Borrower Principal, (e) Borrower's state of organization, or (f) Borrower's organizational identification

number, without in each case notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's structure, without first obtaining the prior written consent of Lender. In addition, Borrower shall not change or permit to be changed any organizational documents of Borrower or any SPE Component Entity (if any) if such change would adversely impact the covenants set forth in Section 6.1 and Section 6.4 hereof. Borrower authorizes Lender to file any financing statement or financing statement amendment required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall execute a certificate in form satisfactory to Lender listing the trade names under which Borrower intends to operate the Property, and representing and warranting that Borrower does business under no other trade name with respect to the Property. If Borrower does not now have an organizational identification number and later obtains one, or if the organizational identification number assigned to Borrower subsequently changes, Borrower shall promptly notify Lender of such organizational identification number or change.

SECTION 6.3. BUSINESS AND OPERATIONS

Borrower will qualify to do business and will remain in good standing under the laws of the State as and to the extent the same are required for the ownership, maintenance, management and operation of the Property.

SECTION 6.4. INDEPENDENT DIRECTOR

(a) The organizational documents of each SPE Component Entity (if any) shall provide that at all times there shall be, and Borrower shall cause there to be, at least two Independent Directors of such SPE Component Entity reasonably satisfactory to Lender.

(b) The organizational documents of each SPE Component Entity (if any) shall provide that the board of directors of such SPE Component Entity shall not take any ID Action (defined below) unless at the time of such ID Action there shall be at least two (2) members of the board of directors who are Independent Directors. Such SPE Component Entity will not, without the unanimous written consent of its board of directors including each Independent Director, on behalf of itself or Borrower, (i) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable Creditors Rights Laws; (ii) seek or consent to the appointment of a receiver, liquidator or any similar official; (iii) take any action that might cause such entity to become insolvent; or (iv) make an assignment for the benefit of creditors (individually and collectively, as the case may be, an "ID ACTION").

ARTICLE VII NO SALE OR ENCUMBRANCE

SECTION 7.1. TRANSFER DEFINITIONS

For purposes of this Article 7 an "AFFILIATED MANAGER" shall mean any managing agent in which Borrower, Borrower Principal, any SPE Component Entity (if any) or any affiliate of such entities has, directly or indirectly, any legal, beneficial or economic interest; "CONTROL" shall mean the power to direct the management and policies of a Restricted Party,

directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise; provided, however, any change in the members of the board of directors of SCI, or SPE Component Entity shall not, in and of itself, constitute a change in control; "RESTRICTED PARTY" shall mean Borrower, Borrower Principal, any SPE Component Entity (if any), any Affiliated Manager, or any shareholder, partner, member or non-member manager, or any direct or indirect legal or beneficial owner of Borrower, Borrower Principal, any SPE Component Entity (if any), any Affiliated Manager or any non-member manager; and a "SALE OR PLEDGE" shall mean a voluntary or involuntary sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest.

SECTION 7.2. NO SALE/ENCUMBRANCE

(a) Borrower shall not cause or permit a Sale or Pledge of the Property or any part thereof or any legal or beneficial interest therein nor permit a Sale or Pledge of an interest in any Restricted Party (in each case, a "PROHIBITED TRANSFER"), other than pursuant to Leases of space in the Improvements to Tenants in accordance with the provisions of Section 5.13, without the prior written consent of Lender.

(b) A Prohibited Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party (other than SCI) is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock in one or a series of transactions; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general or limited partner or any profits or proceeds relating to such partnership interests or the creation or issuance of new partnership interests; provided, however, the foregoing shall not apply to interests in SCOLP other than those owned by SCI, provided, further, that SCI's ownership interest in SCOLP shall be permitted to decrease so long as after any such decrease SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of any member or any profits or proceeds relating to such membership interest other than transfers by or among SCOLP, SCI or their Affiliates and transfers within SCOLP and SCI as permitted under clause (iv) above; (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests; or (vii) the removal or the resignation of Manager (including, without limitation, an Affiliated Manager) other than in accordance with Section 5.14.

SECTION 7.3. PERMITTED TRANSFERS

Notwithstanding the provisions of Section 7.2, the following transfers shall not be deemed to be a Prohibited Transfer: (a) a transfer by devise or descent or by operation of law upon the death of a member, partner or shareholder of a Restricted Party; (b) the Sale or Pledge, in one or a series of transactions, of not more than forty-nine percent (49%) of the stock, limited partnership interests or non-managing membership interests (as the case may be) in a Restricted Party; provided, however, no such transfers shall result in a change in Control in the Restricted Party, or change in control of the Property, or the Property to be managed by a Person who is not a Qualified Manager, and as a condition to each such transfer, Lender shall receive not less than thirty (30) days prior written notice of such proposed transfer (c) the sale or transfer of stock in SCI provided such stock is listed on a nationally recognized stock exchange, (d) subject to providing prior notice to Lender, transfers of the direct or indirect interest in Borrower by and among SCI, SCOLP and their Affiliates, provided that no such transfers shall result in a change in Control of the Borrower or a change in control of the Property, (e) transfers of the limited partnership interests in SCOLP or reductions of SCI's ownership interest in SCOLP, provided that after such transfer (or reduction of ownership interests in the case of SCI) SCI shall continue to Control SCOLP and own not less than twenty-five percent (25%) of the equity partnership interests in SCOLP, or (f) the issuance of additional stock in, or redemption of stock in, SCI, the issuance of additional limited partnership interests in, or redemption of limited partnership interests in, SCOLP, and the issuance of additional ownership interests in, or the redemption of the ownership interests in, the Affiliates of SCI and SCOLP (other than Borrower and the SPE Component Entity, if any). Notwithstanding the foregoing, any transfer that results in any Person owning in excess of forty-nine percent (49%) of the ownership interest in a Restricted Party shall comply with the requirements of Section 7.4 hereof.

SECTION 7.4. LENDER'S RIGHTS

Lender reserves the right to condition the consent to a Prohibited Transfer requested hereunder upon (a) a modification of the terms hereof (other than the economic terms) and an assumption of the Note and the other Loan Documents as so modified by the proposed Prohibited Transfer, (b) receipt of payment of a transfer fee equal to one percent (1%) of the outstanding principal balance of the Loan and all of Lender's expenses incurred in connection with such Prohibited Transfer, (c) receipt of written confirmation from the Rating Agencies that the Prohibited Transfer will not result in a downgrade, withdrawal or qualification of the initial, or if higher, then current ratings issued in connection with a Securitization, or if a Securitization has not occurred, any ratings to be assigned in connection with a Securitization, (d) the proposed transferee's continued compliance with the covenants set forth in this Agreement (including, without limitation, the covenants in Article 6) and the other Loan Documents, (e) the Property being managed by a Qualified Manager and a new management agreement satisfactory to Lender, and (f) the satisfaction of such other conditions and/or legal opinions as Lender shall determine in its sole discretion to be in the interest of Lender. All expenses incurred by Lender shall be payable by Borrower whether or not Lender consents to the Prohibited Transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a Prohibited Transfer made without Lender's consent. This provision shall apply to each and every Prohibited Transfer, whether or not Lender has consented to any previous Prohibited Transfer.

Notwithstanding anything to the contrary contained in this Section 7.4, in the event a substantive non-consolidation opinion was delivered to Lender and the Rating Agencies in connection with the closing of the Loan, and if any Sale or Pledge permitted under this Article 7 results in any Person and its Affiliates owning in excess of forty-nine percent (49%) of the ownership interests in a Restricted Party, Borrower shall, prior to such transfer, and in addition to any other requirement for Lender consent contained herein, deliver a revised substantive non-consolidation opinion to Lender reflecting such Prohibited Transfer, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies.

SECTION 7.5. ASSUMPTION

Notwithstanding the foregoing provisions of this Article 7, following the date which is six (6) months from the Closing Date, Lender shall not unreasonably withhold, delay or condition consent to a transfer of the Property in its entirety to or of one hundred percent (100%) of the ownership interests in the Borrower, and the related assumption of the Loan by, any Person (a "TRANSFeree") provided that each of the following terms and conditions are satisfied:

(a) no Default or Event of Default has occurred;

(b) Borrower shall have (i) delivered written notice to Lender of the terms of such prospective transfer not less than thirty (30) days before the date on which such transfer is scheduled to close and, concurrently therewith, all such information concerning the proposed Transferee as Lender shall reasonably require and (ii) paid to Lender a non-refundable processing fee in the amount of \$10,000. Lender shall have the right to approve or disapprove the proposed transfer based on its then current underwriting and credit requirements for similar loans secured by similar properties which loans are sold in the secondary market, such approval not to be unreasonably withheld, conditioned or delayed. In determining whether to give or withhold its approval of the proposed transfer, Lender shall consider the experience and track record of Transferee and its principals in owning and operating facilities similar to the Property, the financial strength of Transferee and its principals, the general business standing of Transferee and its principals and Transferee's and its principals' relationships and experience with contractors, vendors, tenants, lenders and other business entities; provided, however, that, notwithstanding Lender's agreement to consider the foregoing factors in determining whether to give or withhold such approval, such approval shall be given or withheld based on what Lender determines to be commercially reasonable and, if given, may be given subject to such conditions as Lender may deem reasonably appropriate. In no event shall Lender consent to a proposed transfer prior to a Securitization if the consideration to be paid by the Transferee for the Property, as determined by Lender in its sole discretion, is less than the appraised value of the Property as determined by Lender based upon the Appraisal delivered to Lender in connection with Lender's underwriting of the Loan;

(c) Borrower shall have paid to Lender, concurrently with the closing of such transfer, (i) a non-refundable assumption fee in an amount equal to one percent (1.0%) of the then outstanding principal balance of the Note, and (ii) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection with the transfer;

(d) Transferee assumes and agrees to pay the Debt as and when due subject to the provisions of Article 15 hereof and, prior to or concurrently with the closing of such transfer, Transferee and its constituent partners, members or shareholders as Lender may require, shall execute, without any cost or expense to Lender, such documents and agreements as Lender shall reasonably require to evidence and effectuate said assumption;

(e) Borrower and Transferee, without any cost to Lender, shall furnish any information requested by Lender for the preparation of, and shall authorize Lender to file, new financing statements and financing statement amendments and other documents to the fullest extent permitted by applicable law, and shall execute any additional documents reasonably requested by Lender;

(f) Borrower shall have delivered to Lender, without any cost or expense to Lender, such endorsements to Lender's Title Insurance Policy insuring that fee simple or leasehold title to the Property, as applicable, is vested in Transferee (subject to Permitted Encumbrances), hazard insurance endorsements or certificates and other similar materials as Lender may deem necessary at the time of the transfer, all in form and substance satisfactory to Lender;

(g) Transferee shall have furnished to Lender, if Transferee is a corporation, partnership, limited liability company or other entity, all appropriate papers evidencing Transferee's organization and good standing, and the qualification of the signers to execute the assumption of the Debt, which papers shall include certified copies of all documents relating to the organization and formation of Transferee and of the entities, if any, which are partners or members of Transferee. Transferee and such constituent partners, members or shareholders of Transferee (as the case may be), as Lender shall require, shall comply with the covenants set forth in Article 6 hereof;

(h) Transferee shall assume the obligations of Borrower under any Management Agreement or provide a new management agreement with a new Qualified Manager which meets with the requirements of Section 5.14 hereof and assign to Lender as additional security such new management agreement;

(i) Transferee shall furnish an opinion of counsel satisfactory to Lender and its counsel (A) that Transferee's formation documents provide for the matters described in subparagraph (g) above, (B) that the assumption of the Debt has been duly authorized, executed and delivered, and that the Note, the Mortgage, this Agreement, the assumption agreement and the other Loan Documents are valid, binding and enforceable against Transferee in accordance with their terms, (C) that Transferee and any entity which is a controlling stockholder, member or general partner of Transferee, have been duly organized, and are in existence and good standing, and (D) with respect to such other matters as Lender may reasonably request;

(j) if required by Lender, Lender shall have received confirmation in writing from the Rating Agencies that rate the Securities to the effect that the transfer will not result in a qualification, downgrade or withdrawal of any rating initially assigned or to be assigned to the Securities;

(k) Borrower's obligations under the contract of sale pursuant to which the transfer is proposed to occur shall expressly be subject to the satisfaction of the terms and conditions of this Section 7.5; and

(l) Transferee shall, prior to such transfer, deliver a substantive non-consolidation opinion to Lender, which opinion shall be in form, scope and substance acceptable in all respects to Lender and the Rating Agencies.

A consent by Lender with respect to a transfer of the Property in its entirety or one hundred percent (100%) of the ownership interests in Borrower to, and the related assumption of the Loan by, a Transferee pursuant to this Section 7.5 shall not be construed to be a waiver of the right of Lender to consent to any subsequent Sale of Pledge of the Property.

SECTION 7.6. EASEMENTS; LICENSES.

Notwithstanding anything contained to the contrary herein, Borrower may grant easements, covenants, reservations and rights of way with respect to the Property in the ordinary course of business for utilities, ingress and egress and other similar purposes provided such grants, transfers, conveyances or easements (i) do not impair the utility or operation of the Property, materially adversely effect the value of Property or adversely affect Borrower's ability to repay the Loan and (ii) shall be in form reasonably acceptable to Lender, and, in such case, Lender shall subordinate the Lien of the Security Instrument to such grant, easement, transfer or conveyance.

ARTICLE VIII

INSURANCE; CASUALTY; CONDEMNATION; RESTORATION

SECTION 8.1. INSURANCE

(a) Borrower shall obtain and maintain, or cause to be maintained, at all times insurance for Borrower and the Property providing at least the following coverages:

(i) comprehensive "all risk" insurance on the Improvements and the Personal Property, in each case (A) in an amount equal to one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions; (C) providing for no deductible in excess of \$100,000 for all such insurance coverage; and (D) if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses, providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements and containing an "Ordinance or Law Coverage" or "Enforcement" endorsement. In addition, Borrower shall obtain: (y) if any portion of the Improvements (it being understood that for purposes of this clause (y) only, Improvements shall only mean that portion of the Improvements consisting of a clubhouse or community center) is currently or at any time in the future located in a "special flood hazard area" designated

by the Federal Emergency Management Agency, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended; and (z) earthquake insurance in amounts and in form and substance reasonably satisfactory to Lender in the event the Property is located in an area with a high degree of seismic risk, provided that the insurance pursuant to clauses (y) and (z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this subsection (i);

(ii) Commercial General Liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, with such insurance (A) to be on the so-called "occurrence" form with a general aggregate limit of not less than \$2,000,000 and a per occurrence limit of not less than \$1,000,000; and (B) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations; (3) independent contractors; (4) blanket contractual liability; and (5) contractual liability covering the indemnities contained in Article 12 and Article 14 hereof to the extent the same is available;

(iii) loss of rents insurance or business income insurance, as applicable, (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in subsection (i) above; and (C) which provides that after the physical loss to the Improvements and Personal Property occurs, the loss of rents or income, as applicable, will be insured until completion of Restoration or the expiration of twelve (12) months, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (D) which contains 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 six (6) months from the date that the Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such loss of rents or business income insurance, as applicable, shall be determined prior to the date hereof and at least once each year thereafter based on Borrower's reasonable estimate of the gross income from the Property for the succeeding period of coverage required above. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied to the obligations secured by the Loan Documents from time to time due and payable hereunder and under the Note; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured by the Loan Documents on the respective dates of payment provided for in the Note, this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such loss of rents or business income insurance, as applicable;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Property coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in

subsection (i) above written in a so-called Builder's Risk Completed Value form (1) on a non-reporting basis, (2) against "all risks" insured against pursuant to subsection (i) above, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the State, and employer's liability insurance in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable);

(vi) comprehensive equipment breakdown insurance, if applicable, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above;

(vii) excess liability insurance in an amount not less than \$50,000,000 per occurrence on terms consistent with the commercial general liability insurance required under subsection (ii) above; and

(viii) insurance against damage resulting from acts of terrorism, on terms consistent with the commercial property insurance policy required under subsection (i) above and on terms consistent with the business income policy required under subsection (iii) above; provided such coverage shall not be in an amount less than \$5,000,000.00; provided, further, Borrower shall only be required to maintain such terrorism insurance (and in no way limiting the coverage for the all risk insurance except as such coverage relates to perils resulting from terrorism) equal to the lesser of (A) the amount of coverage Borrower is required to maintain pursuant to this clause (viii) or (B) in the event that terrorism coverage is not available at commercially reasonable rates at any time, then the maximum amount of coverage that Borrower can obtain by paying an annual premium in the amount of 200% of the portion of the Borrower's insurance premiums allocable to terrorism insurance coverage as of the date hereof.

(ix) upon sixty (60) days' written notice, such other reasonable insurance and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(b) All insurance provided for in Section 8.1(a) shall be obtained under valid and enforceable policies (collectively, the "POLICIES" or in the singular, the "POLICY"), and shall be subject to the reasonable approval of Lender as to insurance companies, amounts, deductibles, loss payees and insureds. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the State and having (i) with respect to the primary layer(s) of coverage (which shall not be less than \$5,000,000.00) a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender, and (ii) with respect to additional layers of coverage, a claims paying ability rating of "A" or better by S&P or such other Rating Agency approved by Lender. To the extent such Policies are not available as of the Closing Date, Borrower shall deliver certified copies of all Policies to Lender not later than thirty (30) days after the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, renewal Policies accompanied by evidence

satisfactory to Lender of payment of the premiums due thereunder (the "INSURANCE PREMIUMS") shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 8.1(a).

(d) All Policies provided for or contemplated by Section 8.1(a), except for the Policy referenced in Section 8.1(a)(v), shall name Borrower as the insured and Lender as the additional insured, as its interests may appear, and in the case of property damage, equipment breakdown, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies provided for in Section 8.1(a) shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policies shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least thirty (30) days' prior written notice to Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give written notice to Lender if the Policies have not been renewed thirty (30) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, obtaining such insurance coverage as Lender in its sole discretion deems appropriate. All premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and, until paid, shall be secured by the Mortgage and shall bear interest at the Default Rate.

SECTION 8.2. CASUALTY

If the Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "CASUALTY"), Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the Restoration of the Property in accordance with

Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. Borrower shall pay all costs of such Restoration to the extent such costs are not covered by insurance. Lender may, but shall not be obligated to make proof of loss if not made timely by Borrower. Borrower shall adjust all claims for Insurance Proceeds in consultation with, and approval of, Lender; provided, however, if an Event of Default has occurred and is continuing, Lender shall have the exclusive right to participate in the adjustment of all claims for Insurance Proceeds.

SECTION 8.3. CONDEMNATION

Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of the Property of which Borrower has knowledge and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If the Property or any portion thereof is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of the Property and otherwise comply with the provisions of Section 8.4, provided Lender makes the Net Proceeds available pursuant to Section 8.4. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Debt.

SECTION 8.4. RESTORATION

The following provisions shall apply in connection with the Restoration of the Property:

(a) If the Net Proceeds shall be less than \$250,000 and the costs of completing the Restoration shall be less than \$250,000, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 8.4(b)(i) are met (except for Section 8.1(b)(i)(J)) and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement; provided, however, with respect to the budget delivered to Lender pursuant to Section 8.4(b)(i)(I), such budget is not subject to the prior approval of Lender.

(b) If the Net Proceeds are equal to or greater than \$250,000 or the costs of completing the Restoration are equal to or greater than \$250,000, Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 8.4. The term "NET PROCEEDS" for purposes of this Section 8.4 shall mean: (i) the net amount of all insurance proceeds received by Lender pursuant to Section 8.1(a) (i), (iv), (vi) and (viii) as a result of a Casualty, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("INSURANCE PROCEEDS"), or (ii) the net amount of the Award as a result of a Condemnation, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same ("CONDEMNATION PROCEEDS"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower for Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing;

(B) No later than the date the insurance described in Section 8.1(a) (iii) hereof expires or would expire, Tenants under Leases covering in the aggregate at least fifty percent (50%) of the total rentable space in the Property which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such Casualty or Condemnation, whichever the case may be shall remain in full force and effect during and after the completion of the Restoration;

(C) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than sixty (60) days after such Casualty or Condemnation or thirty (30) days after adjustment of the Net Proceeds, whichever is later, whichever the case may be, occurs) and shall diligently pursue the same to satisfactory completion;

(D) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Property as a result of the occurrence of any such Casualty or Condemnation, whichever the case may be, will be covered out of the insurance coverage referred to in Section 8.1(a) (iii) above or funds provided by the Borrower;

(E) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date, (2) such time as may be required under applicable zoning law, ordinance, rule or regulation, or (3) the expiration of the insurance coverage referred to in Section 8.1(a) (iii) unless Borrower Principal agrees to make capital contributions to Borrower which are sufficient to make any payments to Lender pursuant to the terms hereof;

(F) the Property and the use thereof after the Restoration will be in compliance with and permitted under all Legal Requirements;

(G) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in substantial compliance with all applicable Legal Requirements;

(H) such Casualty or Condemnation, as applicable, does not result in the loss of access to the Property or the Improvements;

(I) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender; and

(J) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's reasonable judgment to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender until disbursements commence, and, until disbursed in accordance with the provisions of this Section 8.4, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all the conditions precedent to such advance, including those set forth in Section 8.4(b)(i), have been satisfied, (B) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the related Restoration item have been paid for in full, and (C) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Property which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy. Notwithstanding the foregoing, Insurance Proceeds from the Policies required to be maintained by Borrower pursuant to Section 8.1(a)(iii) shall be controlled by Lender at all times, shall not be subject to the provisions of this Section 8.4 and shall be used solely for the payment of the obligations under the Loan Documents and Operating Expenses.

(iii) All plans and specifications required in connection with a Restoration in excess of \$250,000 shall be subject to prior review and reasonable acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the "RESTORATION CONSULTANT"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts in excess of \$50,000 under which they have been engaged, shall be subject to prior review and reasonable acceptance by Lender and the Restoration Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration, including, without limitation, reasonable counsel fees and disbursements and the Restoration Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Restoration Consultant, minus the Restoration Retainage. The term "RESTORATION RETAINAGE" shall mean an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Restoration Consultant, until the Restoration has been completed. The Restoration Retainage shall be reduced to five percent (5%) of the costs incurred upon receipt by Lender of satisfactory evidence that fifty percent (50%) of the Restoration has been completed. The Restoration Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 8.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Restoration Retainage shall not be released until the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b) and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Restoration Retainage; provided, however, that Lender will release the portion of the Restoration Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Restoration Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Restoration Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender in consultation with the Restoration Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Restoration Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "NET PROCEEDS DEFICIENCY") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 8.4(b) shall constitute additional security for the Debt and other obligations under the Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Restoration Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 8.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing under the Note, this Agreement or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Section 8.4(b)(vii) may (x) be retained and applied by Lender toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as Lender in its sole discretion shall deem proper, or, (y) at the sole discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes and upon such conditions as Lender shall designate.

(d) In the event of foreclosure of the Mortgage, or other transfer of title to the Property in extinguishment in whole or in part of the Debt, all right, title and interest of Borrower in and to the Policies then in force concerning the Property and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure, Lender or other transferee in the event of such other transfer of title.

ARTICLE IX RESERVE FUNDS

SECTION 9.1. REQUIRED REPAIRS

(a) Borrower shall make the repairs and improvements to the Property set forth on Schedule I and as more particularly described in the Physical Conditions Report prepared in connection with the closing of the Loan (such repairs hereinafter referred to as "REQUIRED REPAIRS"). Borrower shall complete the Required Repairs in a good and workmanlike manner on or before the date that is twelve (12) months from the date hereof or within such other time frame for completion specifically set forth on Schedule I.

(b) Borrower shall establish on the date hereof an account with Lender or Lender's agent to fund the Required Repairs (the "REQUIRED REPAIR ACCOUNT") into which Borrower shall deposit on the date hereof the amount of \$0.00. Amounts so deposited shall hereinafter be referred to as the "REQUIRED REPAIR FUNDS".

SECTION 9.2. REPLACEMENTS

(a) On an ongoing basis throughout the term of the Loan, Borrower shall make capital repairs, replacements and improvements necessary to keep the Property in good order and repair and in a good marketable condition or prevent deterioration of the Property (collectively, the "REPLACEMENTS"). Borrower shall complete all Replacements in a good and workmanlike manner as soon as commercially reasonable after commencing to make each such Replacement.

(b) Upon the commencement of a Reserve DSCR Period Borrower shall establish an Eligible Account with Lender or Lender's agent to fund the Replacements (the "REPLACEMENT RESERVE ACCOUNT"). Borrower shall deposit, during the continuance of a Reserve DSCR Period, one-twelfth (1/12) of the sum \$50.00 per pad site on the Property (the "Replacement Reserve Monthly Deposit") into the Replacement Reserve Account on each Scheduled Payment Date. Amounts so deposited shall hereinafter be referred to as "Replacement Reserve Funds".

SECTION 9.3. INTENTIONALLY RESERVED

SECTION 9.4. REQUIRED WORK

Borrower shall diligently pursue all Required Repairs and Replacements (collectively, the "Required Work") to completion in accordance with the following requirements:

(a) Lender reserves the right, at its option, to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Required Work to the extent such contracts or work orders exceed \$50,000, which approval shall not be unreasonably withheld, conditioned or delayed. Upon Lender's request, Borrower shall assign any contract or subcontract to Lender.

(b) In the event Lender determines in its reasonable discretion that any Required Repair is not being or has not been performed in a workmanlike or timely manner (consistent with the time deadlines provided herein). Upon written notice to Borrower and Borrower's failure to commence performance thereof within thirty (30) days, weather permitting, Lender shall have the option to withhold disbursement for such unsatisfactory Required Repairs and to proceed under existing contracts or to contract with third parties to complete such Required Repairs and to apply the Required Repair Funds, toward the labor and materials necessary to complete such Required Repairs and to exercise any and all other remedies available to Lender upon an Event of Default hereunder.

(c) In order to facilitate Lender's completion of the Required Repair, effective only when Lender has the right to exercise its rights under Section 9.4(b), Borrower grants Lender the right to enter onto the Property and perform any and all work and labor necessary to complete Required Work and/or employ watchmen to protect the Property from damage. All sums so expended by Lender, to the extent not from the Reserve Funds, shall be deemed to have been advanced under the Loan to Borrower and secured by the Mortgage. For this purpose and subject to the limitations contained in the first sentence of this Section 9.4(c), Borrower constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution to complete or undertake the Required Repair in the name of Borrower upon Borrower's failure to do so in a workmanlike and timely manner. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked. Borrower empowers said attorney-in-fact as follows: (i) to use any of the Reserve Funds for the purpose of making or completing the Required Repair; (ii) to make such additions, changes and corrections to the Required Repair as shall be necessary or desirable to complete the Required Repair as set forth herein and the schedules hereto; (iii) to employ or retain such contractors, subcontractors, agents,

architects and inspectors as shall be required for such purposes at commercially reasonable prices to the extent such work is not being performed by contractors or subcontractors retained by Borrower; (iv) to pay, settle or compromise all existing bills and claims which are or may become Liens against the Property, or as may be necessary or desirable for the completion of the Required Repair, or for clearance of title; (v) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Property or the rehabilitation and repair of the Property; and (vii) to do any and every act which Borrower might do on its own behalf to fulfill the terms of this Section 9.4.

s(d) Nothing in this Section 9.4 shall: (i) make Lender responsible for making or completing the Required Repair; (ii) require Lender to expend funds in addition to the Reserve Funds to make or complete any Required Repair; (iii) obligate Lender to proceed with the Required Repair; or (iv) obligate Lender to demand from Borrower additional sums to make or complete any Required Repair.

(e) Borrower shall permit Lender and Lender's agents and representatives (including, without limitation, Lender's engineer, architect, or inspector) or third parties performing Required Repair pursuant to this Section 9.4 to enter onto the Property upon reasonable advance notice during normal business hours (subject to the rights of tenants under their Leases) to inspect the progress of any Required Repair and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Required Repair which are or may be kept at the Property, and to complete any Required Repair made pursuant to this Section 9.4. Borrower shall cause all contractors and subcontractors to cooperate with Lender and Lender's representatives or such other persons described above in connection with inspections described in this Section 9.4 or the completion of Required Repair pursuant to this Section 9.4.

(f) Lender may, to the extent any Required Work would reasonably require an inspection of the Property, inspect the Property at Borrower's expense prior to making a disbursement of the Reserve Funds in order to verify completion of the Required Work for which reimbursement is sought. If Borrower has reserved any amounts for such Required Repair pursuant to Section 9.1 hereof, Borrower shall pay Lender a reasonable inspection fee not exceeding \$500.00 for each such inspection. Lender may require that such inspection be conducted by an appropriate independent qualified professional selected by Lender and/or may require a copy of a certificate of completion by an independent qualified professional acceptable to Lender prior to the disbursement of the Reserve Funds. Borrower shall pay the expense of the inspection as required hereunder, whether such inspection is conducted by Lender or by an independent qualified professional.

(g) The Required Work and all materials, equipment, fixtures, or any other item comprising a part of any Required Work shall be constructed, installed or completed, as applicable, free and clear of all mechanic's, materialman's or other Liens (except for Permitted Encumbrances).

(h) Before each disbursement of the Reserve Funds in excess of \$50,000, Lender may require Borrower to provide Lender with a search of title to the Property effective to

the date of the disbursement, which search shows that no mechanic's or materialmen's or other Liens of any nature have been placed against the Property since the date of recordation of the Mortgage and that title to the Property is free and clear of all Liens (except for Permitted Encumbrances).

(i) All Required Work shall comply with all Legal Requirements and applicable insurance requirements including, without limitation, applicable building codes, special use permits, environmental regulations, and requirements of insurance underwriters.

(j) Borrower hereby assigns to Lender all rights and claims Borrower may have against all Persons supplying labor or materials in connection with the Required Work; provided, however, that Lender may not pursue any such rights or claims unless an Event of Default has occurred and remains uncured.

SECTION 9.5. RELEASE OF RESERVE FUNDS

(a) Upon written request from Borrower and satisfaction of the requirements set forth in this Agreement, Lender shall disburse to Borrower amounts from (i) the Required Repair Account to the extent necessary to reimburse Borrower for the actual costs of each Required Repair (but not exceeding 125% of the original estimated cost of such Required Repair as set forth on Schedule I, unless Lender has agreed to reimburse Borrower for such excess cost pursuant to Section 9.5(f)) or (ii) the Replacement Reserve Account to the extent necessary to reimburse Borrower for the actual costs of any approved Replacements. Notwithstanding the preceding sentence, in no event shall Lender be required to (x) disburse any amounts which would cause the amount of funds remaining in the Required Repair Account after any disbursement (other than with respect to the final disbursement) to be less than 125% of the then current estimated cost of completing all remaining Required Repairs for the Property, (y) disburse funds from any of the Reserve Accounts if an Event of Default exists, or (z) disburse funds from the Replacement Reserve Account to reimburse Borrower for the costs of routine repairs or maintenance to the Property or for costs which are to be reimbursed from funds held in the Required Repair Account.

(b) Each request for disbursement from any of the Reserve Accounts shall be on a form provided or approved by Lender and shall (i) include copies of invoices for all items or materials purchased and all labor or services provided and (ii) specify (A) the Required Work for which the disbursement is requested, (B) the quantity and price of each item purchased, if the Required Work includes the purchase or replacement of specific items, (C) the price of all materials (grouped by type or category) used in any Required Work other than the purchase or replacement of specific items, and (D) the cost of all contracted labor or other services applicable to each Required Work for which such request for disbursement is made. With each request Borrower shall certify that all Required Work has been performed in accordance with all Legal Requirements. Except as provided in Section 9.5(d), each request for disbursement shall be made only after completion of the Required Repair or Replacement (or the portion thereof completed in accordance with Section 9.5(d)), as applicable, for which disbursement is requested. Borrower shall provide Lender evidence satisfactory to Lender in its reasonable judgment of such completion or performance.

(c) Borrower shall pay all invoices in connection with the Required Work with respect to which a disbursement is requested prior to submitting such request for disbursement from the Reserve Accounts or, at the request of Borrower, Lender will issue joint checks, payable to Borrower and the contractor, supplier, materialman, mechanic, subcontractor or other party to whom payment is due in connection with the Required Work. In the case of payments made by joint check, Lender may require a waiver of lien from each Person receiving payment prior to Lender's disbursement of the Reserve Funds. In addition, as a condition to any disbursement, Lender may require Borrower to obtain lien waivers from each contractor, supplier, materialman, mechanic or subcontractor who receives payment in an amount equal to or greater than \$50,000 for completion of its work or delivery of its materials. Any lien waiver delivered hereunder shall conform to all Legal Requirements and shall cover all work performed and materials supplied (including equipment and fixtures) for the Property by that contractor, supplier, subcontractor, mechanic or materialman through the date covered by the current disbursement request (or, in the event that payment to such contractor, supplier, subcontractor, mechanic or materialmen is to be made by a joint check, the release of lien shall be effective through the date covered by the previous release of funds request).

(d) If (i) the cost of any item of Required Work exceeds \$50,000, (ii) the contractor performing such Required Work requires periodic payments pursuant to terms of a written contract, and (iii) Lender has approved in writing in advance such periodic payments (provided, Lender shall not be entitled to approve the contract if Lender has already approved such contract pursuant to the provisions of Section 9.4(a)), a request for disbursement from the Reserve Accounts may be made after completion of a portion of the work under such contract, provided (A) such contract requires payment upon completion of such portion of work, (B) the materials for which the request is made are on site at the Property and are properly secured or have been installed in the Property, and (C) all other conditions in this Agreement for disbursement have been satisfied.

(e) Borrower shall not make a request for, nor shall Lender have any obligation to make, any disbursement from any Reserve Account more frequently than once in any calendar month and (except in connection with the final disbursement) in any amount less than the lesser of (i) \$10,000 or (ii) the total cost of the Required Work for which the disbursement is requested.

(f) In the event any Borrower requests a disbursement from the Required Repair Account to reimburse Borrower for the actual cost of labor or materials used in connection with repairs or improvements other than the Required Repairs specified on Schedule I, or for a Required Repair to the extent the cost of such Required Repair exceeds 125% of the estimated cost of such Required Repair as set forth on Schedule I (in either case, an "ADDITIONAL REQUIRED REPAIR"), Borrower shall disclose in writing to Lender the reason why funds in the Required Repair Account should be used to pay for such Additional Required Repair. If Lender determines that (i) such Additional Required Repair is of the type intended to be covered by the Required Repair Account, (ii) costs for such Additional Required Repair are reasonable, (iii) the funds in the Required Repair Account are sufficient to pay for such Additional Required Repair and all other Required Repairs for the Property specified on Schedule I, (iv) such Additional Required Repair is not covered or is not of the type intended to be covered by the Replacement

Reserve Account, and (v) all other conditions for disbursement under this Agreement have been met, Lender may disburse funds from the Required Repair Account.

(g) Intentionally reserved.

(h) Lender's disbursement of any Reserve Funds or other acknowledgment of completion of any Required Work in a manner satisfactory to Lender shall not be deemed a certification or warranty by Lender to any Person that the Required Work has been completed in accordance with Legal Requirements.

(i) If the funds in any Reserve Account should exceed the amount of payments actually applied by Lender for the purposes of the account, Lender shall return any excess to Borrower, unless at the time Borrower is required to make future payments to the Reserve Account, in which case Lender may, in its discretion, credit such excess against future payments to be made to that Reserve Account. In allocating any such excess, Lender may deal with the Person shown on Lender's records as being the owner of the Property. If at any time Lender reasonably determines that the Reserve Funds are not or will not be sufficient to make the required payments, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment thereof.

(j) The insufficiency of any balance in any of the Reserve Accounts shall not relieve Borrower from its obligation to fulfill all preservation and maintenance covenants in the Loan Documents.

(k) Upon the earlier to occur of (i) the timely completion of all Required Repairs and any Additional Required Repairs, if any, in accordance with the requirements of this Agreement, as verified by Lender in its reasonable discretion, or (ii) the payment in full of the Debt, all amounts remaining on deposit, if any, in the Required Repair Account shall be returned to Borrower or the Person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

(l) Upon payment in full of the Debt, all amounts remaining on deposit, if any, in the Replacement Reserve Account shall be returned to Borrower or the Person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto.

SECTION 9.6. TAX AND INSURANCE RESERVE FUNDS

Upon the commencement of a Reserve DSCR Period Borrower shall establish an account with Lender or Lender's agent sufficient to discharge Borrower's obligations for the payment of Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof (the "TAX AND INSURANCE RESERVE ACCOUNT"), which amount, when added to the required monthly deposits set forth in the next sentence, is sufficient to make the payments of Taxes and Insurance Premiums as required herein. Borrower shall deposit into the Tax and Insurance Reserve Account on each Scheduled Payment Date (a) one-twelfth of the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Taxes at least thirty (30) days prior to

the earlier of (i) the date that the same will become delinquent and (ii) the date that additional charges or interest will accrue due to the non-payment thereof, and (b) except to the extent Lender has waived the insurance escrow because the insurance required hereunder is maintained under a blanket insurance Policy acceptable to Lender in accordance with Section 8.1(c), one-twelfth of the Insurance Premiums that Lender estimates will be payable during the next ensuing twelve (12) months for the renewal of the coverage afforded by the Policies upon the expiration thereof or such higher amount necessary to accumulate with Lender sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (said amounts in (a) and (b) above hereinafter called the "TAX AND INSURANCE RESERVE Funds"). Lender will apply the Tax and Insurance Reserve Funds to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Section 5.4 and Section 8.1 hereof. In making any disbursement from the Tax and Insurance Reserve Account, Lender may do so according to any bill, statement or estimate procured from the appropriate public office or tax lien service (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax and Insurance Reserve Funds shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Section 5.4 and Section 8.1 hereof, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax and Insurance Reserve Account. In allocating any such excess, Lender may deal with the person shown on Lender's records as being the owner of the Property. Any amount remaining in the Tax and Insurance Reserve Account after the Debt has been paid in full shall be returned to Borrower or the person shown on Lender's records as being the owner of the Property and no other party shall have any right or claim thereto. If at any time Lender reasonably determines that the Tax and Insurance Reserve Funds are not or will not be sufficient to pay Taxes and Insurance Premiums by the dates set forth in (a) and (b) above, Lender shall notify Borrower of such determination and Borrower shall pay to Lender any amount necessary to make up the deficiency within ten (10) days after notice from Lender to Borrower requesting payment thereof. Notwithstanding the foregoing, so long as (x) Borrower is maintaining all or a portion of the insurance required under Section 8.1 through a blanket insurance policy in accordance with the terms and conditions hereof, including, but not limited to, Section 8.1(c) hereof and such blanket policy is acceptable to Lender, (y) no Event of Default exists and (z) Borrower provides Lender with evidence in form and substance satisfactory to Lender of the annual renewal of such blanket insurance policy, Borrower shall not be required to escrow for Insurance Premiums as set forth in this Section 9.6 for that portion of the insurance required under Section 8.1 which is covered by the blanket insurance policy in accordance with the terms hereof. In the event that, at any time, a blanket insurance policy is not in effect in accordance with the terms and conditions hereof, Borrower shall immediately provide for either (i) an individual policy for the Property complying with the terms and conditions set forth herein and shall immediately commence making deposits for Insurance Premiums in accordance with this Section 9.6 or (ii) a replacement blanket policy complying with the terms and conditions set forth herein and acceptable to Lender. Notwithstanding the foregoing, Borrower shall not be required to make monthly deposits for Taxes pursuant to clause (a) above, unless a Reserve DSCR Period is continuing; provided, however, in the event a Reserve DSCR Period is continuing, in lieu of making the monthly deposits required pursuant to clause (a) above, Borrower may elect to deliver to Lender, within ten (10) Business Days after the commencement of a Reserve DSCR

Period, a Letter of Credit in an amount equal to the Taxes that Lender estimates will be payable during the next ensuing twelve (12) months. Borrower shall give Lender no less than five (5) Business days notice of Borrower's election to deliver a Letter of Credit pursuant to this Section 9.6 and Borrower shall pay to Lender all of Lender's reasonable out-of-pocket costs and expenses in connection therewith. Borrower shall not be entitled to draw from any such Letter of Credit. Upon thirty (30) days notice to Lender, Borrower may replace a Letter of Credit with a cash deposit to the Tax and Insurance Reserve Fund if a Letter of Credit has been outstanding for more than six (6) months. Prior to the return of a Letter of Credit, Borrower shall deposit an amount equal to the amount that would have accumulated in the Tax and Insurance Reserve Fund and not been disbursed in accordance with this Agreement if such Letter of Credit had not been delivered. Borrower shall provide Lender with notice of any increases in the annual payments for Taxes thirty (30) days prior to the effective date of any such increase and any applicable Letter of Credit shall be increased by such increased amount at least ten (10) days prior to the effective date of such increase. So long as no Event of Default has occurred and is continuing, upon the discontinuance of a Reserve DSCR Period, Lender shall release to Borrower any Letter of Credit delivered to Lender pursuant to this Section 9.6 or return to Borrower all funds in the Tax and Insurance Reserve Account.

SECTION 9.7. INTENTIONALLY RESERVED

SECTION 9.8. INTENTIONALLY RESERVED

SECTION 9.9. LETTERS OF CREDIT

(a) Each Letter of Credit delivered under this Agreement shall be additional security for the payment of the Debt. Upon the occurrence of an Event of Default, Lender shall have the right, at its option, to draw on any Letter of Credit and to apply all or any part thereof to the payment of the items for which such Letter of Credit was established or to apply each such Letter of Credit to payment of the Debt in such order, proportion or priority as Lender may determine. Any such application to the Debt shall be subject to the prepayment premium set forth in Section 2.4(c) hereof.

(b) In addition to any other right Lender may have to draw upon a Letter of Credit pursuant to the terms and conditions of this Agreement, Lender shall have the additional rights to draw in full any Letter of Credit: (i) with respect to any evergreen Letter of Credit, if Lender has received a notice from the issuing bank that the Letter of Credit will not be renewed and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (ii) with respect to any Letter of Credit with a stated expiration date, if Lender has not received a notice from the issuing bank that it has renewed the Letter of Credit at least thirty (30) days prior to the date on which such Letter of Credit is scheduled to expire and a substitute Letter of Credit is not provided at least thirty (30) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (iii) upon receipt of notice from the issuing bank that the Letter of Credit will be terminated (except if the termination of such Letter of Credit is permitted pursuant to the terms and conditions of this Agreement or a substitute Letter of Credit is provided); or (iv) if Lender has received notice that the bank issuing the Letter of Credit shall cease to be an Eligible Institution; provided, however, so long as no Event of Default is continuing, any funds resulting from draw made by Lender

pursuant to the provisions of clauses (i) - (iv) above shall be deposited into the Reserve Account for which Borrower delivered such Letter of Credit. Notwithstanding anything to the contrary contained in the above, Lender is not obligated to draw any Letter of Credit upon the happening of an event specified in (i), (ii), (iii) or (iv) above and shall not be liable for any losses sustained by Borrower due to the insolvency of the bank issuing the Letter of Credit if Lender has not drawn the Letter of Credit.

SECTION 9.10. RESERVE FUNDS GENERALLY

(a) (i) Except for the Required Repair Account and the Replacement Reserve Account, no earnings or interest on the Reserve Accounts shall be payable to Borrower. Neither Lender nor any loan servicer that at any time holds or maintains such non-interest-bearing Reserve Accounts such Reserve Accounts or any funds deposited therein in interest-bearing accounts. If Lender or any such loan servicer elects in its sole and absolute discretion to keep or maintain any non-interest-bearing Reserve Account or any funds deposited therein in an interest-bearing account, the account shall be an Eligible Account and (A) such funds shall not be invested except in Permitted Investments, and (B) all interest earned or accrued thereon shall be for the account of and be retained by Lender or such loan servicer.

(ii) Funds deposited in the Required Repair Account and the Replacement Reserve Account shall be held in an interest-bearing business savings account and interest shall be credited to Borrower. In no event shall Lender or any loan servicer that at any time holds or maintains the Required Repair Account or Replacement Reserve Account, as applicable, be required to select any particular interest-bearing account or the account that yields the highest rate of interest, provided that selection of the account shall be consistent with the general standards at the time being utilized by Lender or the loan servicer, as applicable, in establishing similar accounts for loans of comparable type. All such interest shall be and become part of the Required Repair Account and the Replacement Reserve Account, as applicable, and shall be disbursed in accordance with Section 9.5 above; provided, however, that Lender may, at its election, retain any such interest for its own account during the occurrence and continuance of an Event of Default. Borrower agrees that it shall include all interest on Required Repair Funds and Replacement Reserve Funds as the income of Borrower (and, if Borrower is a partnership or other pass-through entity, the partners, members or beneficiaries of Borrower, as the case may be), and shall be the owner of the Required Repair Funds and Replacement Reserve Funds for federal and applicable state and local tax purposes, except to the extent that Lender retains any interest for its own account during the occurrence and continuance of an Event of Default as provided herein.

(b) Borrower grants to Lender a first-priority perfected security interest in, and assigns and pledges to Lender all Reserve Funds now or hereafter deposited in the related Reserve Accounts as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Reserve Accounts and the Reserve Funds shall constitute additional security for the Debt. The provisions of this Section 9.10 are intended to give Lender or any subsequent holder of the Loan "control" of the Reserve Accounts within the meaning of the UCC.

(c) The Reserve Accounts and any and all Reserve Funds now or hereafter deposited in the Reserve Accounts shall be subject to the exclusive dominion and control of Lender, which shall hold the Reserve Accounts and any or all Reserve Funds now or hereafter deposited in the Reserve Accounts subject to the terms and conditions of this Agreement. Borrower shall have no right of withdrawal from the Reserve Accounts or any other right or power with respect to the Reserve Accounts or any or all of the Reserve Funds now or hereafter deposited in the Reserve Accounts, except as expressly provided in this Agreement.

(d) Lender shall furnish or cause to be furnished to Borrower, without charge, a quarterly accounting of each Reserve Account in the normal format of Lender or its loan servicer, showing credits and debits to such Reserve Account, if any, and the purpose for which each debit to each Reserve Account was made, if any.

(e) As long as no Event of Default has occurred, Lender shall make disbursements from the Reserve Accounts in accordance with this Agreement. All such disbursements shall be deemed to have been expressly pre-authorized by Borrower, and shall not be deemed to constitute the exercise by Lender of any remedies against Borrower unless an Event of Default has occurred and is continuing and Lender has expressly stated in writing its intent to proceed to exercise its remedies as a secured party, pledgee or lienholder with respect to the Reserve Accounts.

(f) If any Event of Default occurs, Borrower shall immediately lose all of its rights to receive disbursements from the Reserve Accounts until the earlier to occur of (i) the date on which such Event of Default is cured to Lender's satisfaction, or (ii) the payment in full of the Debt. In addition, at Lender's election, Borrower shall lose all of its rights to receive interest on the Required Repair Account and the Replacement Reserve Account during the occurrence and continuance of an Event of Default. Upon the occurrence of any Event of Default, Lender may exercise any or all of its rights and remedies as a secured party, pledgee and lienholder with respect to the Reserve Accounts. Without limitation of the foregoing, upon any Event of Default, Lender may use and disburse the Reserve Funds (or any portion thereof) for any of the following purposes: (A) repayment of the Debt, including, but not limited to, principal prepayments and the prepayment premium applicable to such full or partial prepayment (as applicable); (B) reimbursement of Lender for all losses, fees, costs and expenses (including, without limitation, reasonable legal fees) suffered or incurred by Lender as a result of such Event of Default; (C) payment of any amount expended in exercising any or all rights and remedies available to Lender at law or in equity or under this Agreement or under any of the other Loan Documents; (D) payment of any item from any of the Reserve Accounts as required or permitted under this Agreement; or (E) any other purpose permitted by applicable law; provided, however, that any such application of funds shall not cure or be deemed to cure any Event of Default. Without limiting any other provisions hereof, each of the remedial actions described in the immediately preceding sentence shall be deemed to be a commercially reasonable exercise of Lender's rights and remedies as a secured party with respect to the Reserve Funds and shall not in any event be deemed to constitute a setoff or a foreclosure of a statutory banker's lien. Nothing in this Agreement shall obligate Lender to apply all or any portion of the Reserve Funds to effect a cure of any Event of Default, or to pay the Debt, or in any specific order of priority. The exercise of any or all of Lender's rights and remedies under this Agreement or under any of

the other Loan Documents shall not in any way prejudice or affect Lender's right to initiate and complete a foreclosure under the Mortgage.

(g) The Reserve Funds shall not constitute escrow or trust funds and may be commingled with other monies held by Lender. Notwithstanding anything else herein to the contrary, Lender may commingle in one or more Eligible Accounts any and all funds controlled by Lender, including, without limitation, funds pledged in favor of Lender by other borrowers, whether for the same purposes as the Reserve Accounts or otherwise. Without limiting any other provisions of this Agreement or any other Loan Document, the Reserve Accounts may be established and held in such name or names as Lender or its loan servicer, as agent for Lender, shall deem appropriate, including, without limitation, in the name of Lender or such loan servicer as agent for Lender. In the case of any Reserve Account which is held in a commingled account, Lender or its loan servicer, as applicable, shall maintain records sufficient to enable it to determine at all times which portion of such account is related to the Loan. Upon assignment of the Loan by Lender, any Reserve Funds shall be turned over to the assignee and any responsibility of Lender as assignor shall terminate. The requirements of this Agreement concerning Reserve Accounts in no way supersede, limit or waive any other rights or obligations of the parties under any of the Loan Documents or under applicable law.

(h) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in the Reserve Accounts or the Reserve Funds deposited therein or permit any Lien to attach thereto, except for the security interest granted in this Section 9.10, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(i) Borrower will maintain the security interest created by this Section 9.10 as a first priority perfected security interest and will defend the right, title and interest of Lender in and to the Reserve Accounts and the Reserve Funds against the claims and demands of all Persons whomsoever. At any time and from time to time, upon the written request of Lender, and at the sole expense of Borrower, Borrower will promptly and duly execute and deliver such further instruments and documents and will take such further actions as Lender reasonably may request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted.

(j) Lender shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper, document or signature believed by Lender to be genuine, and it may be assumed conclusively that any Person purporting to give any of the foregoing in connection with the Reserve Accounts has been duly authorized to do so. Lender may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder and in good faith in accordance therewith. Lender shall not be liable to Borrower for any act or omission done or omitted to be done by Lender in reliance upon any instruction, direction or certification received by Lender and without gross negligence or willful misconduct.

(k) Beyond the exercise of reasonable care in the custody thereof, Lender shall have any duty as to any Reserve Funds in its possession or control as agent therefor or bailee thereof or any income thereon or the preservation of rights against any person or otherwise

with respect thereto. In no event shall Lender or its Affiliates, agents, employees or bailees, be liable or responsible for any loss or damage to any of the Reserve Funds, or for any diminution in value thereof, by reason of the act or omission of Lender, except to the extent that such loss or damage results from Lender's gross negligence or willful misconduct or intentional nonperformance by Lender of its obligations under this Agreement.

ARTICLE X
CASH MANAGEMENT

SECTION 10.1. PROPERTY OPERATING ACCOUNT

(a) Borrower acknowledges and confirms that Borrower has established, and Borrower covenants that it shall maintain a deposit account with a federally insured financial institution (whether one or more, individually and collectively, as the case may be, the "PROPERTY OPERATING ACCOUNT BANK") with respect to the Property into which Borrower shall, and shall cause Manager to, deposit or cause to be deposited, all Rents and other revenue from the Property (such account, all funds at any time on deposit therein and any proceeds, replacements or substitutions of such account or funds therein, are referred to herein as the "PROPERTY OPERATING ACCOUNT").

(b) Borrower agrees to pay the customary fees and expenses of Property Operating Account Bank (incurred in connection with maintaining the Property Operating Account) and any successors thereto in connection therewith, as separately agreed by them from time to time.

(c) Lender shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies. Borrower shall indemnify and hold Lender and its directors, employees, officers and agents harmless from and against any loss, cost or damage (including, without limitation, reasonable attorneys' fees and disbursements) incurred by such parties in connection with the Property Operating Account other than such as result from the gross negligence or willful misconduct of Lender.

SECTION 10.2. DEPOSITS AND WITHDRAWALS.

(a) Borrower represents, warrants and covenants that:

(i) Borrower shall, and shall cause Manager to, instruct all Persons that maintain open accounts with Borrower or Manager with respect to the Property or with whom Borrower or Manager does business on an "accounts receivable" basis with respect to the Property to deliver all payments due under such accounts to the Property Operating Account. Neither Borrower nor Manager shall direct any such Person to make payments due under such accounts in any other manner;

(ii) All Rents or other income from the Property shall (A) be deemed additional security for payment of the Debt and shall be held in trust for the benefit, and

as the property, of Lender and (B) not be commingled with any other funds or property of Borrower or Manager prior to being deposited into the Property Operating Account;

(iii) So long as any portion of the Debt remains outstanding, neither Borrower, Manager nor any other Person shall open or maintain any accounts other than the Property Operating Account into which revenues from the ownership and operation of the Property are initially deposited. The foregoing shall not prohibit Borrower from utilizing one or more separate accounts for the disbursement or retention of funds that have been transferred to Borrower pursuant to the express terms of this Agreement; and

(b) Upon the occurrence and during the continuance of an Event of Default, (A) if requested by Lender, the Borrower shall direct all Tenants to pay Rent to such account as may be required by Lender, and (B) the Borrower shall and shall cause the Property Operating Account Bank to promptly execute such documentation and otherwise cooperate in a prompt and timely manner with such other requests of Lender in order to grant Lender (x) a first priority perfected security interest in each Property Operating Account and (y) control with respect to each Property Operating Account all funds on deposit or to be deposited therein.

(c) If an Event of Default shall have occurred and be continuing, Borrower hereby irrevocably authorizes Lender to make any and all withdrawals from each Property Operating Account. Lender's right to withdraw and apply funds as stated herein shall be in addition to all other rights and remedies provided to Lender under this Agreement, the Note, the Mortgage and the other Loan Documents.

ARTICLE XI
EVENTS OF DEFAULT; REMEDIES

SECTION 11.1. EVENT OF DEFAULT

The occurrence of any one or more of the following events shall constitute an "EVENT OF DEFAULT":

(a) if any portion of the Debt is not paid within five (5) days of the date the same is due or if the entire Debt is not paid on or before the Maturity Date;

(b) except as otherwise expressly provided in the Loan Documents, if any of the Taxes or Other Charges are not paid in accordance with the terms hereof, unless there is sufficient money in the Tax and Insurance Reserve Account for payment of amounts then due and payable and Lender's access to such money has not been constrained or restricted in any manner;

(c) if the Policies are not kept in full force and effect, or if certified copies of the Policies are not delivered to Lender as provided in Section 8.1;

(d) if Borrower breaches any covenant with respect to itself or any SPE Component Entity (if any) contained in Article 6 or any covenant contained in Article 7 hereof

unless, with respect to the covenants set forth in Article 6 only, such breach is (i) immaterial, (ii) capable of cure and (iii) cured within ten (10) days of the occurrence of such breach;

(e) if any representation or warranty of Borrower, Borrower Principal, any SPE Component Entity, or any member, general partner, principal or beneficial owner of any of the foregoing, made herein, in any other Loan Document, or in any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan shall have been false or misleading in any material respect when made;

(f) if (i) Borrower, or any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall commence any case, proceeding or other action (A) under any Creditors Rights Laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower, any managing member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if any) shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property, whether it be superior or junior in lien to the Mortgage;

(h) if the Property becomes subject to any mechanic's, materialman's or other Lien in excess of \$100,000 other than a Lien for any Taxes or Other Charges not then due and payable and the Lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(i) if any federal tax lien in excess of \$100,000 is filed against Borrower, any member or general partner of Borrower, Borrower Principal, or any SPE Component Entity (if

any) or the Property and same is not discharged of record within thirty (30) days after same is filed;

(j) if a judgment is filed against the Borrower in excess of the lesser of (x) ten percent (10%) of the principal amount of the Loan and (y) \$500,000 which is not vacated or discharged or bonded over within 30 days unless the claim(s) set forth in the judgment is covered by insurance;

(k) if any default occurs under any guaranty or indemnity executed in connection herewith and such default continues after the expiration of applicable grace periods, if any;

(l) intentionally reserved;

(m) if Borrower shall continue to be in default under any other term, covenant or condition of this Agreement or any of the Loan Documents for more than ten (10) days after notice from Lender in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days; or

(n) if any of the assumptions contained in any opinion relating to issues of substantive consolidation delivered to the Lender in connection with the Loan, or in any other opinion relating to substantive consolidation delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect.

SECTION 11.2. REMEDIES

(a) Upon the occurrence of an Event of Default (other than an Event of Default described in Section 11.1(f) above) and at any time thereafter Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in the Property, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against Borrower and the Property, including, without limitation, all rights or remedies available at law or in equity (subject to the terms of Article XV below); and upon any Event of Default described in Section 11.1(f) above, the Debt and all other obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this

Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time (subject to the terms of Article XV below), whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents.

ARTICLE XII
ENVIRONMENTAL PROVISIONS

SECTION 12.1. ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants, based upon, and except as otherwise disclosed or described in an Environmental Report of the Property (unless Borrower has actual knowledge that such information disclosed in an Environmental Report is inaccurate in any material respect) and information that Borrower knows or should reasonably have known, that: (a) there are no Hazardous Materials or underground storage tanks in, on, or under the Property, except those that are both (i) in compliance with Environmental Laws and with permits issued pursuant thereto (if such permits are required), if any, and (ii) in the case of Hazardous Materials, in amounts not in excess of that necessary to operate the Property for the purposes set forth herein; (b) there are no past, present or threatened Releases of Hazardous Materials in violation of any Environmental Law or which would require remediation by a Governmental Authority in, on, under or from the Property; (c) there is no threat of any Release of Hazardous Materials migrating to the Property except as described in the Environmental Report; (d) there is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with the Property; (e) Borrower does not know of, and has not received, any written or oral notice or other communication from any Person relating to Hazardous Materials in, on, under or from the Property which would cause a violation of any Environmental Law; and (f) to the extent not included in the Environmental Report prepared for Lender in connection with the Loan, Borrower has truthfully and fully provided to Lender, in writing, any and all information relating to environmental conditions in, on, under or from the Property known to Borrower or contained in Borrower's files and records, including but not limited to any reports relating to Hazardous Materials in, on, under or migrating to or from the Property and/or to the environmental condition of the Property.

SECTION 12.2. ENVIRONMENTAL COVENANTS

Borrower covenants and agrees that so long as Borrower owns, manages, is in possession of, or otherwise controls the operation of the Property: (a) all uses and operations on or of the Property, whether by Borrower or any other Person, shall be in compliance with all Environmental Laws and permits issued pursuant thereto; (b) there shall be no Releases of Hazardous Materials in, on, under or from the Property in violation of any Environmental Law

caused by Borrower, its agents or employees; (c) there shall be no Hazardous Materials in, on, or under the Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto, if and to the extent required, and (ii) (A) in amounts not in excess of that necessary to operate the Property for the purposes set forth herein or (B) fully disclosed to and approved by Lender in writing; (d) Borrower shall keep the Property free and clear of all Environmental Liens; (e) Borrower shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to Section 12.4 below, including but not limited to providing all relevant information and making knowledgeable persons available for interviews; (f) Borrower shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Property, pursuant to any reasonable written request of Lender, upon Lender's reasonable belief that the Property is not in full compliance with all Environmental Laws, and share with Lender the reports and other results thereof, and Lender and other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (g) Borrower shall, at its sole cost and expense, comply with all reasonable written requests of Lender to (i) reasonably effectuate remediation of any Hazardous Materials in, on, under or from the Property; and (ii) comply with any Environmental Law; (h) Borrower shall not allow any tenant or other user of the Property to violate any Environmental Law; and (i) Borrower shall immediately notify Lender in writing after it has become aware of (A) any presence or Release or threatened Release of Hazardous Materials in, on, under, from or migrating towards the Property; (B) any non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential Environmental Lien against the Property; (D) any required or proposed remediation of environmental conditions relating to the Property; and (E) any written notice or other communication of which Borrower becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials.

SECTION 12.3. LENDER'S RIGHTS

Lender and any other Person designated by Lender, including but not limited to any representative of a Governmental Authority, and any environmental consultant, and any receiver appointed by any court of competent jurisdiction, shall have the right, but not the obligation, to enter upon the Property at all reasonable times and upon reasonable advance notice to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Borrower shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

SECTION 12.4. OPERATIONS AND MAINTENANCE PROGRAMS

If recommended by the Environmental Report or any other environmental assessment or audit of the Property, Borrower shall establish and comply with an operations and maintenance program with respect to the Property, in form and substance reasonably acceptable to Lender, prepared by an environmental consultant reasonably acceptable to Lender, which program shall address any asbestos-containing material or lead based paint that may now or in the future be detected at or on the Property. Without limiting the generality of the preceding sentence, Lender may require (a) periodic notices or reports to Lender in form, substance and at

such intervals as Lender may specify, (b) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (c) at Borrower's sole expense, supplemental examination of the Property by consultants specified by Lender, (d) access to the Property by Lender, its agents or servicer, to review and assess the environmental condition of the Property and Borrower's compliance with any operations and maintenance program, and (e) variation of the operations and maintenance program in response to the reports provided by any such consultants.

SECTION 12.5. ENVIRONMENTAL DEFINITIONS

"ENVIRONMENTAL LAW" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other government directives or requirements, as well as common law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, that apply to Borrower or the Property and relate to Hazardous Materials or protection of human health or the environment. "ENVIRONMENTAL LIENS" means all Liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Borrower or any other Person. "ENVIRONMENTAL REPORT" means the written reports resulting from the environmental site assessments of the Property delivered to Lender in connection with the Loan. "HAZARDOUS MATERIALS" shall mean petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives, flammable materials; radioactive materials; polychlorinated biphenyls and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste", "toxic substance", "toxic pollutant", "contaminant", or "pollutant" within the meaning of any Environmental Law. "RELEASE" of any Hazardous Materials includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

SECTION 12.6. INDEMNIFICATION

(a) Borrower and Borrower Principal covenant and agree at their sole cost and expense, to protect, defend, indemnify, release and hold Indemnified Parties harmless from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (i) any presence of any Hazardous Materials in, on, above, or under the Property in violation of any Environmental Law; (ii) any past, present or threatened Release of Hazardous Materials in, on, above, under or from the Property in violation of any Environmental Law; (iii) any activity by Borrower, any Person affiliated with Borrower, and any Tenant in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Hazardous Materials at any time located in, under, on or above the Property or any actual or

proposed remediation of any Hazardous Materials at any time located in, under, on or above the Property, whether or not such remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action in each case in violation of any Environmental Law; (iv) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Property or operations thereon, including but not limited to any failure by Borrower, any person or entity affiliated with Borrower, and any tenant or other user of the Property to comply with any order of any Governmental Authority in connection with any Environmental Laws; (v) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Property; (vi) any acts of Borrower, any person or entity affiliated with Borrower, and any tenant in (A) arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Materials at any facility or incineration vessel containing such or similar Hazardous Materials or (B) accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites from which there is a Release, or a threatened Release of any Hazardous Substance which causes the incurrence of costs for remediation; and (vii) any material and intentional misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Agreement relating to environmental matters.

(b) Upon written request by any Indemnified Party, Borrower and Borrower Principal shall defend same (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals reasonably approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding, provided, with respect to such resolution, Lender agrees to obtain Borrower's prior written approval (it being acknowledged and agreed that Borrower shall not unreasonably withhold, condition of delay its approval and any rejection of proposed resolution shall set forth the reasons for the same in reasonable detail); provided, however, so long as there is not a conflict of interest between any Indemnified Party and Borrower, as determined by an Indemnified Party, no Indemnified Party shall engage additional attorneys nor other professionals. Upon demand, Borrower and Borrower Principal shall pay or, in the sole discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

(c) Notwithstanding the foregoing, Borrower shall have no liability for any Losses imposed upon or incurred by or asserted against any Indemnified Parties and described in subsection (a) above to the extent that Borrower can conclusively prove that such Losses were caused (i) solely by actions, conditions or events that occurred after the date that Borrower was no longer in possession or control of the Property, whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver and that such Losses were not caused by the direct or indirect actions of Borrower, Borrower Principal, or any partner, member, principal, officer, director, trustee or manager of Borrower or Borrower Principal or any employee, agent, contractor or Affiliate of Borrower or Borrower Principal or (ii) by the gross negligence or intentional misconduct of any of the Indemnified Parties. The obligations and liabilities of

Borrower and Borrower Principal under this Section 12.6 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XIII
SECONDARY MARKET

SECTION 13.1. TRANSFER OF LOAN

Lender may, at any time, sell, transfer or assign the Loan Documents, or grant participations therein ("PARTICIPATIONS") or syndicate the Loan ("SYNDICATION") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement ("SECURITIES") (a Syndication or the issuance of Participations and/or Securities, a "SECURITIZATION").

SECTION 13.2. DELEGATION OF SERVICING

At the option of Lender, the Loan may be serviced by a servicer/trustee selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to such servicer/trustee pursuant to a servicing agreement between Lender and such servicer/trustee.

SECTION 13.3. DISSEMINATION OF INFORMATION

Lender may forward to each purchaser, transferee, assignee, or servicer of, and each participant, or investor in, the Loan, or any Participations and/or Securities or any of their respective successors (collectively, the "INVESTOR") or any Rating Agency rating the Loan, or any Participations and/or Securities, each prospective Investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information which Lender now has or may hereafter acquire relating to the Debt and to Borrower, any managing member or general partner thereof, Borrower Principal, any SPE Component Entity (if any) and the Property, including financial statements, whether furnished by Borrower or otherwise, as Lender determines necessary or desirable. Borrower irrevocably waives any and all rights it may have under applicable Legal Requirements to prohibit such disclosure, including but not limited to any right of privacy so long as the information is used in accordance with the requirements hereof.

SECTION 13.4. COOPERATION

Borrower and Borrower Principal agree to cooperate with Lender in connection with any sale or transfer of the Loan or any Participation and/or Securities created pursuant to this Article 13, including, without limitation, the delivery of an estoppel certificate required in accordance with Section 5.12(a) and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower and Borrower Principal consent to Lender furnishing to such Investors or such prospective Investors or such Rating Agency and any and all information concerning the Property, the Leases, the financial condition of Borrower or Borrower Principal as may be requested by Lender, any Investor, any prospective Investor or any

Rating Agency in connection with any sale or transfer of the Loan or any Participations or Securities. At the request of the holder of the Note and, to the extent not already required to be provided by Borrower under this Agreement, Borrower and Borrower Principal shall use reasonable efforts to provide information not in the possession of the holder of the Note relating to the Property, the Leases, the financial condition of Borrower or Borrower Principal in order to satisfy the market standards to which the holder of the Note customarily adheres or which may be reasonably required in the marketplace or by the Rating Agencies in connection with such sales or transfers, including, without limitation, to:

(a) provide updated financial, budget and other information with respect to the Property, Borrower, Borrower Principal and Manager and provide modifications and/or updates to the appraisals, market studies, environmental reviews and reports (Phase I reports and, if appropriate, Phase II reports) and engineering reports of the Property obtained in connection with the making of the Loan (all of the foregoing being referred to as the "PROVIDED INFORMATION"), together, if customary, with appropriate verification and/or consents of the Provided Information, at Lender's expense, through letters of auditors or opinions of counsel of independent attorneys acceptable to Lender and the Rating Agencies;

(b) make changes to the organizational documents of Borrower, any SPE Component Entity and their respective principals which are consistent with the provisions of Article 6;

(c) at Lender's expense, cause counsel to render or update existing opinion letters as to enforceability and non-consolidation, which may be relied upon by the holder of the Note, the Rating Agencies and their respective counsel, which shall be dated as of the closing date of the Securitization;

(d) permit site inspections, appraisals, market studies and other due diligence investigations of the Property, as may be reasonably requested by the holder of the Note or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization all at Lender's expense;

(e) make the representations and warranties with respect to the Property, Borrower, Borrower Principal and the Loan Documents as are made in the Loan Documents;

(f) execute such amendments to the Loan Documents as may be reasonably requested by the holder of the Note or the Rating Agencies or otherwise to effect the Securitization all at Lender's expense including, without limitation, bifurcation of the Loan into two or more components and/or separate notes and/or creating a senior/subordinate note structure; provided, however, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (i) change the interest rate, the stated maturity or the amortization of principal set forth in the Note, except in connection with a bifurcation of the Loan which may result in varying fixed interest rates and amortization schedules, but which shall have the same weighted average coupon of the original Note throughout the entire term of the Loan, or (ii) in the reasonable judgment of Borrower, modify or amend any other material economic term of the Loan, or (iii) in the reasonable judgment of Borrower, materially increase Borrower's obligations and liabilities under the Loan Documents;

(g) deliver to Lender and/or any Rating Agency, at Lender's expense, (i) one or more certificates executed by an officer of the Borrower certifying as to the accuracy in all material respects, as of the closing date of the Securitization, of all representations made by Borrower in the Loan Documents as of the Closing Date in all relevant jurisdictions or, if such representations are no longer accurate, certifying as to what modifications to the representations would be required to make such representations accurate in all material respects as of the closing date of the Securitization, and (ii) certificates of the relevant Governmental Authorities in all relevant jurisdictions indicating the good standing and qualification of Borrower as of the date of the closing date of the Securitization;

(h) have reasonably appropriate personnel participate in a bank meeting and/or presentation for the Rating Agencies or Investors; and

(i) cooperate with and assist Lender in obtaining ratings of the Securities from two (2) or more of the Rating Agencies.

Except as otherwise provided in this Section 13.4, all reasonable third party costs and expenses incurred by Borrower in connection with Borrower's complying with requests made under this Section 13.4 shall be paid by Borrower, it being acknowledged and agreed that Borrower shall not be obligated to pay Lender's costs and expenses and the costs and expenses of third parties engaged by Lender in connection with requests by Lender pursuant to this Section 13.4, unless otherwise provided in this Section 13.4.

In the event that Borrower requests any consent or approval hereunder and the provisions of this Agreement or any Loan Documents require the receipt of written confirmation from each Rating Agency with respect to the rating on the Securities, or, in accordance with the terms of the transaction documents relating to a Securitization, such a rating confirmation is required in order for the consent of Lender to be given, Borrower shall pay all of the reasonable costs and expenses of Lender, Lender's servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency as a condition to the delivery of such confirmation.

SECTION 13.5. SECURITIZATION INDEMNIFICATION

(a) Borrower and Borrower Principal understand that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including, without limitation, a prospectus, prospectus supplement, offering memorandum or private placement memorandum (each, a "DISCLOSURE DOCUMENT") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act or the Exchange Act, or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, Borrower and Borrower Principal will cooperate with the holder of the Note in updating the Disclosure Document by providing all current information necessary to keep the Disclosure Document accurate and complete in all material respects, subject to the terms and conditions contained in Section 13.4.

(b) Borrower and Borrower Principal agree to provide in connection with each of (i) a preliminary and a final offering memorandum or private placement memorandum or similar document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or (ii) a preliminary and final prospectus or prospectus supplement, as applicable, an indemnification certificate (A) certifying that Borrower and Borrower Principal have carefully examined the specific sections of any memorandum or prospectus describing or disclosing the Property Information (which specific sections shall be provided by Lender) which shall only relate to Borrower, Borrower Principal, Manager, their Affiliates, the Loan, the Loan Documents and the Property, and that, to the best of Borrower's knowledge, such sections (and any other sections reasonably requested) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided, however, Borrower shall not make any representations or warranties concerning the truth, accuracy or completeness of any information or reports prepared by a third party, (B) indemnifying Lender (and for purposes of this Section 13.5, Lender hereunder shall include its officers and directors) and the Affiliate of Lender that (i) has filed the registration statement, if any, relating to the Securitization and/or (ii) which is acting as issuer, depositor, sponsor and/or a similar capacity with respect to the Securitization (any Person described in (i) or (ii), an "ISSUER PERSON"), and each director and officer of any Issuer Person, and each Person or entity who controls any Issuer Person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "ISSUER GROUP"), and each Person which is acting as an underwriter, manager, placement agent, initial purchaser or similar capacity with respect to the Securitization, each of its directors and officers and each Person who controls any such Person within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act (collectively, the "UNDERWRITER GROUP") for any Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Losses directly arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such sections or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such sections or necessary in order to make the statements in such sections or in light of the circumstances under which they were made, not materially misleading (collectively the "SECURITIES LIABILITIES") and (C) agreeing to reimburse Lender, the Issuer Group and the Underwriter Group for any legal or other expenses reasonably incurred by Lender and Issuer Group in connection with investigating or defending the Securities Liabilities; provided, however, that Borrower will be liable in any such case under clauses (B) or (C) above only to the extent that any such Securities Liabilities arise out of or is based upon any such untrue statement or omission made therein in reliance upon and in conformity with information furnished to Lender or any member of the Issuer Group or Underwriter Group by or on behalf of Borrower or Borrower Principal in connection with the preparation of the memorandum or prospectus or other document (including any Investor or Rating Agency "term sheets" or presentations relating to the Property and/or the Loan) or in connection with the underwriting of the Loan, including, without limitation, financial statements of Borrower or Borrower Principal, operating statements, rent rolls, environmental site assessment reports and Property condition reports with respect to the Property. This indemnity agreement will be in addition to any liability which Borrower and Borrower Principal may otherwise have. Moreover, the indemnification provided for in Clauses (B) and (C) above shall be effective whether or not an indemnification certificate described in (A) above is provided and shall be applicable based on information

previously provided by Borrower and Borrower Principal or their Affiliates if Borrower or Borrower Principal do not provide the indemnification certificate so long as Lender provides Borrower with the disclosure thereof and prospectus as set forth in this Section 13.5(b).

(c) In connection with the initial filings under the Exchange Act in connection with a Securitization of the Loan, Borrower and Borrower Principal agree to indemnify (i) Lender, the Issuer Group and the Underwriter Group for Losses to which Lender, the Issuer Group or the Underwriter Group may become subject insofar as the Securities Liabilities arise out of or are based solely upon the omission or alleged omission to state in the Provided Information delivered to Lender prior to the Securitization a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in light of the circumstances under which they were made not misleading and (ii) reimburse Lender, the Issuer Group or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, the Issuer Group or the Underwriter Group in connection with defending or investigating the Securities Liabilities; provided that in the event that such filings under the Exchange Act contain information in a form not previously reviewed by Borrower, then Lender shall provide Borrower with a copy of such filings for its approval of the content thereof prior to submitting the same.

(d) Promptly after receipt by an indemnified party under this Section 13.5 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 13.5, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, so long as there is not a conflict of interest between the indemnifying party and any indemnified party or parties, as reasonably determined by counsel to such indemnified party or parties, the indemnified party or parties shall not engage additional counsel to assume such defense on behalf of the related indemnifying party. After notice from the indemnifying party to such indemnified party under this Section 13.5 the indemnifying party shall be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, and that there is a conflict of interest between the indemnified party or parties and the indemnifying party, as reasonably determined by counsel to such indemnified party or parties, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. The indemnifying party shall not be liable for the expenses of more than one such separate counsel unless an indemnified party shall have

reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to another indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreements provided for in Section 13.5(b) or Section 13.5(c) is or are for any reason held to be unenforceable by an indemnified party in respect of any losses, claims, damages or liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 13.5(b) or Section 13.5(c), the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages or liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified party's, Borrower's and Borrower Principal's relative knowledge and access to information concerning the matter with respect to which claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender, Borrower and Borrower Principal hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of Borrower and Lender under this Section 13.5 shall survive the satisfaction of this Agreement and the satisfaction and discharge of the Debt. The liabilities and obligations of Borrower Principal under this Section 13.5 and any certificate provided pursuant to the terms hereof shall only survive until November 30, 2006 and then shall terminate and be of no further force and effect with respect to any matters for which written claims have not been made against Borrower Principal prior to November 30, 2006.

ARTICLE XIV INDEMNIFICATIONS

SECTION 14.1. GENERAL INDEMNIFICATION

Borrower shall indemnify, defend and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (b) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (d) any failure of the Property to be in compliance with any Applicable Legal Requirements; (e) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (f) the holding or investing of the Reserve Accounts or the performance of the Required Work, or (g) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the

Loan (collectively, the "INDEMNIFIED LIABILITIES"); provided, however, that Borrower shall not have any obligation to Lender hereunder (i) to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender and (ii) with respect to any Indemnified Liability (A) not caused by Borrower and (B) first arising after the date Borrower is no longer in possession or control of the Property whether due to foreclosure, deed in lieu of foreclosure or the appointment of a receiver. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

SECTION 14.2. MORTGAGE AND INTANGIBLE TAX INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of the Mortgage, the Note or any of the other Loan Documents, but excluding any income, franchise or other similar taxes.

SECTION 14.3. ERISA INDEMNIFICATION

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Section 4.9 or Section 5.18 of this Agreement.

SECTION 14.4. SURVIVAL

The obligations and liabilities of Borrower under this Article 14 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage.

ARTICLE XV
EXCULPATION

SECTION 15.1. EXCULPATION

(a) Except as otherwise provided herein or in the other Loan Documents, Lender shall not enforce the liability and obligation of Borrower or Borrower Principal, as applicable, to pay, perform and/or observe the obligations contained herein, in the Note, or in the other Loan Documents by any action or proceeding against Borrower wherein a money judgment shall be sought against Borrower, the members/partners of Borrower or Borrower Principal or its respective members or partners, except that Lender may bring a foreclosure action, action for

specific performance or other appropriate action or proceeding against Borrower to enable Lender to enforce and realize upon this Agreement, the Note, the Mortgage and the other Loan Documents, and the interest in the Property, the Rents and any other collateral given to Lender created by this Agreement, the Note, the Mortgage and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting this Agreement, the Note, the Mortgage and the other Loan Documents, agrees that it shall not, except as otherwise provided in Section 15.1(b) and (c), sue for, seek or demand any deficiency judgment against Borrower or Borrower Principal in any such action or proceeding, under or by reason of or under or in connection with this Agreement, the Note, the Mortgage or the other Loan Documents. The provisions of this Section 15.1 shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Note, the Mortgage or the other Loan Documents; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Agreement and the Mortgage; (iii) affect the validity or enforceability of any indemnity (including, without limitation, those contained in Section 12.6, Section 13.5 and Article 14 of this Agreement), made in connection with this Agreement, the Note, the Mortgage and the other Loan Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the assignment of leases provisions contained in the Mortgage; or (vi) impair the right of Lender to obtain a deficiency judgment against Borrower or other judgment on the Note against Borrower if necessary to obtain any Insurance Proceeds or Awards to which Lender would otherwise be entitled under this Agreement; provided however, Lender shall only enforce such judgment to the extent of the Insurance Proceeds and/or Awards.

(b) Notwithstanding the provisions of this Section 15.1 to the contrary, Borrower and Borrower Principal shall be personally liable to Lender on a joint and several basis for Losses due to:

(i) fraud, material intentional misrepresentation, gross negligence or willful misconduct by Borrower, Borrower Principal or any other Affiliate of Borrower or Borrower Principal in connection with the execution and the delivery of this Agreement, the Note, the Mortgage, any of the other Loan Documents, or any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan;

(ii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of Rents received by Borrower, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof, after the occurrence of an Event of Default;

(iii) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or misappropriation of tenant security deposits or Rents collected in advance, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(iv) Borrower's, Borrower Principal's or any of their Affiliates' misapplication or the misappropriation of Insurance Proceeds or Awards, to the extent Borrower or any Affiliate has the ability to control the distribution or application thereof;

(v) Borrower's failure to pay Taxes or Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms hereof and there exists no impediment to Lender's utilization thereof (whether or not used by Lender for such purpose) or the Property is not generating sufficient proceeds to pay such Taxes or Other Charges);

(vi) intentionally reserved;

(vii) any act of actual physical waste or arson by Borrower, any principal, Affiliate, member or general partner thereof or by Borrower Principal, any principal, Affiliate, member or general partner thereof;

(viii) Borrower's failure following any Event of Default to deliver to Lender upon demand all Rents collected by Borrower after such Event of Default and books and records relating to the Property;

(ix) Borrower's withdrawal following an Event of Default of any amounts from any Property Operating Account, except as directed by Lender; or

(x) Borrower's failure to complete the Required Repairs within the time frames set forth in Section 9.1 hereof, to the extent Lender has not required Borrower to make a deposit into the Required Repair Account pursuant to the provisions of Section 9.1 hereof.

(c) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect and the Debt immediately shall become fully recourse to Borrower and Borrower Principal, jointly and severally, in the event of (i) a default by Borrower, Borrower Principal or any SPE Component Entity (if any) of any of the covenants set forth in Article 6, except the extent that such breach was inadvertent, immaterial and is promptly cured, (ii) of a breach of any of the covenants set forth in Article 7 hereof, or (iii) if (A) a voluntary bankruptcy or insolvency proceeding is commenced by Borrower under the U.S. Bankruptcy Code or any similar federal or state law, or (B) an involuntary bankruptcy or insolvency proceeding is commenced against Borrower or Borrower Principal in connection with which Borrower, Borrower Principal, SPE Component Entity or any Affiliate of any of the foregoing has or have colluded in any way with the creditors commencing or filing such proceeding.

(d) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provision of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Mortgage or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with this Agreement, the Note, the Mortgage or the other Loan Documents.

ARTICLE XVI
NOTICES

SECTION 16.1. NOTICES

All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested, (b) expedited prepaid overnight delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or by (c) telecopier (with answer back acknowledged provided an additional notice is given pursuant to subsection (b) above), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

If to Lender: Bank of America, N.A.
Capital Markets Servicing Group
555 South Flower Street, 6th Floor
CA9-706-06-42
Los Angeles, California 90071
Attention: Servicing Manager
Telephone No: (800) 462-0505
Facsimile No.: (213) 345-6587

With a copy to: Bank of America Legal Department
GCIB/CMBS
NC1-007-20-01
100 North Tyron Street
Charlotte, North Carolina 28255-0001
Attention: Paul Kurzeja, Esq.
Facsimile No.: (704) 387-0922

Cadwalader, Wickersham and Taft LLP
227 West Trade Street, Suite 2400
Charlotte, North Carolina 28202
Attention: James P. Carroll, Esq.
Facsimile No.: (704) 348-5200

If to Borrower: c/o Sun Communities, Inc.
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

(On or after September 1, 2004)
The American Center
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Fax No.: (248) 351-3082

If to Borrower
Principal: Sun Communities Operating Limited Partnership
The American Center
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Chief Executive Officer
Facsimile No.: (248) 208-2640

With a copy to: Jaffe, Rait, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Attention: Arthur A. Weiss, Esq.
Fax No.: (313) 961-8358

A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; or in the case of expedited prepaid delivery and telecopy, upon the first attempted delivery on a Business Day.

ARTICLE XVII
FURTHER ASSURANCES

SECTION 17.1. REPLACEMENT DOCUMENTS

Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement Note or other Loan Document, dated the date of such loss, stolen, destroyed or mutilated Note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

SECTION 17.2. RECORDING OF MORTGAGE, ETC.

Borrower forthwith upon the execution and delivery of the Mortgage and thereafter, from time to time, will cause the Mortgage and any of the other Loan Documents

creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, the Mortgage, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Mortgage, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do. Lender agrees to reasonably cooperate, at Borrower's expense, with reasonable requests made by Borrower to assign this Agreement, or any of the other Loan Documents to a new lender in connection with a refinance of the Loan in order to minimize the tax obligations incurred by Borrower in connection with such refinance

SECTION 17.3. FURTHER ACTS, ETC.

Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, deeds of trust, mortgages, assignments, security agreements, control agreements, notices of assignments, transfers and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing, registering or recording the Mortgage, or for complying with all Legal Requirements; provided, however, none of the foregoing shall materially increase the obligations or reduce the rights of Borrower hereunder. Borrower, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements and financing statement amendments to evidence more effectively, perfect and maintain the priority of the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation, such rights and remedies available to Lender pursuant to this Section 17.3.

SECTION 17.4. CHANGES IN TAX, DEBT, CREDIT AND DOCUMENTARY STAMP

LAWS

(a) If any law is enacted or adopted or amended after the date of this Agreement which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or

taxable to Lender or unenforceable or provide the basis for a defense of usury then Lender shall have the option by written notice of not less than one hundred twenty (120) days to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of the Mortgage or the Debt. If such claim, credit or deduction shall be required by law, Lender shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable without imposing any prepayment premium or charge thereon.

If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, the Mortgage, or any of the other Loan Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

SECTION 17.5. EXPENSES

Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender upon receipt of written notice from Lender for all reasonable costs and expenses (including reasonable, actual attorneys' fees and disbursements and the allocated costs of internal legal services and all actual disbursements of internal counsel) reasonably incurred by Lender in accordance with this Agreement in connection with (a) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Lender as to any legal matters arising under this Agreement or the other Loan Documents with respect to the Property); (b) Borrower's ongoing performance of and compliance with Borrower's respective agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (c) following a request by Borrower, Lender's ongoing performance and compliance with all agreements and conditions contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date; (d) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by Lender (except as expressly limited by the provisions of the provisions of Section 13.4 hereof); (e) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement; (f) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other similar expenses incurred in creating and perfecting the Lien in favor of Lender pursuant to this Agreement and the other Loan Documents; (g) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the other Loan Documents, the Property, or any other security given for the Loan; and (h) enforcing any obligations of or collecting any

payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; provided, however, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender.

ARTICLE XVIII
WAIVERS

SECTION 18.1. REMEDIES CUMULATIVE; WAIVERS

The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower or Borrower Principal pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise except as limited by Article XV hereof. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

SECTION 18.2. MODIFICATION, WAIVER IN WRITING

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, or of the Note, or of any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

SECTION 18.3. DELAY NOT A WAIVER

Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan

Documents, or to declare a default for failure to effect prompt payment of any such other amount.

SECTION 18.4. TRIAL BY JURY

BORROWER, BORROWER PRINCIPAL AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER, BORROWER PRINCIPAL AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF LENDER, BORROWER PRINCIPAL AND BORROWER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER, BORROWER PRINCIPAL AND LENDER.

SECTION 18.5. WAIVER OF NOTICE

Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower.

SECTION 18.6. REMEDIES OF BORROWER

In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that neither Lender nor its agents shall be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment. Lender agrees that, in such event, it shall cooperate in expediting any action seeking injunctive relief or declaratory judgment.

SECTION 18.7. WAIVER OF MARSHALLING OF ASSETS

To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners and others with interests in Borrower, and of the Property, and agrees not to assert any right under

any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Property for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Property in preference to every other claimant whatsoever.

SECTION 18.8. WAIVER OF STATUTE OF LIMITATIONS

Borrower hereby expressly waives and releases, to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations.

SECTION 18.9. WAIVER OF COUNTERCLAIM

Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents; provided, however, nothing in this section shall prevent Borrower from, subject to the provisions of Section 18.6 above, asserting such claim or counterclaim in a separate action against Lender.

ARTICLE XIX GOVERNING LAW

SECTION 19.1. CHOICE OF LAW

This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York, provided however, (a) that with respect to the creation, perfection, priority and enforcement of any Lien created by the Loan Documents, and the determination of deficiency judgments, the laws of the state where the Property is located shall apply, and (b) with respect to the security interest in each of the Reserve Accounts, the laws of the state where each such account is located shall apply.

SECTION 19.2. SEVERABILITY

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

SECTION 19.3. PREFERENCES

During the continuance of an Event of Default, Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently

invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditors Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

ARTICLE XX
MISCELLANEOUS

SECTION 20.1. SURVIVAL

This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

SECTION 20.2. LENDER'S DISCRETION

Whenever pursuant to this Agreement, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive absent manifest error.

SECTION 20.3. HEADINGS

The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 20.4. COST OF ENFORCEMENT

In the event (a) that the Mortgage is foreclosed in whole or in part, (b) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, or (c) Lender exercises any of its other remedies under this Agreement or any of the other Loan Documents, Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, together with all required service or use taxes.

SECTION 20.5. SCHEDULES INCORPORATED

The Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

SECTION 20.6. OFFSETS, COUNTERCLAIMS AND DEFENSES

Any assignee of Lender's interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

SECTION 20.7. NO JOINT VENTURE OR PARTNERSHIP; NO THIRD PARTY BENEFICIARIES

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender, Borrower and Borrower Principal any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

(c) The general partners, members, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

(d) Notwithstanding anything to the contrary contained herein, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(e) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Agreement, the Mortgage, the Note or the other

Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

(f) Borrower recognizes and acknowledges that in accepting this Agreement, the Note, the Mortgage and the other Loan Documents, Lender is expressly and primarily relying on the truth and accuracy of the representations and warranties set forth in Article 4 of this Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof, that the warranties and representations are a material inducement to Lender in making the Loan; and that Lender would not be willing to make the Loan and accept this Agreement, the Note, the Mortgage and the other Loan Documents in the absence of the warranties and representations as set forth in Article 4 of this Agreement.

SECTION 20.8. PUBLICITY

All news releases, publicity or advertising by Borrower or its Affiliates through any media intended to reach the general public which refers to the Loan, Lender, Banc of America Securities LLC, or any of their Affiliates shall be subject to the prior written approval of Lender, not to be unreasonably withheld. Lender shall be permitted to make any news, releases, publicity or advertising by Lender or its Affiliates through any media intended to reach the general public which refers to the Loan, the Property, Borrower, Borrower Principal and their respective Affiliates without the approval of Borrower or any such Persons; provided, however, Lender agrees to consult with the timing of any such publicity if Lender reasonably believes that Lender's disclosure of such information would have an affect on SCI's compliance with the Securities Act. Borrower also agrees that Lender may share any information pertaining to the Loan with Bank of America Corporation, including its bank subsidiaries, Banc of America Securities LLC and any other Affiliates of the foregoing, in connection with the sale or transfer of the Loan or any Participations and/or Securities created.

SECTION 20.9. CONFLICT; CONSTRUCTION OF DOCUMENTS; RELIANCE

In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the

foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

SECTION 20.10. ENTIRE AGREEMENT

This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Borrower and Lender are superseded by the terms of this Agreement and the other Loan Documents.

SECTION 20.11. TAX DISCLOSURE

Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, each party (and each employee, representative or other agent of each party) hereto may disclose to any and all persons, without limitation of any kind, any information with respect to the United States federal income "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such parties (or their representatives) relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the United States federal income tax treatment or tax structure of the transactions contemplated hereby.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

SUN INDIAN CREEK LLC, a Michigan limited liability company

By: Sun QRS Pool 10, Inc., a Michigan corporation, its managing member

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

BORROWER PRINCIPAL:

Acknowledged and agreed to with respect to its obligations set forth in Article 4, Section 12.6, Article 13, Article 15 and Article 18 hereof:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland corporation, its general partner

By: /s/ Jonathan M. Colman

Jonathan M. Colman
Executive Vice President -
Acquisitions

LENDER:

BANK OF AMERICA, N.A., a national banking
association

By: /s/ Fay Smith

Fay Smith, Vice President

Schedule Identifying Substantially Identical Agreements to Exhibit No. 10.7

Various subsidiaries of the Company each entered into loan agreements which are substantially identical to the loan agreement filed under Exhibit 10.7. The following table lists the borrower(s), loan amount, interest rate and maturity date that differs from that in Exhibit 10.7 for the loan listed below.

Borrower(s) - -----	Loan Amount -----	Interest Rate -----	Maturity Date -----
Sun Scio Farms LLC	\$40,964,950.00	5.32%	7/1/2016

AMENDED AND RESTATED

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,
SUN COMMUNITIES FINANCE, LLC, a Michigan limited liability company,
SUN HOLLY FOREST LLC, a Michigan limited liability company,
SUN SADDLE OAK LLC, a Michigan limited liability company

AND

ARCS COMMERCIAL MORTGAGE CO., L.P.

dated as of

April 28, 2004

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APPENDIX I	Definitions

AMENDED AND RESTATED MASTER CREDIT FACILITY AGREEMENT

THIS AMENDED AND RESTATED MASTER CREDIT FACILITY AGREEMENT is made as of the 28th day of April, 2004 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"), (iii) SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership ("Houston"; individually and collectively, SSF, Aspen and Houston, the "Original Borrower"), (iv) SUN COMMUNITIES FINANCE, LLC, a Michigan limited liability company ("SCF"), (v) SUN HOLLY FOREST LLC, a Michigan limited liability company ("Forest"), and (iv) SUN SADDLE OAK LLC, a Michigan limited liability company ("Saddle Oak") (individually and collectively, SSF, Aspen, Houston, SCF, Forest and Saddle Oak, "Borrower"), and (b) ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("Lender").

RECITALS

A. Original Borrower and Lender entered into that certain Master Credit Facility Agreement dated as of May 29, 2002, as amended by that certain First Amendment to Master Credit Facility Agreement dated as of August 29, 2002, as further amended by that certain Second Amendment to Master Credit Facility dated as of November 26, 2002, and as further amended by that certain Third Amendment to Master Credit Facility Agreement dated as of April 5, 2004 (as amended, the "Original Agreement") pursuant to which Lender agreed to make credit available to Original Borrower under the terms and conditions set forth in the Original Agreement.

B. Pursuant to the Original Agreement, among other things, various Mortgaged Properties (each capitalized term used but not defined has the definition ascribed to it in Article I of this Agreement) were added to the Collateral Pool.

C. Pursuant to the Original Agreement, Lender established a \$152,362,500 Commitment in favor of Original Borrower, comprised of a \$75,000,000 Variable Facility and a \$77,362,500 Fixed Facility.

D. Original Borrower has requested that various terms and conditions of the Original Agreement be modified. Borrower and Lender now wish to amend and restate the Original Agreement in its entirety.

E. Borrower and Lender desire to, among other things, provide for the increase in the Commitment to \$390,000,000, modify the amount by which the Commitment may be expanded, and modify certain other terms of the Original Agreement as set forth hereinafter.

F. Borrower owns one or more Manufactured Housing Communities as more particularly described in Exhibit A to this Agreement.

G. 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.

H. 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.

I. Subject to the terms, conditions and limitations of this Agreement, Lender has agreed to modify and increase the Credit Facility.

NOW, THEREFORE, Borrower and Lender, in consideration of the mutual promises and agreements contained in this Agreement, hereby agree to amend and restate, in its entirety, the Original Agreement 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. Except as provided in Section 2.06 of this Agreement, 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. Except as provided in Section 2.06 of this Agreement, 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. Any prepayment of Variable Advances shall apply to the Variable Advance designated by Borrower.

(b) Fixed Advances. The maturity date of each Fixed Advance shall be specified by Borrower, provided that such maturity date shall be the 5th, 7th, 10th, 12th or 15th 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. In the event the Borrower elects a maturity of a Fixed Advance of the 10 years from the making of such Fixed Advance, the Borrower may elect a "9+1" maturity, which Fixed Advance shall be evidenced by a promissory note in substantially the form of Exhibit B-2 to this Agreement. All Fixed Advances having a maturity other than a "9+1" maturity shall be evidenced by a promissory note in substantially the form of Exhibit B-1 to this Agreement.

The principal of each Fixed Advance shall be amortized on a 30-year schedule, provided that Lender may, in its sole discretion (consistent with Lender's criteria for the analysis of repayment plans for similar loans secured by similar properties), based on an analysis of Borrower's plan to repay the relevant Fixed Advance, permit payments of principal to begin (i)

in the case of a Fixed Advance having a maturity date seven (7) years from the date of such Fixed Advance, the date one (1) year after the date of the Fixed Advance, (ii) in the case of a Fixed Advance having a maturity date ten (10) years from the date of such Fixed Advance, the date two (2) years after the date of the Fixed Advance, and (iii) in the case of a Fixed Advance having a maturity date more than ten (10) years from the date of such Fixed Advance, such date as Lender may elect in its sole discretion.

If a 100% participation in a Fixed Advance is purchased by Fannie Mae in return for MBS, Borrower may, at its option, elect to have such Fixed Advance evidenced by a series of Fixed Facility Notes, each having an original principal amount selected by Borrower (totaling, in the aggregate, the original principal amount of such Fixed Advance); provided no such Fixed Facility Note may have an original principal amount of less than \$5,000,000.

(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) (A) if a 100% participation interest in the Fixed Advance has been purchased by Fannie Mae in return for MBS, may prepay not less than all of such Fixed Advance or (B) if a 100% participation interest in the Fixed Advance has been purchased by Fannie Mae for cash, may prepay all or any portion 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, 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 Pass-Through Rate for such Fixed Advance and (2) the Fixed Facility Fee (to the extent not included in the Pass-Through Rate).

(ii) Fixed Facility Fee. In addition to paying the partial month interest, if any, Borrower shall pay monthly installments of the Pass-Through Rate and the Fixed Facility Fee to Lender for each Fixed Advance in accordance with the terms of the Fixed Facility Note. The 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 following the making of a Fixed Advance, 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. The interest rate stated in each Fixed Facility Note includes both the Pass-Through Rate and the Fixed Facility Fee.

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 Original Variable Facility Termination Date and Variable Facility Termination Date.

Borrower shall have the right to extend (i) the Original Variable Facility Termination Date for (a) one (1) period, which period shall end on the date five (5) years after the Initial Closing Date, (b) if the Borrower has extended the Original Variable Facility Termination Date pursuant to (a) above, one (1) additional period, which period shall end on the date ten (10) years after the Initial Closing Date, and (ii) the Variable Facility Termination Date for one (1) five (5) year period, which period shall end on the date ten (10) years after the Initial Closing Date (in each case, an "Extension"), in each case 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 Original Variable Facility Termination Date or Variable Facility Termination Date, as applicable.

(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 Original Variable Facility Termination Date, or Variable Facility Termination Date, as applicable, 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 with respect to the Original Variable Termination Date extension referred to in Section 1.07(a)(i), and upon compliance with the conditions set forth above, the Original Variable Facility Termination Date shall be extended until the date five (5) years after the Initial Closing Date on the terms and conditions contained in this Agreement and the other Loan Documents. Upon receipt of the Extension Notice with respect to the Original Variable Facility Date extension referred to in Section 1.07(a)(ii), and upon compliance with the conditions set forth above, the Original Variable Facility Termination Date shall be extended until the date ten (10) years after the Initial Closing Date on the terms and conditions contained in this Agreement and the other Loan Documents. Upon receipt of the Extension Notice with respect to the Variable Termination Date and upon compliance with the conditions set forth above, the Variable Facility Termination Date shall be extended until the date ten (10) years after the Initial Closing Date on the terms and conditions contained in this Agreement and the other Loan Documents. The Variable Facility Fee, the Rate Preservation 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) Determination of Interest Rate for Conversion. The determination of the interest rate applicable for any Fixed Advance relating to the conversion of any or all of the Variable Facility Commitment to the Fixed Facility Commitment shall be made not later than the Business Day following the date on which Borrower requests such determination be made, provided that (i) the Future Advance Request for such Fixed Advance has been approved by Lender and (ii) Borrower requests that the interest rate determination be made not later than 10:00 a.m. Eastern time on the Business Day prior to the day on which Borrower desires the interest rate determination to be made.

(c) 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.

(d) Conversion in Connection with Advance. The amount of the Variable Facility Commitment converted to a Fixed Facility Commitment shall be equal to the amount of a Fixed Advance made simultaneously with such 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 Pass-Through Rate (for a proposed Fixed Advance), which Pass-Through Rate shall not include the Fixed Facility Fee or MBS Imputed Interest Rate (for a proposed Variable Advance), which MBS Imputed Interest Rate shall not include the Variable Facility Fee. 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 (if applicable), 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 or, in the case of the purchase of a 100% participation in any Fixed Advance by Fannie Mae for cash, a commitment from Fannie Mae ("Fannie Mae Commitment") for the purchase of such participation 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 (if applicable), MBS Delivery Date (if applicable), MBS Imputed Interest Rate or 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, an MBS Commitment or a Fannie Mae 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 an MBS Commitment or a Fannie Mae 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).

(c) Upon the making of an Advance, in no event shall the aggregate of all Advances Outstanding exceed the lesser of (i) the Commitment Amount in effect at the time the Advance is requested, and (ii) \$400,000,000.

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.

(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, provided that the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio determined as of the Initial Closing Date shall be in effect for purposes of Future Advances until the date 90 days after the Initial Closing Date, 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.

SECTION 2.06. Right to Advances Based on Increased Collateral Value.

At any time during the Variable Facility Availability Period after the First Anniversary, the Borrower shall have a one-time right to a Future Advance based on the increased value of the Mortgaged Properties. Borrower's right to a Future Advance pursuant to this Section shall be subject to the following conditions:

(a) Request. The Borrower shall deliver an Advance Request to Lender. The Advance Request shall include the following:

(i) The amount of the proposed Future Advance; and

(ii) If applicable, a request that Lender inform the Borrower of the Variable Facility Fee or Fixed Facility Fee applicable to the requested Future Advance.

(b) Determination of Amount of Advance. The maximum amount of a proposed Future Advance requested pursuant to this Section 2.06 shall be the amount that when added to the then current total of Advances Outstanding equals the maximum amount of Advances that could be outstanding and the Coverage and LTV Tests be satisfied. For purposes of calculating compliance with the Coverage and LTV Tests for purposes of this Section 2.06, Lender shall evaluate the Collateral Pool in accordance with DUS Guide Underwriting Requirements. In no event shall the Future Advance requested pursuant to this Section 2.06, together with the then current Advances Outstanding, exceed the lesser of (i) the Commitment Amount in effect at the time the Future Advance is requested, and (ii) \$400,000,000.

(c) Variable Facility Fee. The Variable Facility Fee applicable to any Future Advance made pursuant to this Section 2.06 (regardless of whether such Advance is drawn from the Reserved Amount) shall be the Variable Facility Fee determined by Lender at the time of the making of the Future Advance.

(d) Origination Fee. Borrower shall pay, on the Closing Date of the Future Advance made pursuant to this Section 2.06, the Expansion Origination Fee to the extent provided in Section 10.02(b).

(e) Closing. If all conditions precedent contained in Section 6.03 of this Agreement and all applicable General Conditions contained in Section 6.01 of this Agreement are satisfied, Lender shall make a Future Advance, at a closing to be held at offices designated by Lender on a Closing Date selected by Lender, and occurring within thirty (30) calendar days after Lender's approval of the Future Advance (or on such other date as Borrower and Lender may agree).

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, (B) if after the release of the Release Property (regardless of the Aggregate Loan to Value Ratio or the Aggregate Debt Service Coverage Ratio prior to the release), the Aggregate Loan to Value Ratio is 65% or less and the Aggregate Debt Service Coverage is 1.35:1.0 or greater, then the Release Price shall be the Allocable Facility Amount for the Release Property, or (C) if after the release of the Release Property (regardless of the Aggregate Loan to Value Ratio or the Aggregate Debt Service Coverage Ratio prior to the release), the Aggregate Loan to Value Ratio is 60% 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 60%. In addition, Borrower shall pay to Lender all other amounts due under the Notes and any Advance Confirmation Instruments evidencing the Advances being repaid. Notwithstanding the provisions of this Section 3.04(c), upon the maturity of any Fixed Advance and the repayment in full of all amounts owing in connection with such Fixed Advance, the Release Price for any Mortgaged Property to be released from the collateral pool in conjunction with such repayment shall be equal to the Outstanding Allocated Facility Amount for such Released Property.

(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.

(e) Special Provisions Regarding Expansion Property. The Parties acknowledge that certain portions of the Mortgaged Properties commonly known as Eagle Crest, Boulder Ridge, and Windham Hills are currently undeveloped and vacant (such undeveloped and vacant portions, individually and collectively, the "EXPANSION PROPERTY"). Notwithstanding any provisions in this Agreement to the contrary, Borrower shall be permitted to release an Expansion Property from the Collateral Pool without the payment of a Release Price upon the satisfaction of each of the following conditions:

(i) Lender shall have approved the legal description of the relevant Mortgaged Property remaining in the Collateral Pool after the release of the Expansion Property;

(ii) Borrower shall have transferred the Expansion Property into a separate tax parcel and the Mortgaged Property remaining in the Collateral Pool shall have a separate tax identification number;

(iii) If necessary, Borrower shall have subdivided or replatted the Mortgaged Property, as required by the jurisdiction in which the Mortgaged Property is located, such that the Mortgaged Property remaining in the Collateral Pool after the release of the Expansion Property shall be a separate parcel, on which Lender can exercise all rights and remedies afforded in this Agreement and the Security Instrument, including conveying the Mortgaged Property upon foreclosure;

(iv) Borrower shall have recorded any easements, in a form and substance required by Lender, benefiting the Mortgaged Property after the release of the Expansion Property including, but not limited to, easements granting use and/or access to amenities on the Expansion Property, utility easements for utilities located or to be located on the Expansion Property benefiting the remaining Mortgaged Property, and parking or access easements;

(v) The Expansion Property shall be deeded to an entity, that is not a Borrower under this Agreement, at the time of such release;

(vi) Borrower shall amend the existing Security Instrument for such Mortgaged Property to reflect the new legal description of the Mortgaged Property, which legal description shall include any beneficial easements;

(vii) Borrower shall cause the existing title policy for such Mortgaged Property to be amended to reflect the new legal description of the Mortgaged Property, which legal description shall include any beneficial easements as insured parcels;

(viii) Borrower covenants that the Expansion Property shall be developed and operated in a manner compatible with the use of the remaining Mortgaged Property as a manufactured housing community; and

(ix) Borrower shall pay all of Lender's reasonable costs and expenses, including legal fees and expenses, in connection with the release of any Expansion Property.

(f) Special Provisions Regarding Eagle Crest. The Parties acknowledge that Borrower intends to dedicate to the Town of Lady Lake, Florida the water supply system and wastewater treatment plant (the "WATER OAK WATER TREATMENT FACILITY") located on Parcels A, B and C of that certain Mortgaged Property commonly known as Water Oak in Lake County, Florida (the "WATER OAK PROPERTY"). Lender hereby agrees to consent to such dedication and to release the Water Oak Water Treatment Facility from the Collateral Pool upon the satisfaction of the following conditions:

(i) Lender shall have reviewed and approved the final form of the Agreement for Purchase and Sale, the Rate Agreement, the Water and Wastewater Capacity Reservation Agreement, the Golf Course and Common Area Utilization Agreement and the Technical Assistance Agreement, each by and between SCF and the Town of Lady Lake, and any other documents executed in connection with the dedication of the Water Oak Water Treatment Facility;

(ii) If the legal description of the Water Oak Water Treatment Facility is not Parcels A, B, and C of the Water Oak Property, Lender shall have approved the legal description of the Water Oak Water Treatment Facility to be released from the Collateral Pool;

(iii) If necessary, Borrower shall have transferred the Water Oak Water Treatment Facility into a separate Tax ID parcel and remainder of the Water Oak Property shall have a Tax ID separate from the Water Oak Water Treatment Facility;

(iv) If necessary, Borrower shall have subdivided or replatted the Water Oak Property, as required by the Lake County, Florida, such that the Water Oak Property remaining in the Collateral Pool after the release of the Water Oak Water Treatment Facility shall be a separate parcel, on which Lender can exercise all rights and remedies afforded in this Agreement and the Security Instrument including conveying the Water Oak Property upon foreclosure;

(v) Borrower shall have recorded any easements, in form and substance required by the Governmental Authority having jurisdiction over the Water Oak Property in connection with the continued operation of the Water Oak Property pertaining to the Water Oak Water Treatment Facility, and if reasonably requested by Lender, any other easements pertaining to the continued operation of the Water Oak Property;

(vi) The Water Oak Water Treatment Facility shall be deeded to the Town of Lady Lake, at the time of the release of the Water Oak Water Treatment Facility;

(vii) Borrower shall amend the existing Security Instrument for the Water Oak Property to remove the Water Oak Water Treatment Facility from the legal description, which legal description shall include any beneficial easements;

(viii) Borrower shall cause the existing title policy for such Mortgaged Property to be amended to remove the Water Oak Water Treatment Facility from the legal description, which legal description shall include any beneficial easements as insured parcels; and

(ix) Borrower shall pay all of Lender's reasonable costs and expenses, including legal fees and expenses, in connection with the dedication and release of the Water Oak Treatment Facility.

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. As of the Initial Closing Date, the amount of the Commitment is \$390,000,000. The maximum amount by which the Commitment may be increased is \$10,000,000.

(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, Rate Preservation Fee and Standby Fee applicable to any increase in the Commitment shall be mutually agreed upon by Lender and Borrower; provided, however, (i) 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, and (ii) that if Borrower elects to pay the Rate Preservation Fee, then the Variable Facility Fee and the Fixed Facility Fee shall, subject to the provisions of Section 10.06 of this Agreement, remain unchanged for so long as the Rate Preservation 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, Rate Preservation 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 RatioSECTION 8.16
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 1.30:1.0.

(b) Compliance with Loan to Value RatioSECTION 8.17 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 75%.

(c) Geographical Diversification; Compliance with Concentration
TestSECTION 8.18 Geographical Diversification. 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.

(l) 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, Fixed Facility Notes, 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) If applicable, the receipt by Lender of the first installment of the Variable Facility Fee and the entire Discount payable by Borrower pursuant to Section 1.04;

(d) If applicable, the receipt by Lender of the first installment of the Fixed Facility Fee and any interest payable by the Borrower pursuant to Section 1.04; and

(e) Receipt by Lender of the Initial Origination Fee to the extent provided 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 130% and a Loan-to-Value Ratio of not more than 75%, 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 1.35:1.0 or greater and the Aggregate Loan to Value Ratio is 65% or less or if the provisions of Section 3.04(c)(C) 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 60% 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;

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

(i) Notwithstanding the other provisions of this Section 6.05, no release of any of the Mortgaged Properties shall be made unless the Borrower has provided title insurance, taking into account tie-in endorsements, to Lender in respect of each of the remaining Mortgaged Properties in the Collateral Pool in an amount equal to the lesser of (i) 115% of the Initial Value of the highest valued Mortgaged Property remaining in the Collateral Pool and (ii) the aggregate amount of Advances Outstanding.

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 1.30:1.0 and a Loan-to-Value Ratio of not more than 75%, 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 or Original Variable Facility Termination Date, as applicable.

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 Regional manager responsible for 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.

(ix) 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%.

SECTION 8.20. Special Covenants Regarding King's Court.

The parties are aware that certain phases of the Additional Mortgaged Property commonly known as King's Court in Traverse City, Michigan are not connected to the municipal water system. Borrower hereby covenants that in the event that the water supplied to these phases is not in compliance with the requirements of any Governmental Authority having jurisdiction over water, and such non-compliance is not cured by Borrower within thirty (30) days, Borrower will at its sole cost and expense hook up and connect all phases to the municipal water system within ninety (90) days of receiving notice from Lender of such requirement.

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). Notwithstanding the foregoing, Borrower shall be permitted to improve any Expansion Property provided that (i) such development is in a manner consistent with the operation and development of the existing developed property, and (ii) if the improvement is for any purpose other than infrastructure, additional home sites and amenities to be used by the Mortgaged Property, in Lender's sole judgment such other improvement will not decrease the value of the Mortgaged Property on which the Expansion Property is located.

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

FEEES

SECTION 10.01. Standby Fee.

Borrower shall pay the Standby Fee to Lender for the period from the date ninety (90) days after the Initial Closing Date 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 \$712,912.50 (which is equal to the product obtained by multiplying (i) the Commitment in excess of \$152,362,500 as of the date of this Agreement (\$237,637,500) by (ii) .30%). With respect to any Fixed Advance, at Borrower's option, in lieu of paying the Initial Origination Fee as set forth in the preceding sentence, Borrower may elect to increase the Fixed Facility Fee as follows:

5 Year Term:	8.5 basis point increase per annum
7 Year Term	6 basis point increase per annum
10 Years or Greater Term	5 basis point increase per annum

(b) Expansion Origination Fee. Upon the making of any Advance or portion of any Advance in excess of \$390,000,000 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) .30%.

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 (other than those Initial Mortgaged Properties comprising the Collateral Pool prior to the Initial Closing Date) in an amount equal to \$14,750 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 Fees paid to Lender 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. Borrower has also paid to Lender due diligence fees in an amount equal to \$7,750 in respect of each Mortgaged Property comprising the Collateral Pool pursuant to the Original Agreement.

(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 \$14,750. 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 in an amount agreed upon by Borrower and Lender.

(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.

SECTION 10.06. Rate Preservation Fee.

At Borrower's election, Borrower shall incur the Rate Preservation Fee commencing on the first day after the First Anniversary. Borrower shall notify Lender in writing not less than 30 days prior to the First Anniversary if it elects to pay the Rate Preservation Fee. If Borrower fails to provide written notice to Lender by the First Anniversary, Borrower shall be deemed to have elected not to pay the Rate Preservation Fee. If Borrower elects (or is deemed to have elected) not to pay the Rate Preservation Fee, such election shall be final. If Borrower elects to pay the Rate Preservation Fee, such election may be irrevocably terminated by at least 30 days' written notice of such termination by Borrower to Lender. The Rate Preservation Fee shall be payable monthly, in arrears, on the first Business Day following the end of the month, except that the Rate Preservation Fee for the last month during the Term of this Agreement shall be paid on the last day of the Term of this Agreement.

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 8.20 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 (a) 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 or (b) paying cash to Lender in the amount equal to the Advance purchased and backed by any interest in the Fixed Facility Note 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. The Lender's only recourse for the payment and performance of the Obligations 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). 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. 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

SECTION 16.01. Interest Rate Protection.

(a) The Initial Cap. To protect against fluctuations in interest rates, Borrower shall make arrangements for a Cap to be in place and maintained at all times with respect to the Variable Advances Outstanding. Each initial Cap relating to a Variable Advance Outstanding 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"). Notwithstanding the foregoing, any Cap in place on the Initial Closing Date purchased by Borrower pursuant to the Original Agreement shall be deemed to meet the requirement of an initial Cap otherwise required to be purchased under this Agreement.

(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;
- (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 1.0 to 1.0 (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.
27777 Franklin Road
The American Center, Suite 200
Southfield, Michigan 48034
Attention: Gary A. Shiffman
Telecopy No.: (248) 208-2645

with a copy to: Jaffe, Raitt, Heuer & Weiss Professional Corporation
Attention: Richard A. Zussman, Esq.
(prior to September 1, 2004)
One Woodward Avenue
Suite 2400
Detroit, Michigan 48226
Telecopy No.: (313) 961-8358

(on or after September 1, 2004)
The American Center
27777 Franklin Road
Suite 2500
Southfield, Michigan 48034
Telecopy No.: (248) 351-3082

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: Venable LLP
575 7th Street, N.W.
Suite 1000

Washington, D.C. 20004
Attention: Lawrence H. Gesner, Esquire
Telecopy No.: (202) 344-8300

(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. Lender shall not unreasonably withhold, delay or condition any approval or determination with respect to any matter described in Sections 3.04(e), 3.04(f) and 17.19.

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.

SECTION 17.18. Tax Service Contracts.

The Borrower shall, on the Initial Closing Date, reimburse Lender for the cost of a tax service contract or contracts. The tax service contract provider will monitor and confirm the accurate and timely payment of real estate taxes during the Term of this Agreement.

SECTION 17.19. Special Provisions Regarding Boulder Ridge.

Borrower has advised Lender and Lender has hereby acknowledges that a portion of Tract II of the Mortgaged Property commonly known as Boulder Ridge (the "BOULDER RIDGE PROPERTY") comprising the developed portion of Tract II is a separate parcel from the Expansion Property included within the Boulder Ridge Property. Borrower has advised Lender that to facilitate future development of the Expansion Property included within the Boulder Ridge Property, it may seek to combine the Expansion Property included within the Boulder Ridge Property with the developed portion of the Boulder Ridge Property resulting in all of Tract II becoming a single parcel. In such event, Lender shall consent to such replatting or resubdivision, subordinate to its lien on the Boulder Ridge Property to any easements and other matters caused by such replatting or resubdivision and execute and deliver all documents required by the applicable Governmental Authority in connection therewith, upon the satisfaction of each of the following conditions:

(i) Lender shall have reviewed and approved the final form of resubdivision or replatting of the Boulder Ridge Property and all documents it is required to execute in connection therewith, and Lender shall have determined that such resubdivision or replatting or the related documents do not materially interfere with the continuing operation of the Boulder Ridge Property; and

(ii) Borrower shall pay all of Lender's reasonable costs and expenses, including legal fees and expenses, in connection with the replatting or resubdivision.

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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: Executive 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: Executive 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: Executive Vice President - Acquisitions

SUN COMMUNITIES FINANCE, LLC, a Michigan
limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing
member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

SUN HOLLY FOREST LLC, a Michigan limited liability
company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing
member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

SUN SADDLE OAK LLC, a Michigan limited liability
company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing
member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
Title: Executive 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

APPENDIX I
DEFINITIONS

For all purposes of the Agreement, the following terms shall have the respective meanings set forth below:

"Acquiring Person" means a "person" or "group of persons" within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended.

"Addition Loan Documents" means the Security Instrument covering an Additional Mortgaged Property and any other documents, instruments or certificates required by Lender in connection with the addition of the Additional Mortgaged Property to the Collateral Pool pursuant to Article 3.

"Addition Request" means a written request, substantially in the form of Exhibit M to the Agreement, to add Additional Mortgaged Properties to the Collateral Pool as set forth in Section 3.02(a).

"Additional Borrower" means the owner of an Additional Mortgaged Property, which entity becomes a Borrower under the Agreement and the applicable Loan Documents.

"Additional Collateral Due Diligence Fees" means the due diligence fees paid by Borrower to Lender with respect to each Additional Mortgaged Property.

"Additional Mortgaged Property" means each Manufactured Housing Community owned by any Borrower or Additional Borrower (either in fee simple or as tenant under a ground lease meeting all of the requirements of the DUS Guide) and added to the Collateral Pool after the Initial Closing Date pursuant to Article 3.

"Advance" means a Variable Advance (including a Rollover Variable Advance) or a Fixed Advance.

"Advance Confirmation Instrument" means the written instrument, substantially in the form of Exhibit K to the Agreement, issued by Borrower to Lender to confirming Borrower's obligation to repay Variable Advances pursuant to Section 2.02.

"Advance Request" means a written request, substantially in the form of Exhibit L to the Agreement, for an Advance made pursuant to Section 2.04.

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the

possession, directly or indirectly, of the power to direct or cause the direction of the management (other than property management) and policies of that Person, whether through the ownership of voting securities, partnership interests or by contract or otherwise.

"Aggregate Debt Service Coverage Ratio" means, for any specified date, the ratio (expressed as a percentage) of--

(a) the aggregate of the Net Operating Income for the preceding 12 month period for the Mortgaged Properties

to

(b) the Facility Debt Service on the specified date.

"Aggregate Loan to Value Ratio" means, for any specified date, the ratio (expressed as a percentage) of--

(a) the Advances Outstanding on the specified date,

to

(b) the aggregate of the Valuations most recently obtained prior to the specified date for all of the Mortgaged Properties.

"Agreement" means the Amended and Restated Master Credit Facility Agreement, as it may be amended, supplemented or otherwise modified from time to time, including all Recitals, Appendices and Exhibits to the Agreement, each of which is hereby incorporated into the Agreement by this reference.

"Allocable Facility Amount" means the portion of the Credit Facility allocated to a particular Mortgaged Property by Lender in accordance with the Agreement. The Allocable Facility Amount for each Mortgaged Property shall equal the then current Aggregate Loan to Value Ratio multiplied by the then current Valuation of such Mortgaged Property.

"Amortization Period" means the period of 30 years.

"Applicable Law" means (a) all applicable provisions of all constitutions, statutes, rules, regulations and orders of all governmental bodies, all Governmental Approvals and all orders, judgments and decrees of all courts and arbitrators, (b) all zoning, building, environmental and other laws, ordinances, rules, regulations and restrictions of any Governmental Authority affecting the ownership, management, use, operation, maintenance or repair of any Mortgaged Property, including the Americans with Disabilities Act (if applicable), the Manufactured Home Construction and Safety Standards Act of 1974, the Fair Housing Amendment Act of 1988 and Hazardous

Materials Laws (as defined in the Security Instrument), (c) any building permits or any conditions, easements, rights-of-way, covenants, restrictions of record or any recorded or unrecorded agreement affecting or concerning any Mortgaged Property including planned development permits, condominium declarations, and reciprocal easement and regulatory agreements with any Governmental Authority, (d) all laws, ordinances, rules and regulations, whether in the form of rent control, rent stabilization or otherwise, that limit or impose conditions on the amount of rent that may be collected from the units of any Mortgaged Property, and (e) requirements of insurance companies or similar organizations, affecting the operation or use of any Mortgaged Property or the consummation of the transactions to be effected by the Agreement or any of the other Loan Documents.

"Appraisal" means an appraisal of a Manufactured Housing Community conforming to the requirements of Chapter 5 of Part III of the DUS Guide and accepted by Lender.

"Appraised Value" means the value set forth in an Appraisal.

"Approved Acquiring Person" means any person, corporation, limited partnership, limited liability company, limited liability limited partnership, real estate investment trust or any other entity, or the beneficial owner(s) of any of the foregoing who (a) has a net worth of at least \$250,000,000, (b) owns, directly or indirectly, manufactured housing communities comprising at least a total of 15,000 manufactured home sites, and (c) within the immediately preceding ten (10) year period has not been the primary controlling party on a loan acquired in whole or in part by Fannie Mae where the borrower (i) has defaulted on the loan or (ii) filed a voluntary bankruptcy or (iii) contested a foreclosure or forfeiture proceeding initiated by Fannie Mae or (iv) otherwise engaged in adversarial litigation with Fannie Mae.

"Borrower" means, individually and collectively, 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, Sun Communities Finance, LLC, a Michigan limited liability company, Sun Holly Forest LLC, a Michigan limited liability company, Sun Saddle Oak LLC, a Michigan limited liability company, and any Additional Borrower becoming a party to the Agreement and any other Loan Documents, but excluding any party which was a Borrower and any and all Mortgaged Properties owned by such Borrower have been released from the Collateral Pool.

"Business Day" means a day on which Fannie Mae is open for business.

"Calendar Quarter" means, with respect to any year, any of the following three month periods: (a) January-February-March; (b) April-May-June; (c) July-August-September; and (d) October-November-December.

"Calendar Year" means the 12-month period from the first day of January to and including the last day of December, and each 12-month period thereafter.

"Cap" means an interest rate cap provided pursuant to, and satisfying the requirements of, Article 16.

"Cap Documents" has the meaning set forth in Section 16.02.

"Cap Interest Rate" has the meaning set forth in Section 16.02.

"Cap Rate" means, for each Mortgaged Property, a capitalization rate reasonably selected by Lender for use in determining the Valuations and based on similar criteria as the most recent Appraisal of such Mortgage Property as reasonably modified or supplemented by Lender, as disclosed to Borrower from time to time. If the Borrower elects to challenge the Cap Rate determined by Lender for any Mortgaged Property, the Borrower shall notify Lender of such challenge in writing not more than five (5) Business Days after Borrower is informed of the Cap Rate by Lender. Promptly upon receipt of notice of such challenge, Lender shall order a study of capitalization rates applicable to the relevant Mortgaged Property by an appraiser reasonably acceptable to Lender (a "Cap Rate Study"). If the Borrower and Lender accept the results of the Cap Rate Study, the capitalization rate recommended by the Cap Rate Study shall be the Cap Rate applicable to such Mortgaged Property until the next Valuation of such Mortgaged Property. If either the Borrower or Lender does not accept the Cap Rate Study, the objecting party shall notify the other party within five (5) Business Days, whereupon the Lender shall promptly order two additional Cap Rate Studies. The Cap Rate shall be the average capitalization rate set forth in the two additional Cap Rate Studies. The Borrower shall pay the cost of all Cap Rate Studies.

"Cap Security Agreement" means, with respect to a Cap, the Interest Rate Cap Security, Pledge and Assignment Agreement between the Borrower and the Lender, for the benefit of Lender, in the form attached as Exhibit S to this Agreement as such agreement may be amended, modified, supplemented or restated from time to time.

"Cash Equivalents" means:

- (a) securities issued or fully guaranteed or insured by the United States Government or any agency thereof and backed by the full faith and credit of the United States having maturities of not more than twelve (12) months from the date of acquisition.
- (b) certificates of deposit, time deposits, demand deposits, eurodollar time deposits, repurchase agreements, reverse repurchase agreements, or bankers' acceptances, having in each case a term of not more than twelve (12) months, issued by any commercial bank having membership in the FDIC, or by any U.S. commercial lender (or any branch or agency of a non-U.S. bank licensed to conduct business in the U.S.) having combined

capital and surplus of not less than \$100,000,000 whose short-term securities are rated at least A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc.; and

- (c) commercial paper of an issuer rated at least A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc. and in either case having a term of not more than twelve (12) months.

"Change of Control" means the earliest to occur of: (a) the date on which Sun or the OP ceases for any reason whatsoever to be the sole general partner or managing member of any Borrower, either directly or indirectly as the sole general partner or managing member of one or more Affiliates who are members or partners of any Borrower, unless the successor to Sun or the OP is an Approved Acquiring Person or an Affiliate thereof, or (b) the date on which Sun or the OP, or any combination thereof, shall cease for any reason to be the holder, directly or indirectly, of at least 51% of the voting interest of any Borrower or to own, directly or indirectly, at least 40% of the equity, profits or other limited partnership interests or membership interests in, or Voting Equity Capital (or any other Securities or ownership interests) of any Borrower, unless in either case the successor to Sun or the OP is an Approved Acquiring Person (other than an Approved Acquiring Person or an Affiliate thereof), or (c) the date on which an Acquiring Person (other than an Approved Acquiring Person or an Affiliate thereof) becomes (by acquisition, consolidation or merger), directly or indirectly, the beneficial owner of more than 49% of the total Voting Equity Capital (or of any other Securities or ownership interest) of any Borrower, Sun or the OP then outstanding.

"Chief Financial Officer" means the chief financial officer of Sun or any other person with responsibility for any of the functions typically performed in a corporation by the chief financial officer.

"Closing Date" means the Initial Closing Date and each date after the Initial Closing Date on which the funding or other transaction requested in a Request is required to take place.

"Collateral" means the Mortgaged Properties and other collateral from time to time or at any time encumbered by the Security Instruments, or any other property securing Borrower's obligations under the Loan Documents.

"Collateral Pool" means all of the Collateral.

"Commitment" means, at any time, the sum of the Fixed Facility Commitment and the Variable Facility Commitment.

"Commitment Amount" means the lesser of (a) the amount that would result in an Aggregate Loan to Value Ratio of 75%, or (b) the amount that would result in (i) an Aggregate Debt Service Coverage Ratio of 1.0 for the portion of the Commitment that will be the Variable Facility Commitment (using a prorated portion of the Net Operating

Income and using the Facility Debt Service for only the Variable Facility Commitment in making such determination of Debt Service Coverage Ratio), provided that such amount shall not exceed 103% of the amount that would result using the calculation set forth in (ii) below, and (ii) an Aggregate Debt Service Coverage Ratio of 1.30 for the portion of the Commitment that will be the Fixed Facility Commitment (using a prorated portion of the Net Operating Income and using the Facility Debt Service for only the Fixed Facility Commitment in making such determination of Aggregate Debt Service Coverage Ratio).

"Complete Fixed Facility Termination" shall have the meaning set forth in Section 5.02(a).

"Complete Variable Facility Termination" shall have the meaning set forth in Section 5.02(a).

"Compliance Certificate" means a certificate of Borrower substantially in the form of Exhibit F to the Agreement.

"Consolidated EBITDA" means, for any period, and without double counting any item, the EBITDA for Sun and its Subsidiaries for such period on a consolidated basis.

"Consolidated EBITDA to Interest Ratio" means, for any period of determination, the ratio (expressed as a percentage) of--

(a) the excess of--

(i) the Consolidated EBITDA for the period, less

(ii) the Imputed Capital Expenditures for the period;

to

(b) the Consolidated Interest Expense for the period.

"Consolidated Interest Expense" means, for any period of determination, and without double counting any item, the sum of the Interest Expense for Sun for such period on a consolidated basis.

"Conversion Amendment" means the Master Credit Facility Conversion Amendment, substantially in the form of Exhibit I to the Agreement, reflecting the conversion of all or any portion of the Variable Facility Commitment to the Fixed Facility Commitment as set forth in Section 1.08(b).

"Conversion Documents" means the Conversion Amendment, together with an amendment to each Security Document and other applicable Loan Documents, in form and substance reasonably satisfactory to Lender, reflecting the change in the Fixed Facility Commitment and the Variable Facility Commitment pursuant to Section 1.08.

"Conversion Request" means a written request, substantially in the form of Exhibit H to the Agreement, to convert all or any portion of the Variable Facility Commitment to the Fixed Facility Commitment pursuant to Section 1.08.

"Coupon Rate" means, with respect to a Variable Advance, the imputed interest rate determined by Lender pursuant to Section 1.05(a) and, with respect to a Fixed Advance, the interest rate determined by Lender pursuant to Section 1.05(b).

"Coverage and LTV Tests" mean, for any specified date, each of the following financial tests:

(a) The Aggregate Debt Service Coverage Ratio is not less than 1.30:1.0.

(b) The Aggregate Loan to Value Ratio does not exceed 75%.

"Credit Facility" means the Fixed Facility and the Variable Facility.

"Credit Facility Termination Documents" means the instruments releasing the Security Instruments as lien on the Mortgaged Properties, UCC-3 Termination Statements terminating the UCC-1 Financing Statements on the Mortgaged Properties, and such other documents and instruments necessary to evidence the release of the Collateral from any lien securing the Obligations, and the Notes, all in connection with the termination of the Agreement and the Credit Facility pursuant to Article 5.

"Credit Facility Termination Request" means a written request, substantially in the form of Exhibit R to the Agreement, to terminate the Agreement and the Credit Facility pursuant to Section 5.04(a).

"Debt Service Coverage Ratio" means -

(a) For any Mortgaged Property, for any specified date, the ratio (expressed as a percentage) of --

(i) the aggregate of the Net Operating Income for the preceding 12 month period for the subject Mortgaged Property

to

(ii) the Facility Debt Service on the specified date, assuming, for the purpose of calculating the Facility Debt Service for this definition, that Advances Outstanding shall be the Allocable Facility Amount for the subject Mortgaged Property.

(b) For purposes of determining the Commitment Amount, the ratio (expressed in decimal form) of --

- (i) the applicable portion of Net Operating Income for the preceding 12 month period

to

- (ii) the applicable Facility Debt Service, as described in the definition of Commitment Amount.

"Discount" means, with respect to any Variable Advance, an amount equal to the excess of --

- (i) the face amount of the MBS backed by the Variable Advance, over
- (ii) the Price of the MBS backed by the Variable Advance.

"DUS Guide" means the Fannie Mae Multifamily Delegated Underwriting and Servicing (DUS) Guide, as such Guide may be amended from time to time, including exhibits to the DUS Guide and amendments in the form of Lender Memos, Guide Updates and Guide Announcements (and, if such Guide is no longer used by Fannie Mae, the term "DUS Guide" as used in the Agreement means the Fannie Mae Multifamily Negotiated Transactions (NT) Guide, as such Guide may be amended from time to time, including amendments in the form of Lender Memos, Guide Updates and Guide Announcements). All references to specific articles and sections of, and exhibits to, the DUS Guide shall be deemed references to such articles, sections and exhibits as they may be amended, modified, updated, superseded, supplemented or replaced from time to time.

"DUS Guide Underwriting Requirements" means the overall underwriting requirements for Manufactured Housing Communities as set forth in the DUS Guide.

"EBITDA" means, for any period, the sum determined in accordance with GAAP, of the following, for any Person on a consolidated basis--

- (a) the net income (or net loss) of such Person during such Period;
- (b) all amounts treated as expenses for real estate depreciation, Interest Expense and the amortization of intangibles of any kind to the extent included in the determination of such net income (or loss); and
- (c) all accrued taxes on or measured by income to the extent included in the determination of such net income (or loss);

provided, however, that net income (or loss) shall be computed for these purposes without giving effect to extraordinary losses or extraordinary gains.

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

"Event of Default" means any event defined to be an "Event of Default" under Article 11.

"Expansion" means an increase in the Commitment made in accordance with Article 4.

"Expansion Loan Documents" means amendments to the Variable Facility Note or the Fixed Facility Notes, as the case may be, increasing the amount of such Note to the amount of the Commitment, as expanded in accordance with Article 4 and amendments to the Security Instruments, increasing the amount secured by such Security Instruments to the amount of the Commitment.

"Expansion Request" means a written request, substantially in the form of Exhibit O to the Agreement, to obtain an Expansion pursuant to Section 4.02.

"Facility Debt Service" means -

- (a) For use in determining the Commitment Amount on the Initial Closing Date, the sum of the amount of interest and principal amortization that would be payable during the 12 month period immediately succeeding the Initial Closing Date, with respect to the full amount of the initial Commitment, except that, for these purposes:
 - (i) the initial amount of the Variable Facility Commitment shall be deemed to require level monthly payments of principal and interest (at an interest rate equal to (A) the Three Month LIBOR rate plus (B) the Variable Facility Fee plus (C) 300 basis points) in an amount necessary to fully amortize the original principal amount of the Variable Facility Commitment over the Amortization Period, with such amortization deemed to commence on the first day of the 12 month period; and
 - (ii) the initial amount of the Fixed Facility Commitment shall be deemed to require level monthly payments of principal and interest (at an interest rate equal to (A) the base United States Treasury Index Rate for securities having a maturity substantially similar to the maturity of the Fixed Advance plus (B) the anticipated investor spread (as determined by the Lender) for Fixed Advances having similar characteristics as the Fixed Advance to be made in connection with the Fixed Facility Commitment plus (C) the Fixed Facility Fee) in an amount necessary to fully amortize the original principal amount of the Fixed Facility Commitment over the Amortization Period, with such amortization to commence on the first day of the 12 month period.

The interest rates described in this clause (a) determined as of the Initial Closing Date are hereinafter referred to as the "Underwriting Rates."

(b) For use in determining the additional borrowing capacity created by the addition of Additional Mortgaged Properties and the amount of any Future Advance made pursuant to Section 2.06, the sum of:

(i) the amount of interest and principal amortization, during the 12 month period immediately succeeding the specified date, with respect to the Advances Outstanding on the specified date and Advances to be obtained relating to the Additional Mortgaged Properties, except that, for these purposes:

(A) each Variable Advance Outstanding or to be obtained relating to the Additional Mortgaged Properties shall be deemed to require level monthly payments of principal and interest at a rate equal to the rate that would apply to such Variable Advance if the Underwriting Rates were being determined on the date of calculation, in an amount necessary to fully amortize the original principal amount of the Variable Advance over the Amortization Period, with such amortization deemed to commence on the first day of the 12 month period; and

(B) each Fixed Advance Outstanding shall require level monthly payments of principal and interest (at the Coupon Rate for the Fixed Advance) in an amount necessary to fully amortize the original principal amount of the Fixed Advance over the Amortization Period, with such amortization to commence on the first day of the 12 month period; and

(C) each Fixed Advance to be obtained shall be deemed to require level monthly payments of principal and interest at a rate equal to the estimated Coupon Rate for such Fixed Advance in an amount necessary to fully amortize the original principal amount of such Fixed Advance over the Amortization Period, with such amortization deemed to commence on the first day of the 12 month period; and

(ii) the amount of the Standby Fees, if any, payable to Lender pursuant to Section 10.01 during such 12 month period (assuming, for these purposes, that the Advances Outstanding throughout the 12 month

period are always equal to the amount of Advances Outstanding on the specified date).

- (c) For use in determining the Aggregate Debt Service Coverage Ratio for purposes of determining Release Prices pursuant to Section 3.04(c) of the Agreement, for purposes of determining compliance with the Coverage and LTV Tests, and for other ongoing monitoring purposes, as of any specified date, the sum of:
- (i) the amount of interest and principal amortization, during the 12 month period immediately succeeding the specified date, with respect to the Advances Outstanding on the specified date, except that, for these purposes:
 - (A) each Variable Advance shall be deemed to require level monthly payments of principal and interest (at the Coupon Rate for such Variable Advance) in an amount necessary to fully amortize the original principal amount of the Variable Advance over the Amortization Period, with such amortization deemed to commence on the first day of the 12 month period; and
 - (B) each Fixed Advance shall require level monthly payments of principal and interest (at the Coupon Rate for such Fixed Advance) in an amount necessary to fully amortize the original principal amount of the Fixed Advance over the Amortization Period, with such amortization to commence on the first day of the 12 month period; and
 - (ii) the amount of the Standby Fees, if any, payable to Lender pursuant to Section 10.01 during such 12 month period (assuming, for these purposes, that the Advances Outstanding throughout the 12 month period are always equal to the amount of Advances Outstanding on the specified date).

"Facility Termination Document" means the Amendment of the Master Credit Facility Agreement, substantially in the form of Exhibit Q to the Agreement, evidencing the permanent reduction in the Facility Commitment pursuant to Section 5.02.

"Facility Termination Fee" means, with respect to a reduction in the Variable Facility Commitment pursuant to Article 5 (other than in connection with the conversion of a Variable Advance to a Fixed Advance or as otherwise provided in the Loan Documents), the sum of an amount equal to the product obtained by multiplying

- (1) the reduction in the Variable Facility Commitment, by

- (2) the Variable Facility Fee, by
- (3) the present value factor calculated using the following formula:

$$1 - (1 + r)^{-n}/r$$

[r = Yield Rate

n = the number of years and any fraction thereof remaining between the Closing Date for the reduction in the Commitment and the date six (6) months prior to the Variable Facility Termination Date]

The "Yield Rate" means the rate, determined as of the Initial Closing Date, on the U.S. Treasury security having a maturity closest to the Variable Facility Termination Date.

"Facility Termination Request" means a written request, substantially in the form of Exhibit P to the Agreement, for a permanent reduction in the Variable Facility Commitment or the Fixed Facility Commitment pursuant to Section 5.02.

"Fannie Mae" means the federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. Section 1716 et seq.

"Fees" means Additional Collateral Due Diligence Fee, Facility Termination Fee, Fixed Facility Fee, Rate Preservation Fee, Standby Fee, Substitution Fee, Variable Facility Fee any and all other fees specified in the Agreement.

"Final Loss" shall mean, with respect to any Mortgaged Property, the positive difference, if any, between (A) the Obligations unpaid at the time of calculation and (B) the sum of the amounts realized from the sale of the applicable REO Property or the value of the REO Property determined as set forth below, together with Net Operating Income from the time the applicable property becomes an REO property, as of the Final Loss Date.

"Final Loss Date" shall mean, with respect to any Mortgaged Property, the later of the date the REO Property was sold to an unrelated third party or, if the REO Property has not been sold for a period of twelve (12) months following the date it became an REO Property, the value of the REO Property determined as provided in the definition of REO Property.

"First Anniversary" means the date that is one year after the Initial Closing Date.

"Fixed Advance" means a loan made by Lender to Borrower under the Fixed Facility Commitment.

"Fixed Facility" means the agreement of Lender to make Fixed Advances to Borrower pursuant to Section 1.01.

"Fixed Facility Availability Period" means the period beginning on the Initial Closing Date and ending on the date 10 years after the Initial Closing Date.

"Fixed Facility Commitment" means \$177,362,500, plus such amount as Borrower may elect to add to the Fixed Facility Commitment in accordance with Section 1.08 and Article 4.

"Fixed Facility Fee" means (i) 48 basis points for a Fixed Advance drawn from the Fixed Facility Commitment in effect during the period ending on the First Anniversary (whenever such Fixed Advance is made) and (ii) for any Fixed Advance drawn from any portion of the Fixed Facility Commitment (excluding the Reserved Amount), increased under Article 4 or converted under Section 1.08 from any portion of the Variable Commitment after the period ending on the First Anniversary, the number of basis points determined at the time of such increase by Lender as the Fixed Facility Fee for such Fixed Advances (which shall be based on the amount then being charged by Lender to other borrowers of comparable financial condition as Borrower (taking into account the financial condition of Sun to the extent and in a similar manner as the financial condition of Sun was taken into account in the original underwriting of the Credit Facility) on credit facilities secured by manufactured housing properties having similar characteristics regarding leverage, geographic diversity, recourse and other material terms as reasonably determined by Lender). In the event the Rate Preservation Fee is being paid, there shall be no change in the Fixed Facility Fee with respect to the portion of the Fixed Facility Commitment on which the Rate Preservation Fee is being paid.

"Fixed Facility Note" means a promissory note, in the form attached as Exhibit B-1 or B-2, as applicable, to the Agreement, which will be issued by Borrower to Lender, concurrently with the funding of each Fixed Advance, to evidence Borrower's obligation to repay the Fixed Advance.

"Fixed Facility Termination Date" means the date 15 years after the Initial Closing Date.

"Future Advance" means an Advance made after the Initial Closing Date.

"GAAP" means generally accepted accounting principles in the United States in effect from time to time, consistently applied.

"General Conditions" shall have the meaning set forth in Article 6.

"Geographical Diversification Requirements" means a requirement that the Collateral Pool consist of not less than five (5) Mortgaged Properties located in at least three (3) states and, upon any increase in the Commitment pursuant to Article 4 of the

Agreement, such requirements as to the geographical diversification of the Collateral Pool as the Lender may determine at the time of such increase.

"Governmental Approval" means an authorization, permit, consent, approval, license, registration or exemption from registration or filing with, or report to, any Governmental Authority.

"Governmental Authority" means any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

"Gross Revenues" means, for any specified period, with respect to any Manufactured Housing Community, all income (including, without limitation, community fees) in respect of such Manufactured Housing Community as reflected on the certified operating statement for such specified period as adjusted to exclude unusual income (e.g. temporary or nonrecurring income), income not allowed under the DUS Guide as shown in Section 403.02 of Part III (e.g. interest income, furniture income, etc.), and the value of any unreflected concessions. Any type of income included in Gross Revenues at the time of the initial underwriting of any Mortgaged Property shall continue to be included in the calculation of Gross Revenues thereafter.

"Guaranty" means that certain Guaranty to be executed by Sun in the form of Exhibit E to this Agreement.

"Hazardous Materials", with respect to any Mortgaged Property, shall have the meaning given that term in the Security Instrument encumbering the Mortgaged Property.

"Hazardous Materials Law", with respect to any Mortgaged Property, shall have the meaning given that term in the Security Instrument encumbering the Mortgaged Property.

"Hazardous Substance Activity" means any storage, holding, existence, release, spill, leaking, pumping, pouring, injection, escaping, deposit, disposal, dispersal, leaching, migration, use, treatment, emission, discharge, generation, processing, abatement, removal, disposition, handling or transportation of any Hazardous Materials from, under, into or on any Mortgaged Property in violation of Hazardous Materials Laws, including the discharge of any Hazardous Materials emanating from any Mortgaged Property in violation of Hazardous Materials Laws through the air, soil, surface water, groundwater or property and also including the abandonment or disposal of any barrels, containers and other receptacles containing any Hazardous Materials from or on any Mortgaged Property in violation of Hazardous Materials Laws, in each case whether sudden or nonsudden, accidental or nonaccidental.

"Impositions" means, with respect to any Mortgaged Property, all (1) water and sewer charges which, if not paid, may result in a lien on all or any part of the Mortgaged Property, (2) premiums for fire and other hazard insurance, rent loss insurance and such

other insurance as Lender may require under any Security Instrument, (3) Taxes, and (4) amounts for other charges and expenses which Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of liens on the Mortgaged Property, or otherwise to protect Lender's interests.

"Imputed Capital Expenditures" means, for any four (4) consecutive quarters, an amount equal to the average number of manufactured housing sites owned by Sun during such period multiplied by Seventy-Five Dollars (\$75.00) per manufactured housing site, and for any period of less than four (4) consecutive quarters, an appropriate proration of such figure.

"Indebtedness" means, with respect to any Person, as of any specified date, without duplication, all:

(a) indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than (i) current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices, and (ii) for construction of improvements to property, if such Person has a non-contingent contract to purchase such property, and (iii) for the purchase of manufactured homes, in which case such Indebtedness may be secured by such homes);

(b) other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument;

(c) obligations of such Person under any lease of property, real or personal, the obligations of the lessee in respect of which are required by GAAP to be capitalized on a balance sheet of the lessee or to be otherwise disclosed as such in a note to such balance sheet;

(d) obligations of such Person in respect of acceptances (as defined in Article 3 of the Uniform Commercial Code of the District of Columbia) issued or created for the account of such Person;

(e) liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment of such liabilities; and

(f) as to any Person ("guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of a primary obligation (as defined below) with respect to which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing, or in effect guaranteeing, any indebtedness, lease, dividend or other obligation ("primary obligations") of any third person ("primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, to (1) purchase any such primary obligation or any property constituting direct or indirect security therefor, (2) advance or

supply funds for the purchase or payment of any such primary obligation or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (3) 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 (4) otherwise assure or hold harmless the owner of any such primary obligation against loss in respect of the primary obligation, provided, however, that the term "Contingent Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation of any guaranteeing person shall be deemed to be the lesser of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made and (ii) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Contingent Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Contingent Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by Owner in good faith.

"Initial Advance" means the Variable Advance Outstanding on the Initial Closing Date in the amount of \$152,637,500 and the Fixed Advance Outstanding on the Initial Closing Date in the amount of \$177,362,500.

"Initial Closing Date" means the date of the Agreement.

"Initial Mortgaged Properties" means the Manufactured Housing Communities described on Exhibit A to the Agreement and which represent the Manufactured Housing Communities which are made part of the Collateral Pool on the Initial Closing Date.

"Initial Origination Fee" shall have the meaning set forth in Section 1.02(a).

"Initial Security Instruments" means the Security Instruments covering the Initial Mortgaged Properties.

"Initial Valuation" means, when used with reference to specified Collateral, the Valuation initially performed for the Collateral as of the date on which the Collateral was added to the Collateral Pool. The Initial Valuation for each of the Initial Mortgaged Properties is as set forth in Exhibit A to the Agreement.

"Insurance Policy" means, with respect to a Mortgaged Property, the insurance coverage and insurance certificates evidencing such insurance required to be maintained pursuant to the Security Instrument encumbering the Mortgaged Property.

"Interest Expense" means, for any period, the sum of--

(a) gross interest expense for the period (including all commissions, discounts, fees and other charges in connection with standby letters of credit and similar instruments) for Sun; and

(b) the portion of the up-front costs and expenses for Rate Contracts entered into by Sun (to the extent not included in gross interest expense) fairly allocated to such Rate Contracts as expenses for such period, reduced by interest income earned on Rate Contracts not otherwise accounted for, as determined in accordance with GAAP;

(c) provided, that, all interest expense accrued by Sun during such period, even if not payable on or before the Termination Date, shall be included within "Interest Expense."

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended. Each reference to the Internal Revenue Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed.

"Lease" means any lease, any sublease or subsublease, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in any Mortgaged Property, and every modification, amendment or other agreement relating to such lease, sublease, subsublease or other agreement entered into in connection with such lease, sublease, subsublease or other agreement, and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto.

"Lender" shall have the meaning set forth in the first paragraph of the Agreement, but shall refer to any replacement Lender if the initial Lender is replaced pursuant to the terms of Section 13.04.

"Lien" means any mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance (including both consensual and non-consensual liens and encumbrances).

"Liquidity" means, at any time, the amount of cash and Cash Equivalents owned by a Person.

"Loan Documents" means the Agreement, the Notes, the Guaranty, the Advance Confirmation Instruments, the Security Documents, all documents executed by the Borrower or Sun pursuant to the General Conditions set forth in Article 6 of the Agreement and any other documents executed by the Borrower, Sun or the OP from time to time in connection with the Agreement or the transactions contemplated by the Agreement.

"Loan to Value Ratio " means, for a Mortgaged Property, for any specified date, the ratio (expressed as a percentage) of --

(a) the Allocable Facility Amount of the subject Mortgaged Property on the specified date,

to

(b) the Valuation most recently obtained prior to the specified date for the subject Mortgaged Property.

"Loan Year" means the 12-month (plus any partial month) period from the first day of the first calendar month after the Initial Closing Date to and including the last day of the twelfth calendar month after the first anniversary of the Initial Closing Date, and each 12-month period thereafter.

"Manufactured Housing Community" means a residential development consisting of sites for manufactured homes, related amenities, utility services, landscaping, roads and other infrastructure.

"Material Adverse Effect" means, with respect to any circumstance, act, condition or event of whatever nature (including any adverse written determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, or circumstance or circumstances, whether or not related, a material adverse change in or a materially adverse effect upon any of (a) the business, operations, property or condition (financial or otherwise) of the Borrower or Sun, (b) the present or future ability of the Borrower or Sun to perform the Obligations for which it is liable, (c) the validity, priority, perfection or enforceability of the Agreement or any other Loan Document or the rights or remedies of Lender under any Loan Document, or (d) the value of, or Lender's ability to have recourse against, any Mortgaged Property.

"MBS" means a mortgage-backed security issued by Fannie Mae which is "backed" by an Advance and has an interest in the Notes and the Collateral Pool securing the Notes, which interest permits the holder of the MBS to participate in the Notes and the Collateral Pool to the extent of such Advance.

"MBS Imputed Interest Rate" shall have the meaning set forth in Section 1.05(a).

"MBS Issue Date" means the date on which an MBS is issued by Fannie Mae.

"MBS Delivery Date" means the date on which an MBS is delivered by Fannie Mae.

"Mortgaged Property and Mortgaged Properties" means, individually and collectively, the Additional Mortgaged Properties, the Substitute Mortgaged Properties

and the Initial Mortgaged Properties, but excluding each Release Property from and after the date of its release from the Collateral Pool.

"Net Operating Income" means, for any specified period, with respect to any Mortgaged Property, the Gross Revenues during such period less the aggregate Operating Expenses during such period. If a Mortgaged Property is not in the Collateral Pool for the entire specified period, the Net Operating Income for the Mortgaged Property for the time within the specified period during which the Mortgaged Property was in the Collateral Pool shall be the Mortgaged Property's actual Gross Revenues for each full Calendar Quarter the Mortgaged Property was part of the Collateral Pool and the Mortgaged Property's pro forma net operating income determined by Lender in accordance with the underwriting procedures set forth in Chapter 4 of Part III of the DUS Guide (Determination of Loan Amount) as modified by Section 2 of Lender Memorandum 2001-02 issued by Fannie Mae relating to manufactured housing for each full Calendar Quarter during the specified period that the Mortgaged Property was not part of the Collateral Pool.

"Net Worth" means, as of any specified date, for any Person, the excess of the Person's assets over the Person's liabilities, determined in accordance with GAAP, on a consolidated basis, provided that all real property shall be valued on an undepreciated basis.

"Note" means any Fixed Facility Note or the Variable Facility Note.

"Obligations" means the aggregate of the obligations of Borrower and Sun under the Agreement and the other Loan Documents.

"OP" means Sun Communities Operating Limited Partnership, a Michigan limited partnership.

"Operating Expenses" means, for any period, with respect to any Manufactured Housing Community, all expenses in respect of the Manufactured Housing Community, as determined by Lender in accordance with the DUS Guide based on the certified operating statement for such specified period as adjusted to provide for the following: (i) all appropriate types of expenses, including a management fee of 4% or such other amount as Lender may reasonably determine as prevailing at the time of calculation in the market in which the Manufactured Housing Commitment is located and deposits to the Replacement Reserves (whether funded or not), are included in the total operating expense figure; (ii) upward adjustments to individual line item expenses to reflect market norms or actual costs and correct any unusually low expense items, which could not be replicated by a different owner or manager (e.g., a market rate management fee will be included regardless of whether or not a management fee is charged, market rate payroll will be included regardless of whether shared payroll provides for economies, etc.); and (iii) downward adjustments to individual line item expenses to reflect unique or aberrant costs (e.g., non-recurring capital costs, non-operating borrower expenses, etc.).

"Organizational Certificate" means, collectively, certificates from Borrower and Sun to Lender, in the form of Exhibits G-1 and G-2 to the Agreement, certifying as to certain organizational matters with respect to Borrower and Sun.

"Organizational Documents" means all certificates, instruments and other documents pursuant to which an organization is organized or operates, including but not limited to, (i) with respect to a corporation, its articles of incorporation and bylaws, (ii) with respect to a limited partnership, its limited partnership certificate and partnership agreement, (iii) with respect to a general partnership or joint venture, its partnership or joint venture agreement and (iv) with respect to a limited liability company, its articles of organization and operating agreement.

"Original Variable Advance" means the Variable Advance made pursuant to the Original Agreement having an Outstanding principal balance of \$75,000,000 on the Initial Closing Date.

"Original Variable Facility Termination Date" means May 29, 2007, unless extended pursuant to Section 1.07.

"Outstanding" means, when used in connection with promissory notes, other debt instruments or Advances, for a specified date, promissory notes or other debt instruments which have been issued, or Advances which have been made, but have not been repaid in full as of the specified date.

"Outstanding Allocated Facility Amount" means the allocable facility amount for any Mortgaged Property on the date such Mortgaged Property became a part of the collateral pool minus a pro rata portion of all principal payments made by Borrower pursuant to regularly scheduled monthly amortization in respect of any Fixed Advance.

"Ownership Interests" means, with respect to any entity, any ownership interests in the entity and any economic rights (such as a right to distributions, net cash flow or net income) to which the owner of such ownership interests is entitled.

"Pass-Through Rate" means the interest rate for a Fixed Advance as determined by Lender (rounded to three places) as determined in accordance with Section 2.01.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permits" means all permits and accreditations, or similar licenses or approvals issued and/or required by an applicable Governmental Authority or any Applicable Law in connection with the ownership, use, occupancy, leasing, management, operation, repair, maintenance or rehabilitation of any Mortgaged Property or any Borrower's business.

"Permitted Liens" means, with respect to a Mortgaged Property, (i) the exceptions to title to the Mortgaged Property set forth in the Title Insurance Policy for the Mortgaged Property which are approved by Lender, (ii) the Security Instrument encumbering the Mortgaged Property, (iii) a Lien imposed or created by Applicable Law, (iv) Liens reasonably required to permit the development of property owned by an Affiliate of the Borrower which is located adjacent to the Mortgaged Property, provided such Liens do not have a Material Adverse Effect and (v) any other Liens approved by Lender.

"Person" means an individual, an estate, a trust, a corporation, a partnership, a limited liability company or any other organization or entity (whether governmental or private).

"Potential Event of Default" means any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

"Price" means, with respect to an Advance, the proceeds of the sale of the MBS backed by the Advance.

"Property" means any estate or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Rate Contracts" means interest rate and currency swap agreements, cap, floor and collar agreements, interest rate insurance, currency spot and forward contracts and other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

"Rate Form" means the completed and executed document from Borrower to Lender pursuant to Section 2.01(b), substantially in the form of Exhibit J to the Agreement, specifying the terms and conditions for the requested Advance.

"Rate Preservation Fee" means for any month, an amount equal to the product obtained by multiplying: (i) 1/12, by (ii) 12.5 basis points, by (iii) the Reserved Amount. The Rate Preservation Fee shall be paid monthly in arrears commencing on the first month after the First Anniversary for so long as Borrower wishes to have a Reserved Amount, but shall no longer be payable following an Expansion adding the Reserved Amount to the Commitment.

"Rate Setting Date" shall have the meaning set forth in Section 2.01(b).

"Release Documents" mean instruments releasing the applicable Security Instrument as a Lien on the Release Property, and UCC-3 Termination Statements terminating the UCC-1 Financing Statements, and such other documents and instruments to evidence the release of the Release Property from the Collateral Pool.

"Release Property" means the Mortgaged Property to be released pursuant to Section 3.04.

"Release Price" shall have the meaning set forth in Section 3.04(c).

"Release Request" means a written request, substantially in the form of Exhibit M to the Agreement, to obtain a release of Collateral from the Collateral Pool pursuant to Section 3.04(a).

"Rent Roll" means, with respect to any Manufactured Housing Community, a rent roll prepared and certified by the owner of the Manufactured Housing Community, on Fannie Mae Form 4243, as set forth in Exhibit III-3 of the DUS Guide as modified by Section 3.02 of Lender Memorandum 2001-02 issued by Fannie Mae relating to manufactured housing, or on another form approved by Lender and containing substantially the same information as Form 4243 requires.

"REO Property" means a Mortgaged Property securing the Obligations that was acquired by Lender or a designee of either by foreclosure or deed in lieu of foreclosure. In the case of a foreclosure, the date the property was acquired shall be deemed to occur at the expiration of the applicable redemption period. The value of an REO Property held for twelve (12) months following the expiration of the redemption period shall be determined by an Appraisal.

"Replacement Reserve Agreement" means a Replacement Reserve and Security Agreement, reasonably required by Lender, and completed in accordance with the requirements of the DUS Guide.

"Request" means an Advance Request, an Addition Request, an Expansion Request, a Substitution Request, a Release Request, a Conversion Request, a Credit Facility Termination Request, or a Facility Termination Request.

"Reserved Amount" means all or a portion of the amount by which Borrower may increase the Commitment pursuant to Article 4, in an amount designated in writing from time to time by the Borrower as the amount on which the Fixed Facility Fee and the Variable Facility Fee shall not increase in the event of an Expansion for so long as the Borrower timely pays the Rate Preservation Fee on such amount.

"Rollover Variable Advance" means a Variable Advance made solely to refinance an existing Variable Advance on the maturity date of such Variable Advance.

"Security" means a "security" as set forth in Section 2(1) of the Securities Act of 1933, as amended.

"Security Documents" means the Security Instruments, the Replacement Reserve Agreements and any other documents executed by Borrower and Sun from time to time to secure any of Borrower's and Sun's obligations under the Loan Documents.

"Security Instrument" means, for each Mortgaged Property, a separate Multifamily Mortgage, Deed of Trust or Deed to Secure Debt, Assignment of Leases and Rents and Security Agreement given by a Borrower to or for the benefit of Lender to secure the obligations of Borrower under the Loan Documents. With respect to each Mortgaged Property owned by a Borrower, the Security Instrument shall be substantially in the form published by Fannie Mae for use in the state in which the Mortgaged Property is located. If the Collateral Pool includes any Mortgaged Properties located in the State of California, "Security Instrument" shall include any additional Multifamily Mortgage, Deed of Trust or Deed to Secure Debt, Assignment of Leases and Rents and Security Agreement given by a Borrower to or for the benefit of Lender to secure the obligations of Borrower under the Loan Documents deemed desirable by Lender. The amount secured by the Security Instrument shall be equal to the Commitment in effect from time to time.

"Senior Management" means (i) the Chief Executive Officer, Chairman of the Board, President, Chief Financial Officer and Chief Operating Officer of Sun, and (ii) any other individuals with responsibility for any of the significant functions typically performed in a corporation by the officers described in clause (i).

"Single-Purpose" means, with respect to a Person which is any form of partnership or corporation or limited liability company, that such Person at all times from and after the Initial Closing Date (or, in the case of an Additional Borrower, from and after the date such Additional Borrower becomes a party to the Master Agreement):

- (i) has been a duly formed and existing partnership, corporation or limited liability company, as the case may be;
- (ii) has been duly qualified in each jurisdiction in which such qualification was at such time necessary for the conduct of its business;
- (iii) has complied with the provisions of its organizational documents and the laws of its jurisdiction of formation in all respects;
- (iv) has observed all customary formalities regarding its partnership or corporate existence, as the case may be;
- (v) has accurately maintained its financial statements, accounting records and other partnership or corporate documents separate from those of any other Person;
- (vi) has collected rents from the tenants of its Mortgaged Property and deposited such rents in such Person's operating account, before all such cash in such operating accounts are transferred to a master operating account maintained by Sun, the OP or another Affiliate;

- (vii) has identified itself in all dealings with secured creditors (other than trade creditors in the ordinary course of business and creditors for the construction of improvements to property on which such Person has a non-contingent contract to purchase such property) under its own name and as a separate and distinct entity;
- (viii) is and has been adequately capitalized in light of its contemplated business operations;
- (ix) has not assumed, guaranteed or become obligated for the liabilities of any other Person (except in connection with the Credit Facility or the endorsement of negotiable instruments in the ordinary course of business) or held out its credit as being available to satisfy the obligations of any other Person;
- (x) has not acquired obligations or securities of any other Person;
- (xi) in relation to a Borrower, except for loans or advances made in the ordinary course of business to Affiliates, has not made loans or advances to any other Person;
- (xii) has not entered into and was not a party to any transaction with any Affiliate of such Person, except in the ordinary course of business and on terms which are no less favorable to such Person than would be obtained in a comparable arm's-length transaction with an unrelated third Party;
- (xiii) has not engaged in a non-exempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the Internal Revenue Code;
- (xiv) shall not acquire any real or personal property other than the Mortgaged Property and personal property related to the operation and maintenance of the Mortgaged Property; and
- (xv) shall not operate any business other than the management and operation of the Mortgaged Property (in particular and without limiting the foregoing, the Borrower is not and shall not engage in the retail sale or financing of Manufactured Homes, although this shall not prohibit any Affiliate of Borrower from engaging in such sale or financing. Borrower shall not rent Homes under Leases providing that upon payment of the stipulated rent or a nominal charge, the Borrower shall convey title to the Home to the lessee, although this shall not prohibit any Affiliate of Borrower from engaging in such practice).

Notwithstanding anything contained in the definition of Single-Purpose to the contrary, whether express or implied, Lender and Borrower agree that the following operations and activities of any and all Borrowers and their Affiliates

shall not be considered a violation of any obligation to maintain a Single-Purpose: (i) preparing and distributing consolidated financial statements which include the operation of the Borrowers and their Mortgaged Properties with the operations of Sun, the OP and/or other Affiliates; (ii) offering services to residents of the Mortgaged Property through Affiliates or other third parties for which fees and charges may be collected by such Borrower or the Affiliate and paid to such Affiliate or third party, which may include, without limitation, cable and internet services, landscaping, snow removal, lease or sale of manufactured homes, and child care; (iii) transferring all Gross Revenue, whether cash, cash equivalents or similar assets to Sun, the OP or any other Affiliate after collection thereof and depositing such Gross Revenue in the operating bank account maintained for the Mortgaged Property; (iv) having Sun, the OP or any Affiliate pay all payables, debts and other liabilities arising from or in connection with the operation of any Mortgaged Property from commingled funds; (v) using ancillary assets in connection with the operation of the Mortgaged Properties held in the name of Sun, the OP or any Affiliates, such as vehicles and office and maintenance equipment; (vi) treating the Mortgaged Properties for all purposes as part of and within the portfolio of manufactured housing communities owned by the OP or any Affiliate, including for marketing, promotion and providing information and reports to the public or required by Applicable Law; and (vii) allocating general overhead and administrative costs incurred by Sun, the OP and/or other Affiliates to Borrowers in a fair and equitable manner.

"Standby Fee" means, (A) for any month, an amount equal to the product obtained by multiplying: (i) 1/12, by (ii) 12.5 basis points, by (iii) the Unused Capacity for such month, and (B) for any period for which the Standby Fee is redetermined pursuant to the terms of the Master Agreement, the number of basis points per annum determined at the time of such redetermination (which shall be based on the Standby Fee then being charged by Lender to other borrowers of comparable financial condition as Borrower (taking into account the financial condition of Sun to the extent and in a similar manner as the financial condition of Sun was taken into account in the original underwriting of the Credit Facility) on credit facilities secured by manufactured housing properties having similar characteristics regarding leverage, geographic diversity, recourse and other material terms as reasonably determined by Lender).

"Subsidiary" means, when used with reference to a specified Person, (i) any Person that, directly or indirectly, through one or more intermediaries, is controlled by the specified Person, (ii) any Person of which the specified Person is, directly or indirectly, the owner of more than 50% of any voting class of Ownership Interests or (iii) any Person (A) which is a partnership and (B) of which the specified Person is a general partner and owns more than 50% of the partnership interests.

"Substitute Mortgaged Property" means each Manufactured Housing Community owned by Borrower (either in fee simple or as tenant under a ground lease meeting all of

the requirements of the DUS Guide) and added to the Collateral Pool after the Initial Closing Date in connection with a substitution of Collateral as permitted by Section 3.05.

"Substitution Fee" means, with respect to any substitution effected in accordance with Section 3.05, a fee equal to 30 basis points multiplied by the Allocable Facility Amount of the Substitute Mortgage Property added to the Collateral Pool.

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

"Surveys" means the as-built surveys of the Mortgaged Properties prepared in accordance with the requirements of Part III, Section 113 of the DUS Guide, or otherwise approved by Lender.

"Taxes" means all taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a lien, on the Mortgaged Properties.

"Term of this Agreement" shall be determined as provided in Section 17.10.

"Termination Date" means, at any time during which Fixed Advances are Outstanding, the latest maturity date for any Fixed Advance Outstanding, and, at any time during which Fixed Advances are not Outstanding, the Variable Facility Termination Date.

"Three-Month LIBOR" means the London interbank offered rate for three-month U.S. dollar deposits, as such rate is reported in The Wall Street Journal. In the event that a rate is not published for Three-Month LIBOR, then the nearest equivalent duration London interbank offered rate for U.S. Dollar deposits shall be selected at Lender's reasonable discretion. If the publication of Three-Month LIBOR is discontinued, Lender shall determine such rate from another equivalent source selected by Lender in its reasonable discretion.

"Title Company" means Lawyer's Title Insurance Company.

"Title Insurance Policies" means the mortgagee's policies of title insurance issued by the Title Company from time to time relating to each of the Security Instruments, conforming to the requirements of Part III, Section 111 of the DUS Guide, together with such endorsements, coinsurance, reinsurance and direct access agreements with respect to such policies as Lender may, from time to time, consider necessary or appropriate, whether or not required by the DUS Guide, including variable credit endorsements, if available, and tie-in Endorsements, if available, and with a limit of liability under the policy (subject to the limitations contained in Sections 6(a)(i) and 6(a)(iii) of the Stipulations and Conditions of the policy) equal to the Commitment.

"Transfer" means --

(1) as used with respect to Ownership Interests in Borrower or Sun means (i) a sale, assignment, pledge, transfer or other disposition of any ownership interest in Borrower or Sun, or (ii) the issuance or other creation of new ownership interests in Borrower or Sun or in any entity that has a direct or indirect ownership interest in Borrower or Sun, or (iii) a merger or consolidation of Borrower, as the case may be, into another entity or of another entity into Borrower as the case may be, or (iv) the reconstitution of Borrower from one type of entity to another type of entity, or (v) the amendment, modification or any other change in the governing instrument or instruments of Borrower or Sun which has the effect of materially changing the relative powers, rights, privileges, voting rights or economic interests of the ownership interests in Borrower or Sun, in each case excluding (a) any Transfer to or from an Affiliate, (b) sales and purchases of stock of Sun on any public stock exchange, (c) private placements of ownership interests in Sun or any Affiliate that do not result in a Change of Control, or (c) any conversion of any ownership interest in the OP or an Affiliate to stock in Sun, provided that any Transfer, sale, purchase or conversion does not otherwise conflict with or violate the terms and conditions of this Agreement.

(2) as used with respect to ownership interests in a Mortgaged Property means a sale, assignment, lease, pledge, transfer or other disposition (whether voluntary or by operation of law) of, or the granting or creating of a lien, encumbrance or security interest in, any estate, rights, title or interest in a Mortgaged Property, or any portion thereof, excluding the granting of easements, rights of way, licenses and similar property matters reasonably necessary for the operation of a Mortgaged Property. Transfer does not include a conveyance of a Mortgaged Property at a judicial or non-judicial foreclosure sale under any security instrument or the Mortgaged Property becoming part of a bankruptcy estate by operation of law under the United States Bankruptcy Code.

"Unused Capacity" means, for any month, the sum of the daily average during such month of the undrawn amount of the Commitment available under Article 1 of the Agreement for the making of Advances, without regard to any unclosed Requests or to the fact that a Request must satisfy conditions precedent.

"Valuation" means, for any specified date, with respect to a Manufactured Housing Community, (a) if an Appraisal of the Manufactured Housing Community was more recently obtained than a Cap Rate for the Manufactured Housing Community, the Appraised Value of such Manufactured Housing Community, or (b) if a Cap Rate for the Manufactured Housing Community was more recently obtained than an Appraisal of the Manufactured Housing Community, the value derived by dividing--

- (i) the Net Operating Income of such Manufactured Housing Community, by
- (ii) the most recent Cap Rate determined for the Mortgaged Property.

Notwithstanding the foregoing, any Valuation for a Manufactured Housing Community calculated for a date occurring before the first anniversary of the date on which the Manufactured Housing Community becomes a part of the Collateral Pool shall equal the Appraised Value of such Manufactured Housing Community, unless Lender determines that changed market or property conditions warrant that the value be determined as set forth in the preceding sentence.

"Variable Advance" means a loan made by Lender to Borrower under the Variable Facility Commitment.

"Variable Facility" means the agreement of Lender to make Variable Advances to Borrower pursuant to Section 1.01.

"Variable Facility Availability Period" means the period beginning on the Initial Closing Date and ending on the 90th day before the Variable Facility Termination Date.

"Variable Facility Commitment" means an aggregate amount of \$212,637,500, which shall be evidenced by the Variable Facility Note in the form attached hereto as Exhibit C, plus such amount as Borrower may elect to add to the Variable Facility Commitment in accordance with Article 4, less such amount as Borrower may elect to convert from the Variable Facility Commitment to the Fixed Facility Commitment in accordance with Section 1.08, and less such amount by which Borrower may elect to reduce the Variable Facility Commitment in accordance with Article V.

"Variable Facility Fee" means (i) 58 basis points per annum for any Variable Advance drawn from the Variable Facility Commitment initially available under the Agreement or in effect as the result of an expansion of the Variable Facility Commitment on or before the First Anniversary (whether or not drawn by such date), (ii) for any Variable Advance drawn from any portion of the Variable Facility Commitment increased under Article 4 after the First Anniversary, the number of basis points per annum determined at the time of such increase by Lender as the Variable Facility Fee for such Variable Advance (which shall be based on the amount then being charged by Lender to other borrowers of comparable financial condition as Borrower (taking into account the financial condition of Sun to the extent and in a similar manner as the financial condition of Sun was taken into account in the original underwriting of the Credit Facility) on credit facilities secured by manufactured housing properties having similar characteristics regarding leverage, geographic diversity, recourse and other material terms as reasonably determined by Lender), and (iii) if the Variable Facility Termination Date is extended pursuant to Section 1.07, for any Variable Advance drawn from any portion of the Variable Commitment (excluding the Reserved Amount) after the original Variable Facility Availability Period, the number of basis points per annum determined by Lender as the Variable Facility Fee for such period, which fee shall be set by Lender not less than 30 days prior to the commencement of such period and shall be based on the amount then being charged by Lender to other borrowers of comparable financial condition as Borrower (taking into account the financial condition of Sun to the

extent and in a similar manner as the financial condition of Sun was taken into account in the original underwriting of the Credit Facility) on credit facilities secured by manufactured housing properties having similar characteristics regarding leverage, geographic diversity, recourse and other material terms as reasonably determined by Lender. In the event the Rate Preservation Fee is being paid, there shall be no change in the Variable Facility Fee with respect to the portion of the Variable Facility Commitment on which the Rate Preservation Fee is being paid.

"Variable Facility Note" means, individually and collectively, promissory notes, each in the form attached as Exhibit C to the Agreement, which have been issued by Borrower to Lender to evidence Borrower's obligation to repay Variable Advances.

"Variable Facility Termination Date" means the date five years after the Initial Closing Date unless extended pursuant to Section 1.07.

"Voting Equity Capital" means Securities, partnership or member interests of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the board of directors (or Persons performing similar functions).

FIXED FACILITY NOTE

US \$77,362,500

April 5, 2004

FOR VALUE RECEIVED, the undersigned (collectively, the "BORROWER") promise to pay to the order of ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("LENDER") the principal sum of Seventy-seven Million Three Hundred Sixty-two Thousand Five Hundred AND NO/100 DOLLARS (US \$77,362,500), with interest accruing on the unpaid principal balance from the date of disbursement until fully paid at the annual rate of Four and Fifty-One Hundredths percent (4.51%).

This Note is executed and delivered by Borrower pursuant to that certain Master Credit Facility Agreement, dated as of May 29, 2002 by and between Borrower and Lender (as amended from time to time, the "MASTER AGREEMENT"), to evidence the obligation of Borrower to repay a Fixed Advance made by Lender to Borrower in accordance with the terms of the Master Agreement. This Note is entitled to the benefit and security of the Loan Documents provided for in the Master Agreement, to which reference is hereby made for a statement of all of the terms and conditions under which the Fixed Advance evidenced hereby is made.

1. DEFINED TERMS. As used in this Note, (i) the term "LENDER" means the holder of this Note, and (ii) the term "INDEBTEDNESS" means the principal of, interest on, or any other amounts due at any time under, this Note, the Security Instruments or any other Loan Document, including prepayment premiums, late charges, default interest, and advances to protect the security of the Security Instruments under Section 12 of the Security Instruments and (iii) a "BUSINESS DAY" means any day on which Fannie Mae is open for business. Event of Default and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Master Agreement or, if not defined in the Master Agreement, as defined in the Security Instruments (as defined in Paragraph 5).

2. ADDRESS FOR PAYMENT. All payments due under this Note shall be payable at ARCS Commercial Mortgage Co., L.P., 26901 Agoura Road, Suite 200, Calabasas Hills, California 91301-9932, or such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. PAYMENT OF PRINCIPAL AND INTEREST. Principal and interest shall be paid as follows:

(a) Unless disbursement of principal is made by Lender to Borrower on the first day of the month, interest for the period beginning on the date of disbursement and

ending on and including the last day of the month in which such disbursement is made shall be payable simultaneously with the execution of this Note.

(b) Interest under this Note shall be computed on the basis of a 360-day year. The amount of each monthly payment made by Borrower pursuant to Paragraph 3(c) below that is allocated to interest will be based on the actual number of calendar days during such month and shall be calculated by multiplying the unpaid principal balance of this Note by the per annum interest rate, dividing the product by 360 and multiplying the quotient by the actual number of days elapsed during the month. Borrower understands that the amount allocated to interest for each month will vary depending on the actual number of calendar days during such month.

(c)(1) (a) A single installment of interest only in the amount of Two Hundred Fifty One Thousand Nine Hundred Eighty Six and 80/100 Dollars (\$251,986.80) shall be payable on the date of this Note.

(b) Consecutive monthly installments of interest only, each in the amount of Two Hundred Ninety Thousand Seven Hundred Fifty Four and 06/100 Dollars (US \$290,754.06), shall be payable on the first day of each month beginning on June 1, 2004, until May 1, 2006.

(c)(2) Consecutive monthly installments of principal and interest, each in the amount of Three Hundred Ninety Two Thousand Four Hundred Forty Four and 23/100 Dollars (US \$392,444.23) shall be payable on the first day of each month beginning on June 1, 2006, until the entire unpaid principal balance evidenced by this Note is fully paid. Any accrued interest remaining past due for 30 days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Unless extended pursuant to Schedule B to this Note, any remaining principal and interest shall be due and payable on May 1, 2013 or on any earlier date on which the unpaid principal balance of this Note becomes due and payable, by acceleration or otherwise (the "MATURITY DATE"). If the Maturity Date is extended pursuant to Schedule B to this Note, any remaining principal and interest shall be due and payable on May 1, 2014 or on any earlier date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full.

(d) Any regularly scheduled monthly installment of principal and/or interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

4. APPLICATION OF PAYMENTS. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness that is less than all amounts due and payable at such time, Lender may apply that payment to amounts then due and

payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. SECURITY. The Indebtedness is secured, among other things, by multifamily mortgages, deeds to secure debt or deeds of trust dated as of the date of this Note (the "SECURITY INSTRUMENTS"), and reference is made to the Security Instruments for other rights of Lender concerning the collateral for the Indebtedness.

6. ACCELERATION. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, the prepayment premium payable under Paragraph 10, if any, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower. Lender may exercise this option to accelerate regardless of any prior forbearance.

7. LATE CHARGE. If any monthly installment due hereunder is not received by Lender on or before the 10th day of each month or if any other amount payable under this Note or under the Security Instruments or any other Loan Document is not received by Lender within 10 days after the date such amount is due, counting from and including the date such amount is due, Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to 5 percent of such monthly installment or other amount due. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the loan evidenced by this Note (the "LOAN"), and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Paragraph represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Paragraph 8.

8. DEFAULT RATE. So long as any monthly installment or any other payment due under this Note remains past due for 30 days or more, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or other payment due, as applicable, at a rate (the "DEFAULT RATE") equal to the lesser of 4 percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date (as such Maturity Date may be extended pursuant to Schedule B to this Note), the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment or payment under this Note is delinquent for more than 30 days, Lender will incur additional costs and

expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment or other payment due under this Note is delinquent for more than 30 days, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. PERSONAL LIABILITY OF THE BORROWER.

The provisions of Article 15 of the Master Agreement (entitled "PERSONAL LIABILITY OF THE BORROWER") concerning the non-recourse nature of the Indebtedness are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Article were set forth in its entirety herein.

10. VOLUNTARY AND INVOLUNTARY PREPAYMENTS.

(a) A prepayment premium shall be payable in connection with any prepayment made under this Note as provided below:

(1) Borrower may voluntarily prepay all or part of the unpaid principal balance of this Note only on the last calendar day of a calendar month and only if Borrower has complied with all of the following:

- (i) Borrower must give Lender at least 30 days, but not more than 60 days, prior written notice of its intention to make such prepayment (the "PREPAYMENT NOTICE").
- (ii) The Prepayment Notice shall be addressed to Lender and shall include, at a minimum, the date upon which Borrower intends to make the prepayment (the "INTENDED PREPAYMENT DATE"). Borrower acknowledges that the Lender is not required to accept any voluntary prepayment of this Note on any day other than the last calendar day of a calendar month. If the last calendar day of a calendar month is not a Business Day, then the Borrower must make the payment on the Business Day immediately preceding the last calendar day of a calendar month. For all purposes, including the accrual of interest and the calculation of the prepayment premium, any prepayment received by Lender on any day other than the last calendar day of a calendar month shall be deemed to

have been received on the last calendar day of the month in which such prepayment occurs.

- (iii) Any prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, (C) all other sums due Lender at the time of such prepayment, and (D) the prepayment premium calculated pursuant to Schedule A.
- (iv) If, for any reason, Borrower fails to prepay this Note (i) within five (5) Business Days after the Intended Prepayment Date or (ii) if the prepayment occurs in a month other than the month stated in the original Prepayment Notice, then Lender shall have the right, but not the obligation, to recalculate the prepayment premium based upon the date that Borrower actually prepays this Note and to make such calculation as described in Schedule A attached hereto. For purposes of such recalculation, such new prepayment date shall be deemed the "INTENDED PREPAYMENT DATE."

(2) Upon Lender's exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (A) all accrued interest and all other sums due Lender under this Note and the other Loan Documents, and (B) the prepayment premium calculated pursuant to Schedule A.

(3) Any application by Lender of any collateral or other security to the repayment of any portion of the unpaid principal balance of this Note prior to the Maturity Date and in the absence of acceleration shall be deemed to be a partial prepayment by Borrower, requiring the payment to Lender by Borrower of a prepayment premium.

(b) Notwithstanding the provisions of Paragraph 10(a), no prepayment premium shall be payable with respect to (A) any prepayment made no more than twelve (12) months before the Extended Maturity Date (as defined in Schedule B), or (B) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under any Security Instrument or as provided in subparagraph (c) of Schedule A.

(c) Schedule A and Schedule B are hereby incorporated by reference into this Note.

(d) Any required prepayment of less than the entire unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing. Upon the making of any voluntary prepayment of less than the entire unpaid principal balance of this Note, the required monthly installments of principal and interest shall be adjusted based on the then outstanding principal balance of this Note and

utilizing the methodology used to determine the monthly installments of principal and interest payable in respect of this Note on the closing of this Note.

(e) Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from a default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth on Schedule A represents a reasonable estimate of the damages Lender will incur because of a prepayment.

(f) Borrower further acknowledges that the prepayment premium provisions of this Note are a material part of the consideration for the loan evidenced by this Note, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of Borrower's voluntary agreement to the prepayment premium provisions.

11. COSTS AND EXPENSES. Borrower shall pay within 15 days after demand all expenses and costs, including reasonable fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

12. FORBEARANCE. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instruments, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. WAIVERS. Except as expressly provided in the Master Agreement, presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Borrower and all endorsers and guarantors of this Note and all other third party obligors.

14. LOAN CHARGES. Borrower agrees to pay an effective rate of interest equal to the sum of the interest rate provided for in this Note and any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the loan evidenced by this Note and any other fees or amounts to be paid by Borrower pursuant to any of the other Loan Documents. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

15. COMMERCIAL PURPOSE. Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

16. COUNTING OF DAYS. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE; WAIVER OF TRIAL BY JURY. The provisions of Section 17.06 of the Master Agreement (entitled "Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial") are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Section were set forth in its entirety herein.

18. CAPTIONS. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

19. NOTICES. All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 17.08 of the Master Agreement.

20. SECURITY FOR THIS NOTE. The indebtedness evidenced by this Note is secured by other Security Documents executed by Borrower or its Affiliates. Reference is made hereby to the Master Agreement and the Security Documents for additional

rights and remedies of Lender relating to the indebtedness evidenced by this Note. Each Security Document shall be released in accordance with the provisions of the Master Agreement and the Security Documents.

21. FIXED FACILITY. This Note is issued as part of the Fixed Facility established in accordance with the terms of the Master Agreement. Borrower may not re-borrow any amounts under this Note which it has previously borrowed and repaid under this Note.

22. CROSS-DEFAULT WITH MASTER AGREEMENT. The occurrence of an Event of Default under the Master Agreement shall constitute an "EVENT OF DEFAULT" under this Note, and, accordingly, upon the occurrence of an Event of Default under the Master Agreement, the entire principal amount outstanding hereunder and accrued interest thereon shall at once become due and payable, at the option of the holder hereof.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Borrower has signed and delivered this Note under seal or has caused this Note to be signed and delivered under seal by its duly authorized representative. Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

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:Executive 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:Executive 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:Executive Vice President-Acquisitions

ATTACHED SCHEDULES. THE FOLLOWING SCHEDULES ARE ATTACHED TO THIS
NOTE:

- SCHEDULE A PREPAYMENT PREMIUM (USE IF YIELD
MAINTENANCE IS ELECTED)
- SCHEDULE B MODIFICATIONS TO MULTIFAMILY NOTE
[DEFEASANCE] (USE IF DEFEASANCE IS ELECTED); OR
- SCHEDULE B MODIFICATIONS TO MULTIFAMILY NOTE
[EXTENDED MATURITY] (USE IF EXTENDED MATURITY
IS ELECTED)

SCHEDULE A

PREPAYMENT PREMIUM

Any prepayment premium payable under Paragraph 10 of this Note shall be computed as follows:

(A) If the prepayment is made at any time after the date of this Note and before the first calendar day of May, 2013 ("YIELD MAINTENANCE PERIOD END DATE"), the prepayment premium shall be the greater of: (i) 1% of the amount of principal being prepaid; or (ii) the product obtained by multiplying:

(A) the amount of principal being prepaid,

by

(B) the difference obtained by subtracting from the interest rate on this Note the yield rate (the "YIELD Rate") on the 4.25% U.S. Treasury Security due November, 2013 (the "SPECIFIED U.S. TREASURY SECURITY"), as the Yield Rate is reported in The Wall Street Journal on the twenty-fifth Business Day preceding (x) the Intended Prepayment Date, or (y) the date Lender accelerates the Loan or otherwise accepts a prepayment pursuant to Paragraph 10(a)(3) of this Note,

by

(C) the present value factor calculated using the following formula:

$$\frac{1 - (1 + r)^{-n/12}}{r}$$

[r = Yield Rate

n = the number of months remaining between (1) either of the following: in the case of a voluntary prepayment, the last calendar day of the calendar month during the date on which the prepayment is made, or (y) in any other case, the date on which Lender accelerates the unpaid principal balance of this Note and (2) the Yield Maintenance Period End Date.

In the event that no Yield Rate is published for the Specified U.S. Treasury Security, then the nearest equivalent U.S. Treasury Security shall be selected at Lender's discretion. If the publication of such Yield Rates in The Wall Street Journal is discontinued,

Lender shall determine such Yield Rates from another source selected by Lender.

- (B) Notwithstanding the provisions of Paragraph 10(a) of this Note, no prepayment premium shall be payable with respect to any prepayment made on or after the last calendar day of the 13th month prior to the month in which the Extended Maturity Date (as defined in Schedule B) occurs.

[Initial page follows.]

INITIAL PAGE TO SCHEDULE A
TO FIXED FACILITY NOTE

INITIAL(S)

JMC

SCHEDULE B
EXTENDED MATURITY LOAN
MODIFICATIONS TO MULTIFAMILY NOTE

The Fixed Facility Note dated April 5, 2004, in the original principal amount of \$77,362,000.00 (the "NOTE") issued by (a) SUN SECURED FINANCING LLC, a Michigan limited liability company, (b) ASPEN - FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership and (c) SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership (collectively, "BORROWER") and payable to the order of ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("LENDER") is hereby amended as follows:

1. Paragraph 3(c) of the Note is hereby modified by adding the following new sentence at the end thereof:

"Notwithstanding the foregoing, if the Extension [defined and described in Paragraph 3(e) below] becomes effective, then (i) the monthly payments required herein will be payable through the Maturity Date, (ii) thereafter, consecutive monthly installments of principal and interest will be payable as provided in Paragraph 3(e) below, (iii) any remaining principal and interest shall be due and payable on the first day of the month that is one year after the Maturity Date (the "Extended Maturity Date"), and (iv) any reference to the term "Maturity Date" contained in this Note or in any other Loan Document will be deemed to be a reference to the Extended Maturity Date."

2. The following paragraph is hereby added as Paragraph 3(e) of the Note:

"(e) Unless the Borrower notifies the Lender in writing not less than 30 days from, but not more than 60 days prior to, the Maturity Date (in the manner specified in the Master Agreement for giving notices) that it does not desire the Extension to be effective and the conditions set forth in paragraphs 1, 2 and 3 below are satisfied, the Maturity Date of this Note shall be automatically extended (the "Extension") for a one-year period beginning on the Maturity Date and ending on the Extended Maturity Date (the "Extension Period") on the terms set forth in paragraphs 4, 5, 6, 7, and 8 below:

(1) No Event of Default has occurred and is continuing (or any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default) and no material Event of Default has occurred during the 12 months immediately preceding the commencement of the Extension Option.

(2) No monthly payment or any other payment due under this Note has been past due for 30 days or more during the 12 months immediately preceding the commencement of the Extension Period.

(3) On the initial Maturity Date, Borrower makes an installment of principal and interest in an amount equal to the regularly scheduled monthly payment due prior to the initial Maturity Date as set forth in Paragraph 3(c) above.

(4) During the Extension Period, interest shall accrue on the unpaid principal balance of this Note at the Adjustable Rate. The Adjustable Rate shall change on each Rate Change Date (defined below) until the loan is repaid in full. The Adjustable Rate shall be the rate per annum that is equal to the sum of (i) the Current Index (defined below), and (ii) the Margin (defined below), which sum is then rounded to three decimal places. Accrued interest on this Note shall be paid in arrears.

(5) Consecutive monthly installments of principal and interest, each in the amount of the Required Monthly Payment (defined below), shall be due and payable on the first day of the month following the initial Maturity Date and on the first day of each month thereafter, until the entire unpaid principal balance evidenced by this Note is fully paid. Any accrued interest remaining past due for 30 days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Any remaining principal and interest, if not sooner paid, shall be due and payable on the Extended Maturity Date. The initial Required Monthly Payment shall be the amount required to pay the unpaid principal balance of this Note in equal monthly installments, including accrued interest at the Adjustable Rate over the Remaining Amortization Period (defined below). Thereafter, to the extent that the Adjustable Rate has changed, the Required Monthly Payment shall change on each Payment Change Date, and shall be in such amount as shall cause the unpaid principal balance of the Note to be amortized over the Remaining Amortization Period (defined below). The Required Monthly Payment shall be calculated utilizing an actual/360 interest calculation payment schedule based on a 360-day year consisting of the actual number of days in each month. The amount of the Required Monthly Payment that is allocated to interest shall be calculated utilizing the accrual method set forth in Paragraph 3(b) above. The balance of the Required Monthly Payment will be allocated to principal and such amount will vary depending on the amount of the Required Monthly Payment that is allocated to interest.

(6) Before each Payment Change Date, Lender shall re-calculate the Adjustable Rate and shall notify Borrower (in the manner specified in

the Security Instrument for giving notices) of any change in the Adjustable Rate and the Required Monthly Payment.

(7) If Lender at any time determines, in its sole but reasonable discretion, that it has miscalculated the amount of the Required Monthly Payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the Required Monthly Payment (and the corrected Adjustable Rate, if applicable) and (i) if the corrected amount of the Required Monthly Payment represents an increase, then Borrower shall, within 30 calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of the Required Monthly Payment not been miscalculated, or (ii) if the corrected amount of the Required Monthly Payment represents a decrease thereof and Borrower is not otherwise in breach or default under any of the terms and provisions of the Note, the Security Instrument or any other loan document evidencing or securing the Note, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the Required Monthly Payment not been miscalculated.

(8) For purposes of this Section, the following definitions shall apply:

CURRENT INDEX: The published Index that is effective on the 15th day before the applicable Rate Change Date.

INDEX: The British Bankers Association fixing of the London Inter-Bank Offered Rate for 1-month U.S. Dollar-denominated deposits as reported by Telerate through electronic transmission. If the Index is no longer available, or is no longer posted through electronic transmission, Lender will choose a new index that is based upon comparable information and provide notice thereof to Borrower.

MARGIN: 2.40% (which Margin includes the Variable Facility Fee).

ORIGINAL AMORTIZATION PERIOD: 360 months.

PAYMENT CHANGE DATE: The first day of the month following each Rate Change Date until this Note is repaid in full.

RATE CHANGE DATE: The initial Maturity Date and the first day of each month thereafter until this Note is repaid in full.

REMAINING AMORTIZATION PERIOD: For an amortizing Loan, as of the initial Maturity Date and the applicable Payment Change Date thereafter, the Original Amortization Period minus the number of scheduled monthly payments that have elapsed since the date of this Note."

3. The following new sentence is hereby added to Paragraph 8 of the Note:

"Notwithstanding the foregoing, if the Extension Option becomes effective, so long as any monthly installment or any other payment due under this Note remains past due for 30 days or more, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or other payment due, as applicable, at the Default Rate which is equal to the lesser of 4 percentage points above the then-current Adjustable Rate or the maximum interest rate which may be collected from Borrower under applicable law."

[Initial page follows.]

INITIAL PAGE TO SCHEDULE B
TO FIXED FACILITY NOTE

JMC

INITIALS

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FIXED FACILITY NOTE

US \$100,000,000

April 28, 2004

FOR VALUE RECEIVED, the undersigned (collectively, the "BORROWER") promise to pay to the order of ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("LENDER") the principal sum of ONE HUNDRED Million AND NO/100 DOLLARS (US \$100,000,000), with interest accruing on the unpaid principal balance from the date of disbursement until fully paid at the annual rate of Four and Seven Hundred Five Thousands percent (4.705%).

This Note is executed and delivered by Borrower pursuant to that certain Amended and Restated Master Credit Facility Agreement, dated as of April 28, 2004 by and between Borrower and Lender (as amended from time to time, the "MASTER AGREEMENT"), to evidence the obligation of Borrower to repay a Fixed Advance made by Lender to Borrower in accordance with the terms of the Master Agreement. This Note is entitled to the benefit and security of the Loan Documents provided for in the Master Agreement, to which reference is hereby made for a statement of all of the terms and conditions under which the Fixed Advance evidenced hereby is made.

1. DEFINED TERMS. As used in this Note, (i) the term "LENDER" means the holder of this Note, and (ii) the term "INDEBTEDNESS" means the principal of, interest on, or any other amounts due at any time under, this Note, the Security Instruments or any other Loan Document, including prepayment premiums, late charges, default interest, and advances to protect the security of the Security Instruments under Section 12 of the Security Instruments and (iii) a "BUSINESS DAY" means any day on which Fannie Mae is open for business. Event of Default and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Master Agreement or, if not defined in the Master Agreement, as defined in the Security Instruments (as defined in Paragraph 5).

2. ADDRESS FOR PAYMENT. All payments due under this Note shall be payable at ARCS Commercial Mortgage Co., L.P., 26901 Agoura Road, Suite 200, Calabasas Hills, California 91301-9932, or such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. PAYMENT OF PRINCIPAL AND INTEREST. Principal and interest shall be paid as follows:

(a) Unless disbursement of principal is made by Lender to Borrower on the first day of the month, interest for the period beginning on the date of disbursement and ending on and including the last day of the month in which such disbursement is made shall be payable simultaneously with the execution of this Note.

(b) Interest under this Note shall be computed on the basis of a 360-day year. The amount of each monthly payment made by Borrower pursuant to Paragraph 3(c) below that is allocated to interest will be based on the actual number of calendar days during such month and shall be calculated by multiplying the unpaid principal balance of this Note by the per annum interest rate, dividing the product by 360 and multiplying the quotient by the actual number of days elapsed during the month. Borrower understands that the amount allocated to interest for each month will vary depending on the actual number of calendar days during such month.

(c) (1) A single installment of interest only in the amount of Twenty Six Thousand One Hundred Thirty Eight and 88/100 Dollars (\$26,138.88) shall be payable on the date of this Note.

(c) (2) Consecutive monthly installments of principal and interest, each in the amount of Five Hundred Eighteen Thousand Nine Hundred Thirty Eight and 38/100 Dollars (US \$518,938.38) shall be payable on the first day of each month beginning on June 1, 2004, until the entire unpaid principal balance evidenced by this Note is fully paid. Any accrued interest remaining past due for 30 days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Unless extended pursuant to Schedule B to this Note, any remaining principal and interest shall be due and payable on May 1, 2013 or on any earlier date on which the unpaid principal balance of this Note becomes due and payable, by acceleration or otherwise (the "MATURITY DATE"). If the Maturity Date is extended pursuant to Schedule B to this Note, any remaining principal and interest shall be due and payable on May 1, 2014 or on any earlier date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full.

(d) Any regularly scheduled monthly installment of principal and/or interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

4. APPLICATION OF PAYMENTS. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness that is less than all amounts due and payable at such time, Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. SECURITY. The Indebtedness is secured, among other things, by multifamily mortgages, deeds to secure debt or deeds of trust dated as of the date of this Note (the "SECURITY INSTRUMENTS"), and reference is made to the Security Instruments for other rights of Lender concerning the collateral for the Indebtedness.

6. ACCELERATION. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, the prepayment premium payable under Paragraph 10, if any, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower. Lender may exercise this option to accelerate regardless of any prior forbearance.

7. LATE CHARGE. If any monthly installment due hereunder is not received by Lender on or before the 10th day of each month or if any other amount payable under this Note or under the Security Instruments or any other Loan Document is not received by Lender within 10 days after the date such amount is due, counting from and including the date such amount is due, Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to 5 percent of such monthly installment or other amount due. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the loan evidenced by this Note (the "LOAN"), and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Paragraph represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Paragraph 8.

8. DEFAULT RATE. So long as any monthly installment or any other payment due under this Note remains past due for 30 days or more, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or other payment due, as applicable, at a rate (the "DEFAULT RATE") equal to the lesser of 4 percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date (as such Maturity Date may be extended pursuant to Schedule B to this Note), the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment or payment under this Note is delinquent for more than 30 days, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment or other payment due under this Note is delinquent for more than 30 days, Lender's risk of nonpayment of this Note will be materially increased and Lender is

entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. PERSONAL LIABILITY OF THE BORROWER.

The provisions of Article 15 of the Master Agreement (entitled "PERSONAL LIABILITY OF THE BORROWER") concerning the non-recourse nature of the Indebtedness are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Article were set forth in its entirety herein.

10. VOLUNTARY AND INVOLUNTARY PREPAYMENTS.

(a) A prepayment premium shall be payable in connection with any prepayment made under this Note as provided below:

(1) Borrower may voluntarily prepay all or part of the unpaid principal balance of this Note only on the last calendar day of a calendar month and only if Borrower has complied with all of the following:

- (i) Borrower must give Lender at least 30 days, but not more than 60 days, prior written notice of its intention to make such prepayment (the "PREPAYMENT NOTICE").
- (ii) The Prepayment Notice shall be addressed to Lender and shall include, at a minimum, the date upon which Borrower intends to make the prepayment (the "INTENDED PREPAYMENT DATE"). Borrower acknowledges that the Lender is not required to accept any voluntary prepayment of this Note on any day other than the last calendar day of a calendar month. If the last calendar day of a calendar month is not a Business Day, then the Borrower must make the payment on the Business Day immediately preceding the last calendar day of a calendar month. For all purposes, including the accrual of interest and the calculation of the prepayment premium, any prepayment received by Lender on any day other than the last calendar day of a calendar month shall be deemed to have been received on the last calendar day of the month in which such prepayment occurs.
- (iii) Any prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, (C) all other sums due Lender at the time of such prepayment, and (D) the prepayment premium calculated pursuant to Schedule A.

(iv) If, for any reason, Borrower fails to prepay this Note (i) within five (5) Business Days after the Intended Prepayment Date or (ii) if the prepayment occurs in a month other than the month stated in the original Prepayment Notice, then Lender shall have the right, but not the obligation, to recalculate the prepayment premium based upon the date that Borrower actually prepays this Note and to make such calculation as described in Schedule A attached hereto. For purposes of such recalculation, such new prepayment date shall be deemed the "INTENDED PREPAYMENT DATE."

(2) Upon Lender's exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (A) all accrued interest and all other sums due Lender under this Note and the other Loan Documents, and (B) the prepayment premium calculated pursuant to Schedule A.

(3) Any application by Lender of any collateral or other security to the repayment of any portion of the unpaid principal balance of this Note prior to the Maturity Date and in the absence of acceleration shall be deemed to be a partial prepayment by Borrower, requiring the payment to Lender by Borrower of a prepayment premium.

(b) Notwithstanding the provisions of Paragraph 10(a), no prepayment premium shall be payable with respect to (A) any prepayment made no more than twelve (12) months before the Extended Maturity Date (as defined in Schedule B), or (B) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under any Security Instrument or as provided in subparagraph (c) of Schedule A.

(c) Schedule A and Schedule B are hereby incorporated by reference into this Note.

(d) Any required prepayment of less than the entire unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing. Upon the making of any voluntary prepayment of less than the entire unpaid principal balance of this Note, the required monthly installments of principal and interest shall be adjusted based on the then outstanding principal balance of this Note and utilizing the methodology used to determine the monthly installments of principal and interest payable in respect of this Note on the closing of this Note.

(e) Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from a default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties.

Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth on Schedule A represents a reasonable estimate of the damages Lender will incur because of a prepayment.

(f) Borrower further acknowledges that the prepayment premium provisions of this Note are a material part of the consideration for the loan evidenced by this Note, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of Borrower's voluntary agreement to the prepayment premium provisions.

11. COSTS AND EXPENSES. Borrower shall pay within 15 days after demand all expenses and costs, including reasonable fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

12. FORBEARANCE. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instruments, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. WAIVERS. Except as expressly provided in the Master Agreement, presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Borrower and all endorsers and guarantors of this Note and all other third party obligors.

14. LOAN CHARGES. Borrower agrees to pay an effective rate of interest equal to the sum of the interest rate provided for in this Note and any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the loan evidenced by this Note and any other fees or amounts to be paid by Borrower pursuant to any of the other Loan Documents. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable

law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

15. COMMERCIAL PURPOSE. Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

16. COUNTING OF DAYS. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE; WAIVER OF TRIAL BY JURY. The provisions of Section 17.06 of the Master Agreement (entitled "Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial") are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Section were set forth in its entirety herein.

18. CAPTIONS. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

19. NOTICES. All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 17.08 of the Master Agreement.

20. SECURITY FOR THIS NOTE. The indebtedness evidenced by this Note is secured by other Security Documents executed by Borrower or its Affiliates. Reference is made hereby to the Master Agreement and the Security Documents for additional rights and remedies of Lender relating to the indebtedness evidenced by this Note. Each Security Document shall be released in accordance with the provisions of the Master Agreement and the Security Documents.

21. FIXED FACILITY. This Note is issued as part of the Fixed Facility established in accordance with the terms of the Master Agreement. Borrower may not re-borrow any amounts under this Note which it has previously borrowed and repaid under this Note.

22. CROSS-DEFAULT WITH MASTER AGREEMENT. The occurrence of an Event of Default under the Master Agreement shall constitute an "EVENT OF DEFAULT" under this Note, and, accordingly, upon the occurrence of an Event of Default under the Master Agreement, the entire principal amount outstanding hereunder and accrued interest thereon shall at once become due and payable, at the option of the holder hereof.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Borrower has signed and delivered this Note under seal or has caused this Note to be signed and delivered under seal by its duly authorized representative. Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

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: Executive 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: Executive 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: Executive Vice President - Acquisitions

SUN COMMUNITIES FINANCE, LLC, a Michigan
limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

SUN HOLLY FOREST LLC, a Michigan limited liability
company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

SUN SADDLE OAK LLC, a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

ATTACHED SCHEDULES. THE FOLLOWING SCHEDULES ARE ATTACHED TO THIS NOTE:

- SCHEDULE A PREPAYMENT PREMIUM (USE IF YIELD)
MAINTENANCE IS ELECTED

- SCHEDULE B MODIFICATIONS TO MULTIFAMILY NOTE
[DEFEASANCE] (USE IF DEFEASANCE IS ELECTED); OR

- SCHEDULE B MODIFICATIONS TO MULTIFAMILY
NOTE [EXTENDED MATURITY] (USE IF EXTENDED MATURITY IS
ELECTED)

SCHEDULE A

PREPAYMENT PREMIUM

Any prepayment premium payable under Paragraph 10 of this Note shall be computed as follows:

(A) If the prepayment is made at any time after the date of this Note and before the first calendar day of May, 2013 ("YIELD MAINTENANCE PERIOD END DATE"), the prepayment premium shall be the greater of: (i) 1% of the amount of principal being prepaid; or (ii) the product obtained by multiplying:

(A) the amount of principal being prepaid,

by

(B) the difference obtained by subtracting from the interest rate on this Note the yield rate (the "YIELD RATE") on the 4.25% U.S. Treasury Security due November, 2013 (the "SPECIFIED U.S. TREASURY SECURITY"), as the Yield Rate is reported in The Wall Street Journal on the twenty-fifth Business Day preceding (x) the Intended Prepayment Date, or (y) the date Lender accelerates the Loan or otherwise accepts a prepayment pursuant to Paragraph 10(a)(3) of this Note,

by

(C) the present value factor calculated using the following formula:

$$\frac{1 - (1 + r)^{-n/12}}{r}$$

[r = Yield Rate

n = the number of months remaining between (1) either of the following: in the case of a voluntary prepayment, the last calendar day of the calendar month during the date on which the prepayment is made, or (y) in any other case, the date on which Lender accelerates the unpaid principal balance of this Note and (2) the Yield Maintenance Period End Date.

In the event that no Yield Rate is published for the Specified U.S. Treasury Security, then the nearest equivalent U.S. Treasury Security shall be selected at Lender's discretion. If the publication of such Yield Rates in The Wall Street Journal is discontinued,

Lender shall determine such Yield Rates from another source selected by Lender.

- (B) Notwithstanding the provisions of Paragraph 10(a) of this Note, no prepayment premium shall be payable with respect to any prepayment made on or after the last calendar day of the 13th month prior to the month in which the Extended Maturity Date (as defined in Schedule B) occurs.

INITIAL
JMC

SCHEDULE B

EXTENDED MATURITY LOAN
MODIFICATIONS TO MULTIFAMILY NOTE

The Fixed Facility Note dated April 28, 2004, in the original principal amount of \$100,000,000.00 (the "NOTE") issued by (a) SUN SECURED FINANCING LLC, a Michigan limited liability company, (b) ASPEN - FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership, (c) SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership (d) SUN COMMUNITIES FINANCE, LLC, a Michigan limited liability company, (e) SUN HOLLY FOREST LLC, a Michigan limited liability company, and (f) SUN SADDLE OAK LLC, a Michigan limited liability company (collectively, "BORROWER") and payable to the order of ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("LENDER") is hereby amended as follows:

1. Paragraph 3(c) of the Note is hereby modified by adding the following new sentence at the end thereof:

"Notwithstanding the foregoing, if the Extension [defined and described in Paragraph 3(e) below] becomes effective, then (i) the monthly payments required herein will be payable through the Maturity Date, (ii) thereafter, consecutive monthly installments of principal and interest will be payable as provided in Paragraph 3(e) below, (iii) any remaining principal and interest shall be due and payable on the first day of the month that is one year after the Maturity Date (the "Extended Maturity Date"), and (iv) any reference to the term "Maturity Date" contained in this Note or in any other Loan Document will be deemed to be a reference to the Extended Maturity Date."

2. The following paragraph is hereby added as Paragraph 3(e) of the Note:

"(e) Unless the Borrower notifies the Lender in writing not less than 30 days from, but not more than 60 days prior to, the Maturity Date (in the manner specified in the Master Agreement for giving notices) that it does not desire the Extension to be effective and the conditions set forth in paragraphs 1, 2 and 3 below are satisfied, the Maturity Date of this Note shall be automatically extended (the "Extension") for a one-year period beginning on the Maturity Date and ending on the Extended Maturity Date (the "Extension Period") on the terms set forth in paragraphs 4, 5, 6, 7, and 8 below:

(1) No Event of Default has occurred and is continuing (or any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default) and no material Event of Default has

occurred during the 12 months immediately preceding the commencement of the Extension Option.

(2) No monthly payment or any other payment due under this Note has been past due for 30 days or more during the 12 months immediately preceding the commencement of the Extension Period.

(3) On the initial Maturity Date, Borrower makes an installment of principal and interest in an amount equal to the regularly scheduled monthly payment due prior to the initial Maturity Date as set forth in Paragraph 3(c) above.

(4) During the Extension Period, interest shall accrue on the unpaid principal balance of this Note at the Adjustable Rate. The Adjustable Rate shall change on each Rate Change Date (defined below) until the loan is repaid in full. The Adjustable Rate shall be the rate per annum that is equal to the sum of (i) the Current Index (defined below), and (ii) the Margin (defined below), which sum is then rounded to three decimal places. Accrued interest on this Note shall be paid in arrears.

(5) Consecutive monthly installments of principal and interest, each in the amount of the Required Monthly Payment (defined below), shall be due and payable on the first day of the month following the initial Maturity Date and on the first day of each month thereafter, until the entire unpaid principal balance evidenced by this Note is fully paid. Any accrued interest remaining past due for 30 days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Any remaining principal and interest, if not sooner paid, shall be due and payable on the Extended Maturity Date. The initial Required Monthly Payment shall be the amount required to pay the unpaid principal balance of this Note in equal monthly installments, including accrued interest at the Adjustable Rate over the Remaining Amortization Period (defined below). Thereafter, to the extent that the Adjustable Rate has changed, the Required Monthly Payment shall change on each Payment Change Date, and shall be in such amount as shall cause the unpaid principal balance of the Note to be amortized over the Remaining Amortization Period (defined below). The Required Monthly Payment shall be calculated utilizing an actual/360 interest calculation payment schedule based on a 360-day year consisting of the actual number of days in each month. The amount of the Required Monthly Payment that is allocated to interest shall be calculated utilizing the accrual method set forth in Paragraph 3(b) above. The balance of the Required Monthly Payment will be allocated to principal and such amount will vary depending on the amount of the Required Monthly Payment that is allocated to interest.

(6) Before each Payment Change Date, Lender shall re-calculate the Adjustable Rate and shall notify Borrower (in the manner specified in the Security Instrument for giving notices) of any change in the Adjustable Rate and the Required Monthly Payment.

(7) If Lender at any time determines, in its sole but reasonable discretion, that it has miscalculated the amount of the Required Monthly Payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the Required Monthly Payment (and the corrected Adjustable Rate, if applicable) and (i) if the corrected amount of the Required Monthly Payment represents an increase, then Borrower shall, within 30 calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of the Required Monthly Payment not been miscalculated, or (ii) if the corrected amount of the Required Monthly Payment represents a decrease thereof and Borrower is not otherwise in breach or default under any of the terms and provisions of the Note, the Security Instrument or any other loan document evidencing or securing the Note, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the Required Monthly Payment not been miscalculated.

(8) For purposes of this Section, the following definitions shall apply:

CURRENT INDEX: The published Index that is effective on the 15th day before the applicable Rate Change Date.

INDEX: The British Bankers Association fixing of the London Inter-Bank Offered Rate for 1-month U.S. Dollar-denominated deposits as reported by Telerate through electronic transmission. If the Index is no longer available, or is no longer posted through electronic transmission, Lender will choose a new index that is based upon comparable information and provide notice thereof to Borrower.

MARGIN: 2.40% (which Margin includes the Variable Facility Fee).

ORIGINAL AMORTIZATION PERIOD: 360 months.

PAYMENT CHANGE DATE: The first day of the month following each Rate Change Date until this Note is repaid in full.

RATE CHANGE DATE: The initial Maturity Date and the first day of each month thereafter until this Note is repaid in full.

REMAINING AMORTIZATION PERIOD: For an amortizing Loan, as of the initial Maturity Date and the applicable Payment Change Date thereafter, the Original Amortization Period minus the number of scheduled monthly payments that have elapsed since the date of this Note."

3. The following new sentence is hereby added to Paragraph 8 of the Note:

"Notwithstanding the foregoing, if the Extension Option becomes effective, so long as any monthly installment or any other payment due under this Note remains past due for 30 days or more, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or other payment due, as applicable, at the Default Rate which is equal to the lesser of 4 percentage points above the then-current Adjustable Rate or the maximum interest rate which may be collected from Borrower under applicable law."

JMC

INITIALS

VARIABLE FACILITY NOTE

US \$60,275,000

April 28, 2004

FOR VALUE RECEIVED, the undersigned (collectively, "BORROWER") promise to pay to the order of ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership, the principal sum of SIXTY MILLION TWO HUNDRED SEVENTY FIVE Dollars and 00/100 Dollars (US \$60,275,000) with interest on each Variable Advance at an annual rate as calculated in Section 3 hereof.

This Note is executed and delivered by Borrower pursuant to that certain Amended and Restated Master Credit Facility Agreement, dated as of April 28, 2004, by and between Borrower and ARCS Commercial Mortgage Co., L.P. ("LENDER") (as amended from time to time, the "MASTER AGREEMENT"), to evidence the obligation of Borrower to repay Variable Advances made by Lender to Borrower in accordance with the terms of the Master Agreement. This Note is entitled to the benefit and security of the Loan Documents provided for in the Master Agreement, to which reference is hereby made for a statement of all of the terms and conditions under which the Variable Advances evidenced hereby is made. The Master Agreement requires certain of the terms of each Variable Advance to be evidenced by an Advance Confirmation Instrument, and reference is hereby made to each such Advance Confirmation Instrument for such terms.

This Note is issued as part of a Variable Facility established in accordance with the terms of the Master Agreement. Subject to the terms, conditions and limitations of Article 1 of the Master Agreement, Borrower may re-borrow any amounts under this Note which they have previously borrowed and repaid under this Note.

1. DEFINED TERMS. As used in this Note, (i) the term "LENDER" means the holder of this Note, and (ii) the term "INDEBTEDNESS" means the principal of, interest on, or any other amounts due at any time under, this Note, the Security Instruments or any other Loan Document, including late charges, default interest, and advances to protect the security of the Security Instruments under Section 12 of the Security Instruments. Event of Default and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Master Agreement or, if not defined in the Master Agreement, as defined in the Security Instruments (as defined in Paragraph 5).

2. ADDRESS FOR PAYMENT. All payments due under this Note shall be payable at ARCS Commercial Mortgage Co., L.P., 26901 Agoura Road, Suite 200, Calabasas Hills, California 91301-9932, or such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. PAYMENT OF PRINCIPAL AND INTEREST. Principal and interest shall be paid as follows:

(a) This Note shall evidence Variable Advances made from time to time under the Master Agreement. Each Variable Advance shall bear interest at a rate determined in accordance with Section 2.01 of the Master Agreement.

(b) Borrower shall pay imputed interest on each Variable Advance in advance in the form of a Discount in accordance with Section 1.04(b) of the Master Agreement (except that Borrower shall pay actual interest on the Variable Advance for the partial month period, if any, in accordance with Section 1.04(a) of the Master Agreement). If not sooner paid, the entire principal amount of each Variable Advance shall be due and payable on the maturity date of the applicable Variable Advance (the "MATURITY DATE") in accordance with Section 1.03 of the Master Agreement. In addition to payment of principal and the Discount, Borrower shall pay the Variable Facility Fee due on each Variable Advance in accordance with Section 1.04(b)(ii) of the Master Agreement. No Variable Advance may have a Maturity Date later than, and any then outstanding Variable Advance shall be due and payable in full on, the related Variable Facility Termination Date.

4. APPLICATION OF PAYMENTS. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness that is less than all amounts due and payable at such time, Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. SECURITY. The Indebtedness is secured, among other things, by the Security Instruments described in the Master Agreement and reference is made to the Security Instruments for other rights of Lender concerning the collateral for the Indebtedness.

6. ACCELERATION. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower. Lender may exercise this option to accelerate regardless of any prior forbearance.

7. LATE CHARGE. If any monthly amount payable under this Note or under the Security Instrument or any other Loan Document is not received by Lender within 10 days after the amount is due, Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to 5 percent of such amount. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the loan evidenced by this Note (the "LOAN"), and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Paragraph represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such

late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Paragraph 8.

8. **DEFAULT RATE.** So long as any payment due under this Note remains past due for 30 days or more, interest under this Note shall accrue on the unpaid principal balance from the due date of such payment, at a rate (the "DEFAULT RATE") equal to the lesser of 4 percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment or payment under this Note is delinquent for more than 30 days, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment or other payment due under this Note is delinquent for more than 30 days, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. **PERSONAL LIABILITY OF THE BORROWER.**

The provisions of Article 15 of the Master Agreement (entitled "PERSONAL LIABILITY OF THE BORROWER") concerning the non-recourse nature of the Indebtedness are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Article were set forth in its entirety herein.

10. **VOLUNTARY AND INVOLUNTARY PREPAYMENTS.**

Pursuant to the terms of the Master Agreement, Borrower shall pay the entire amount of the Discount on any Variable Advance in advance. Accordingly, any Variable Advance may be prepaid in whole or in part and at any time without penalty. Borrower shall give Lender five Business Days advance notice of any prepayment.

11. **COSTS AND EXPENSES.** Borrower shall pay within 15 days after demand all expenses and costs, including reasonable fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

12. FORBEARANCE. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. WAIVERS. Except as expressly provided in the Master Agreement, presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Borrower and all endorsers and guarantors of this Note and all other third party obligors.

14. LOAN CHARGES. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. Borrower agrees to an effective rate of interest that is the stated rate of interest plus any additional rate of interest resulting from any other charges or fees that are to be paid by Borrower to Lender that may be found by a court of competent jurisdiction to be interest. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

15. COMMERCIAL PURPOSE. Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

16. COUNTING OF DAYS. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL. The provisions of Section 17.06 of the Master Agreement (entitled "Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial") are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Section were set forth in its entirety herein.

18. CAPTIONS. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

19. NOTICES. All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 17.08 of the Master Agreement.

20. CROSS-DEFAULT WITH MASTER AGREEMENT. The occurrence of an Event of Default under the Master Agreement shall constitute an "Event of Default" under this Note, and, accordingly, upon the occurrence of an Event of Default under the Master Agreement, the entire principal amount outstanding hereunder and accrued interest thereon shall at once become due and payable, at the option of the holder hereof.

21. ADVANCE CONFIRMATION INSTRUMENTS; ACCOUNTING FOR VARIABLE ADVANCES. The terms of the Master Agreement and this Note govern the repayment, and all other terms relating to each Variable Advance. However, Borrower shall execute an Advance Confirmation Instrument to create a physical instrument evidencing the Variable Advance. The Advance Confirmation Instrument for a Variable Advance executed by Borrower in accordance with Section 2.02 of the Master Agreement shall set forth the amount, term, Discount, Closing Date and certain other terms of the Variable Advance. The Advance Confirmation Instrument shall conclusively establish each of the terms described in the preceding sentence, absent manifest error. The Variable Advance evidenced by the Advance Confirmation Instrument does not represent a separate indebtedness from that evidenced by this Note. In making proof of this Note, no other documents other than this Note shall be required. In making proof of the amount and terms of the outstanding Variable Advances under this Note, this Note, the Advance Confirmation Instruments for the Variable Advances, and Lender's records concerning payments made by Borrower under this Note, shall be conclusive evidence of the terms and outstanding amounts of each Variable Advance, absent manifest error.

23. PRIORITY OF ADVANCES. Each Variable Advance under this Note shall be evidenced by an Advance Confirmation Instrument, and the lien of each Security Document executed by Borrower from time to time to secure this Note, shall secure each separate Advance (and the lien of each Security Instrument and other Security Document executed by Borrower to secure its obligations under the Loan Documents) to the same extent and with the same effect as if the Advance had been made (and any guaranty obligation had been incurred) on the date on which (i) with respect to each other Security Instrument, the Security Instrument is recorded in the land records of the jurisdiction in which the real property covered by the Security Instrument is located, or (ii) with respect to each other Security Document, the date on which the Security Document is executed and delivered to Lender.

IN WITNESS WHEREOF, Borrower has signed and delivered this Note under seal or has caused this Note to be signed and delivered under seal by its duly authorized representative. Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

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: Executive 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: Executive 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: Executive Vice President - Acquisitions

SUN COMMUNITIES FINANCE, LLC, a Michigan
limited liability company

By: Sun Communities Operating Limited Partnership, a
Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

SUN HOLLY FOREST LLC, a Michigan limited liability
company

By: Sun Communities Operating Limited Partnership, a
Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

SUN SADDLE OAK LLC, a Michigan limited liability
company

By: Sun Communities Operating Limited Partnership, a
Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

FOURTH AMENDED AND RESTATED
VARIABLE FACILITY NOTE

US \$152,362,500

April 28, 2004

FOR VALUE RECEIVED, the undersigned (collectively, "BORROWER") promise to pay to the order of ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership, the principal sum of ONE HUNDRED FIFTY TWO MILLION THREE HUNDRED SIXTY-TWO THOUSAND FIVE HUNDRED and 00/100 Dollars (US \$152,362,500), with interest on each Variable Advance at an annual rate as calculated in Section 3 hereof.

The original Variable Facility Note in the amount of \$101,760,000.00 was executed on May 29, 2002 (the "ORIGINAL NOTE") pursuant to that certain Master Credit Facility Agreement, dated as of May 29, 2002, by and between Borrower and ARCS Commercial Mortgage Co., L.P. ("LENDER"), as amended and restated pursuant to that certain Amended and Restated Master Credit Facility Agreement dated as of April 28, 2004 (as amended from time to time, the "MASTER AGREEMENT"), to evidence the obligation of Borrower to repay Variable Advances made by Lender to Borrower in accordance with the terms of the Master Agreement. The Original Note was amended and restated pursuant to that certain Amended and Restated Variable Facility Note dated as of August 29, 2002 (the "FIRST A&R NOTE"), made by Borrower thereto to reflect an increase in the note amount to \$139,427,500. The First A&R Note was further amended and restated pursuant to that certain Second Amended and Restated Variable Facility Note dated as of November 26, 2002 whereby the original principal amount of the First A&R Note was increased to \$152,362,500 (the "SECOND A&R NOTE"). The Second A&R Note was further amended and restated pursuant to that certain Third Amended and Restated Variable Facility Note dated as of April 5, 2004 whereby the original principal amount of the Second A&R Note was decreased to \$75,000,000 (the "THIRD A&R NOTE"). Borrower desires to amend and restate the Third A&R Note in its entirety, to reflect a change in the note amount as set forth herein.

This Fourth Amended and Restated Variable Facility Note (this "NOTE") shall amend, restate and replace in its entirety the Third A&R Note. This Note is entitled to the benefit and security of the Loan Documents provided for in the Master Agreement, to which reference is hereby made for a statement of all of the terms and conditions under which the Variable Advances evidenced hereby is made. The Master Agreement requires certain of the terms of each Variable Advance to be evidenced by an Advance Confirmation Instrument, and reference is hereby made to each such Advance Confirmation Instrument for such terms.

This Note is issued as part of a Variable Facility established in accordance with the terms of the Master Agreement. Subject to the terms, conditions and limitations of Article 1 of the Master Agreement, Borrower may re-borrow any amounts under this Note which they have previously borrowed and repaid under this Note.

1. DEFINED TERMS. As used in this Note, (i) the term "LENDER" means the holder of this Note, and (ii) the term "INDEBTEDNESS" means the principal of, interest on, or any other amounts due at any time under, this Note, the Security Instruments or any other Loan Document, including late charges, default interest, and advances to protect the security of the Security Instruments under Section 12 of the Security Instruments. Event of Default and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Master Agreement or, if not defined in the Master Agreement, as defined in the Security Instruments (as defined in Paragraph 5).

2. ADDRESS FOR PAYMENT. All payments due under this Note shall be payable at ARCS Commercial Mortgage Co., L.P., 26901 Agoura Road, Suite 200, Calabasas Hills, California 91301-9932, or such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. PAYMENT OF PRINCIPAL AND INTEREST. Principal and interest shall be paid as follows:

(a) This Note shall evidence Variable Advances made from time to time under the Master Agreement. Each Variable Advance shall bear interest at a rate determined in accordance with Section 2.01 of the Master Agreement.

(b) Borrower shall pay imputed interest on each Variable Advance in advance in the form of a Discount in accordance with Section 1.04(b) of the Master Agreement (except that Borrower shall pay actual interest on the Variable Advance for the partial month period, if any, in accordance with Section 1.04(a) of the Master Agreement). If not sooner paid, the entire principal amount of each Variable Advance shall be due and payable on the maturity date of the applicable Variable Advance (the "MATURITY DATE") in accordance with Section 1.03 of the Master Agreement. In addition to payment of principal and the Discount, Borrower shall pay the Variable Facility Fee due on each Variable Advance in accordance with Section 1.04(b)(ii) of the Master Agreement. No Variable Advance may have a Maturity Date later than, and any then outstanding Variable Advance shall be due and payable in full on, the related Variable Facility Termination Date.

4. APPLICATION OF PAYMENTS. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness that is less than all amounts due and payable at such time, Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. SECURITY. The Indebtedness is secured, among other things, by the Security Instruments described in the Master Agreement and reference is made to the Security Instruments for other rights of Lender concerning the collateral for the Indebtedness.

6. ACCELERATION. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower. Lender may exercise this option to accelerate regardless of any prior forbearance.

7. LATE CHARGE. If any monthly amount payable under this Note or under the Security Instrument or any other Loan Document is not received by Lender within 10 days after the amount is due, Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to 5 percent of such amount. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the loan evidenced by this Note (the "LOAN"), and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Paragraph represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Paragraph 8.

8. DEFAULT RATE. So long as any payment due under this Note remains past due for 30 days or more, interest under this Note shall accrue on the unpaid principal balance from the due date of such payment, at a rate (the "DEFAULT RATE") equal to the lesser of 4 percentage points above the rate stated in the first paragraph of this Note or the maximum interest rate which may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment or payment under this Note is delinquent for more than 30 days, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment or other payment due under this Note is delinquent for more than 30 days, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. PERSONAL LIABILITY OF THE BORROWER.

The provisions of Article 15 of the Master Agreement (entitled "PERSONAL LIABILITY OF THE BORROWER") concerning the non-recourse nature of the Indebtedness are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Article were set forth in its entirety herein.

10. VOLUNTARY AND INVOLUNTARY PREPAYMENTS.

Pursuant to the terms of the Master Agreement, Borrower shall pay the entire amount of the Discount on any Variable Advance in advance. Accordingly, any Variable Advance may be prepaid in whole or in part and at any time without penalty. Borrower shall give Lender five Business Days advance notice of any prepayment.

11. COSTS AND EXPENSES. Borrower shall pay within 15 days after demand all expenses and costs, including reasonable fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

12. FORBEARANCE. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. WAIVERS. Except as expressly provided in the Master Agreement, presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Borrower and all endorsers and guarantors of this Note and all other third party obligors.

14. LOAN CHARGES. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. Borrower agrees to an effective rate of interest that is the stated rate of interest plus any additional rate of interest resulting from any other charges or fees that are to be paid by Borrower to Lender that may be found by a court of competent jurisdiction to be interest. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the

Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

15. COMMERCIAL PURPOSE. Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

16. COUNTING OF DAYS. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL. The provisions of Section 17.06 of the Master Agreement (entitled "Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial") are hereby incorporated into this Note by this reference to the fullest extent as if the text of such Section were set forth in its entirety herein.

18. CAPTIONS. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

19. NOTICES. All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 17.08 of the Master Agreement.

20. CROSS-DEFAULT WITH MASTER AGREEMENT. The occurrence of an Event of Default under the Master Agreement shall constitute an "Event of Default" under this Note, and, accordingly, upon the occurrence of an Event of Default under the Master Agreement, the entire principal amount outstanding hereunder and accrued interest thereon shall at once become due and payable, at the option of the holder hereof.

21. ADVANCE CONFIRMATION INSTRUMENTS; ACCOUNTING FOR VARIABLE ADVANCES. The terms of the Master Agreement and this Note govern the repayment, and all other terms relating to each Variable Advance. However, Borrower shall execute an Advance Confirmation Instrument to create a physical instrument evidencing the Variable Advance. The Advance Confirmation Instrument for a Variable Advance executed by Borrower in accordance with Section 2.02 of the Master Agreement shall set forth the amount, term, Discount, Closing Date and certain other terms of the Variable Advance. The Advance Confirmation Instrument shall conclusively establish each of the terms described in the preceding sentence, absent manifest error. The Variable Advance evidenced by the Advance Confirmation Instrument does not represent a separate indebtedness from that evidenced by this Note. In making proof of this Note, no other documents other than this Note shall be required. In making proof of the amount and terms of the outstanding Variable Advances under this Note, this Note, the Advance Confirmation Instruments for the Variable Advances, and Lender's records concerning payments made by Borrower under this Note, shall be conclusive evidence of the terms and outstanding amounts of each Variable Advance, absent manifest error.

23. PRIORITY OF ADVANCES. Each Variable Advance under this Note shall be evidenced by an Advance Confirmation Instrument, and the lien of each Security Document executed by Borrower from time to time to secure this Note, shall secure each separate Advance (and the lien of each Security Instrument and other Security Document executed by Borrower to secure its obligations under the Loan Documents) to the same extent and with the same effect as if the Advance had been made (and any guaranty obligation had been incurred) on the date on which (i) with respect to each other Security Instrument, the Security Instrument is recorded in the land records of the jurisdiction in which the real property covered by the Security Instrument is located, or (ii) with respect to each other Security Document, the date on which the Security Document is executed and delivered to Lender.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Borrower has signed and delivered this Note under seal or has caused this Note to be signed and delivered under seal by its duly authorized representative. Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

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: Executive 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: Executive 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: Executive Vice President - Acquisitions

SUN COMMUNITIES FINANCE, LLC, a Michigan
limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

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By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
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a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman

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

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Gary A. Shiffman, certify that:

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

Dated: August 6, 2004

/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Jeffrey P. Jorissen, certify that:

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

Dated: August 6, 2004

/s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
(Adopted Under Section 906 of the Sarbanes-Oxley Act of 2002)

The undersigned officers, Gary A. Shiffman and Jeffrey P. Jorissen, hereby certify that to the best of their knowledge: (a) this Quarterly Report on Form 10-Q of Sun Communities, Inc., for the quarter ended June 30, 2004, 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 6, 2004

Gary A. Shiffman, Chief Executive Officer

/s/ Jeffrey P. Jorissen Dated: August 6, 2004

Jeffrey P. Jorissen, Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Sun Communities, Inc. and will be retained by Sun Communities, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.