

TRADEMARK ASSIGNMENT

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Granite Communities, LLC		12/20/2012	LIMITED LIABILITY COMPANY: DELAWARE
Granite Homes, LLC		12/20/2012	LIMITED LIABILITY COMPANY: DELAWARE
Follett Investment Properties, LLC		12/20/2012	LIMITED LIABILITY COMPANY: DELAWARE
Granite Willow Point, LLC		12/20/2012	LIMITED LIABILITY COMPANY: DELAWARE
Granite Manvel Utilities, LLC		12/20/2012	LIMITED LIABILITY COMPANY: DELAWARE
Manvel Utilities Limited Partnership		12/20/2012	LIMITED PARTNERSHIP: MICHIGAN
Granite Brownstown Land, LLC		12/20/2012	LIMITED LIABILITY COMPANY: DELAWARE

RECEIVING PARTY DATA

Name:	The Huntington National Bank, as Administrative Agent
Street Address:	803 W. Big Beaver Road
Internal Address:	MI9192
City:	Troy
State/Country:	MICHIGAN
Postal Code:	48084
Entity Type:	a national banking association: UNITED STATES

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	2423423	

CORRESPONDENCE DATA

Fax Number: 7349302494

OP \$40.00 2423423

*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.*

Phone: 734-761-3780  
Email: asujek@bodmanlaw.com  
Correspondent Name: Angela Alvarez Sujek - Bodman PLC  
Address Line 1: 201 South Division, Suite 400  
Address Line 4: Ann Arbor, MICHIGAN 48104

NAME OF SUBMITTER:	Angela Alvarez Sujek
Signature:	/Angela Alvarez Sujek/
Date:	12/26/2012

**Total Attachments: 41**

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") dated as of December 20, 2012, is entered into by and among Granite Communities, LLC, a Delaware limited liability company ("Company") and the Subsidiaries who from time to time become borrowers thereunder ("MHC Revolving Loan Borrowers" and collectively with Company, "Borrowers", and each, individually, a "Borrower"), such other entities which from time to time become parties hereto (collectively, including the Borrowers, the "Debtors" and each individually a "Debtor") and The Huntington National Bank ("Huntington"), as administrative agent for and on behalf of the Lenders (as defined below) (in such capacity, the "Administrative Agent"). The addresses for the Debtors and the Administrative Agent, as of the date hereof, are set forth on the signature pages attached hereto.

### RECITALS:

A. The Borrowers have entered into that certain Credit Agreement dated as of December 20, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") with the financial institutions party thereto from time to time (collectively, including their respective successors and assigns, the "Lenders" and each, individually, a "Lender") and the Administrative Agent, pursuant to which the Lenders have agreed, subject to the satisfaction of certain terms and conditions, to extend or to continue to extend financial accommodations to the Borrowers, as provided therein.

B. Pursuant to the Credit Agreement, the Lenders have required that each of the Debtors grant (or cause to be granted) certain Liens to the Administrative Agent, for the benefit of the Lenders, all to secure the obligations of the Borrowers or any Debtor under the Credit Agreement or any related Loan Document (including any Guarantee).

C. The Debtors have directly and indirectly benefited and will directly and indirectly benefit from the transactions evidenced by and contemplated in the Credit Agreement and the other Loan Documents.

D. The Administrative Agent is acting as agent for the Lenders pursuant to the terms and conditions set forth in Article 9 of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### ARTICLE 1 Definitions

**Section 1.1 Definitions.** As used in this Agreement, capitalized terms not otherwise defined herein have the meanings provided for such terms in the Credit Agreement. References to "Sections," "subsections," "Exhibits" and "Schedules" shall be to Sections, subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided.

All references to statutes and regulations shall include any amendments of the same and any successor statutes and regulations.

Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." The term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (e) any reference to the payment of fees, costs, expenses or the like herein shall mean reasonable fees, costs or expenses, as applicable.

The following terms have the meanings indicated below, all such definitions to be equally applicable to the singular and plural forms of the terms defined:

Account means any "account," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all rights of such Debtor to payment for goods sold or leased or services rendered, whether or not earned by performance, (b) all accounts receivable of such Debtor, (c) all rights of such Debtor to receive any payment of money or other form of consideration, (d) all security pledged, assigned or granted to or held by such Debtor to secure any of the foregoing, (e) all guaranties of, or indemnifications with respect to, any of the foregoing, and (f) all rights of such Debtor as an unpaid seller of goods or services, including, but not limited to, all rights of stoppage in transit, replevin, reclamation and resale.

Chattel Paper means any "chattel paper," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and shall include both electronic Chattel Paper and tangible Chattel Paper.

Collateral has the meaning set forth in Section 2.1 of this Agreement.

Computer Records means any computer records now owned or hereafter acquired by any Debtor.

Copyright Collateral shall mean all Copyrights and Copyright Licenses of the Debtors.

Copyright Licenses shall mean all license agreements with any other Person in connection with any of the Copyrights or such other Person's copyrights, whether a Debtor is a licensor or a licensee under any such license agreement, subject, in each case, to the terms of

such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

**Copyrights** shall mean all copyrights and mask works, whether or not registered, and all applications for registration of all copyrights and mask works, including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof; (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Copyright Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof); and (c) all rights corresponding thereto and all modifications, adaptations, translations, enhancements and derivative works, renewals thereof, and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto.

**Deposit Account** means a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property, investment accounts or accounts evidenced by an instrument.

**Document** means any "document," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by any Debtor, including, without limitation, all documents of title and all receipts covering, evidencing or representing goods now owned or hereafter acquired by a Debtor.

**Equipment** means any "equipment," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, all machinery, equipment, furniture, trade fixtures, tractors, trailers, rolling stock, vessels, aircraft and Vehicles now owned or hereafter acquired by such Debtor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

**Excluded Accounts** means deposit accounts and securities accounts (i) established as zero balance accounts and used by a Debtor solely for the purpose of funding payroll and employee benefit related obligations, (ii) established as fiduciary trust accounts or (iii) excluded in Administrative Agent's reasonable discretion.

**Excluded Interests** means the Equity Interests in any Excluded Subsidiary owned by any Debtor so long as any restrictions of the type permitted under Section 7.10(D) of the Credit Agreement exist.

**Fixtures** means any "fixtures" as such term is defined in Article 9 of the UCC.

**Foreign Subsidiary** means any Subsidiary that is not a Domestic Subsidiary (as defined in the Credit Agreement) and "Foreign Subsidiaries" shall mean any or all of them.

**General Intangibles** means any "general intangibles," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all of such Debtor's Intellectual Property Collateral; (b) all of such Debtor's

books, records, data, plans, manuals, computer software, computer tapes, computer disks, computer programs, source codes, object codes and all rights of such Debtor to retrieve data and other information from third parties; (c) all of such Debtor's contract rights, commercial tort claims, partnership interests, membership interests, joint venture interests, securities, deposit accounts, investment accounts and certificates of deposit; (d) all rights of such Debtor to payment under chattel paper, documents, instruments and similar agreements; (e) letters of credit, letters of credit rights supporting obligations and rights to payment for money or funds advanced or sold of such Debtor; (f) all tax refunds and tax refund claims of such Debtor; (g) all choses in action and causes of action of such Debtor (whether arising in contract, tort or otherwise and whether or not currently in litigation) and all judgments in favor of such Debtor; (h) all rights and claims of such Debtor under warranties and indemnities, (i) all health care receivables; and (j) all rights of such Debtor under any insurance, surety or similar contract or arrangement.

**Governmental Authority** means any nation or government, any state, province or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

**Instrument** means any "instrument," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by any Debtor, and, in any event, shall include all promissory notes (including without limitation, any notes issued by other Loan Parties or Affiliates held by such Debtor), drafts, bills of exchange and trade acceptances, whether now owned or hereafter acquired.

**Insurance Proceeds** has the meaning set forth in Section 4.4 of this Agreement.

**Intellectual Property Collateral** means Patent Collateral, Copyright Collateral, Trademark Collateral, trade secrets, registrations, goodwill, franchises, permits, proprietary information, customer lists, designs, inventions and all other intellectual property and proprietary rights, including without limitation those described on *Schedule 1.1* attached hereto and incorporated herein by reference.

**Inventory** means any "inventory," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all goods and other personal property of such Debtor that are held for sale or lease or to be furnished under any contract of service; (b) all raw materials, work-in-process, finished goods, supplies and materials of such Debtor; (c) all wrapping, packaging, advertising and shipping materials of such Debtor; (d) all goods that have been returned to, repossessed by or stopped in transit by such Debtor; and (e) all Documents evidencing any of the foregoing.

**Investment Property** means any "investment property" as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and in any event, shall include without limitation all shares of stock and other equity, partnership or membership interests constituting securities, of the Subsidiaries of such Debtor from time to time owned or

acquired by such Debtor in any manner (including, without limitation, the Pledged Shares), and the certificates and all dividends, cash, instruments, rights and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of such shares, but excluding any shares of stock or other equity, partnership or membership interests in any Foreign Subsidiary of such Debtor in excess of sixty-five percent (65%) of all classes of capital stock or other equity, partnership or membership interests in such Foreign Subsidiary.

**Manufactured Homes** shall mean all manufactured homes owned by any Debtor.

**Patent Collateral** shall mean all Patents and Patent Licenses of the Debtors.

**Patent Licenses** shall mean all license agreements with any other Person in connection with any of the Patents or such other Person's patents, whether a Debtor is a licensor or a licensee under any such license agreement, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

**Patents** shall mean all letters patent, patent applications and patentable inventions, including without limitation, (a) all inventions and improvements described and claimed therein, and patentable inventions, (b) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (c) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Patent Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (d) all rights corresponding thereto and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto.

**Permitted Encumbrances** means the Liens permitted under Section 7.4 of the Credit Agreement.

**Pledged Shares** means the shares of capital stock or other equity, partnership or membership interests described on *Schedule 1.2* attached hereto and incorporated herein by reference, and all other shares of capital stock or other equity, partnership or membership interests acquired by any Debtor after the date hereof, but excluding any (i) shares of stock or other equity, partnership or membership interests in any Foreign Subsidiary of such Debtor in excess of sixty-five percent (65%) of all classes of capital stock or other equity, partnership or membership interests in such Foreign Subsidiary and (ii) Excluded Interests.

**Proceeds** means any "proceeds," as such term is defined in Article or Chapter 9 of the UCC and, in any event, shall include, but not be limited to, (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to a Debtor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to a Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting, or purporting to act, for or on behalf of any Governmental



Authority), and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

Records has the meaning set forth in Section 3.2 of this Agreement.

Secured Obligations means, collectively, the Obligations (as defined in the Credit Agreement) and the Guaranteed Obligations (as defined in the Guarantee).

Software means all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program whether or not the program is associated with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by becoming the owner of the goods, a Person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded.

Trademark Collateral shall mean all Trademarks and Trademark Licenses of the Debtors.

Trademark Licenses shall mean all license agreements with any other Person in connection with any of the Trademarks or such other Person's names or trademarks, whether a Debtor is a licensor or a licensee under any such license agreement, subject, in each case, to the terms of such license agreements, and the right to prepare for sale, and to sell and advertise for sale, all inventory now or hereafter covered by such licenses.

Trademarks shall mean all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations (except for "intent to use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of said Act has been filed), and any renewals thereof, including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Trademark Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof) and (c) all rights corresponding thereto and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin.

UCC means the Uniform Commercial Code as in effect in the State of Michigan; provided, that if, by applicable law, the perfection or effect of perfection or non-perfection of the security interest created hereunder in any Collateral is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or the effect of perfection or non-perfection.

Vehicles means all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state and all tires and other appurtenances to any of the foregoing, but in any event, for the avoidance of doubt, not including Manufactured Homes.

**ARTICLE 2**  
**Security Interest**

**Section 2.1 Grant of Security Interest** As collateral security for the prompt payment and performance in full when due of the Secured Obligations (whether at stated maturity, by acceleration or otherwise), each Debtor hereby pledges, assigns and grants to the Administrative Agent as collateral, and grants the Administrative Agent a continuing Lien on and security interest in, all of such Debtor's right, title and interest in and to the following, whether now owned or hereafter arising or acquired and wherever located (collectively, the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all General Intangibles;
- (d) all Equipment;
- (e) all Inventory;
- (f) all Documents;
- (g) all Instruments;
- (h) all Deposit Accounts and any other cash collateral, deposit or investment accounts, including all cash collateral, deposit or investment accounts established or maintained pursuant to the terms of this Agreement or the other Loan Documents;
- (i) all Computer Records and Software, whether relating to the foregoing Collateral or otherwise, but in the case of such Software, subject to the rights of any non-affiliated licensee of software;
- (j) all Investment Property;
- (k) all Manufactured Homes; and
- (l) the Proceeds, in cash or otherwise, of any of the property described in the foregoing clauses (a) through (j) and all Liens, security, rights, remedies and claims of such Debtor with respect thereto (provided that the grant of a security interest in Proceeds set forth in this subsection (k) shall not be deemed to give

the applicable Debtor any right to dispose of any of the Collateral, except as may otherwise be permitted pursuant to the terms of the Credit Agreement);

provided, however, that "Collateral" shall not include (i) any leasehold interest in real property (and any Fixtures relating thereto) and any Fixtures relating to any owned property to the extent that the Administrative Agent is not entitled to a security interest with respect to such owned real property under the terms of the Credit Agreement, (ii) the Excluded Interests and any Proceeds thereof, (iii) any leaseholds or other interests owned or operated by Granite Manvel Utilities, LLC or Manvel Utilities Limited Partnership and any buildings, plants, utility-related assets, structures, or equipment (including motor vehicles) currently or formerly owned or operated by Granite Manvel Utilities, LLC or Manvel Utilities Limited Partnership and (iv) rights under or with respect to any General Intangible, license, permit or authorization to the extent any such General Intangible, license, permit or authorization, by its terms or by law, prohibits the assignment of, or the granting of a Lien over the rights of a grantor thereunder or which would be invalid or unenforceable upon any such assignment or grant (the "Restricted Assets"), provided that (A) the Proceeds of any Restricted Asset shall continue to be deemed to be "Collateral", and (B) this provision shall not limit the grant of any Lien on or assignment of any Restricted Asset to the extent that the UCC or any other applicable law provides that such grant of Lien or assignment is effective irrespective of any prohibitions to such grant provided in any Restricted Asset (or the underlying documents related thereto). Concurrently with any such General Intangible, license, permit or authorization being entered into or arising after the date hereof (other than such General Intangible, license, permit or authorization, which, consistent with past practices and industry customs, would typically contain provisions that prohibit the assignment of or the granting of a Lien over the rights of a grantor thereunder), the applicable Debtor shall be obligated to obtain any waiver or consent (in form and substance acceptable to the Administrative Agent) necessary to allow such General Intangible, license, permit or authorization to constitute Collateral hereunder if the failure of such Debtor to have such General Intangible, license, permit or authorization would have a Material Adverse Effect.

**Section 2.2 Debtors Remain Liable**. Notwithstanding anything to the contrary contained herein, (a) the Debtors shall remain liable under the contracts, agreements, documents and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Administrative Agent or any Lender of any of their respective rights or remedies hereunder shall not release the Debtors from any of their duties or obligations under the contracts, agreements, documents and instruments included in the Collateral, and (c) neither the Administrative Agent nor any of the Lenders shall have any indebtedness, liability or obligation (by assumption or otherwise) under any of the contracts, agreements, documents and instruments included in the Collateral by reason of this Agreement, and none of them shall be obligated to perform any of the obligations or duties of the Debtors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

### ARTICLE 3 Representations and Warranties

To induce the Administrative Agent to enter into this Agreement and the Administrative Agent and the Lenders to enter into the Credit Agreement, each Debtor represents and warrants

to the Administrative Agent and to each Lender as follows, each such representation and warranty being a continuing representation and warranty, made at such times as required under and in accordance with the terms of the Credit Agreement and surviving until termination of this Agreement in accordance with the provisions of Section 7.12 of this Agreement:

**Section 3.1 Title.** Such Debtor represents and warrants with respect to itself those matters set forth in Section 5.4 of the Credit Agreement.

**Section 3.2 Change in Form or Jurisdiction; Successor by Merger; Location of Books and Records.** As of the date hereof, each Debtor (a) is duly organized and validly existing as a corporation (or other business organization) under the laws of its jurisdiction of organization; (b) is formed in the jurisdiction of organization and has the registration number and tax identification number set forth on *Schedule 3.2* attached hereto; (c) has not changed its respective corporate form or its jurisdiction of organization at any time during the five years immediately prior to the date hereof, except as set forth on such *Schedule 3.2*; (d) except as set forth on such *Schedule 3.2* attached hereto, no Debtor has, at any time during the five years immediately prior to the date hereof, become the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise of any other Person, and (e) keeps true and accurate books and records regarding the Collateral (the "Records") in the office indicated on such *Schedule 3.2*.

**Section 3.3 Representations and Warranties Regarding Certain Types of Collateral.**

- (a) **Location of Inventory, Equipment and Manufactured Homes.** As of the date hereof, all Inventory (except Inventory in transit in the ordinary course of business), Equipment (except trailers, rolling stock, vessels, aircraft and Vehicles) and Manufactured Homes of each Debtor are located at the places specified on *Schedule 3.3(a)* attached hereto.
- (b) **Account Information.** As of the date hereof, all Deposit Accounts, cash collateral accounts or investment accounts of each Debtor (except for those Deposit Accounts located with the Administrative Agent) are located at the banks specified on *Schedule 3.3(b)* attached hereto which Schedule sets forth the name of each bank where such accounts are located, such bank's address, the type of account and the account number.
- (c) **Documents.** As of the date hereof, except as set forth on *Schedule 3.3(c)*, none of the Inventory or Equipment of such Debtor (other than trailers, rolling stock, vessels, aircraft and Vehicles) is evidenced by a Document (including, without limitation, a negotiable document of title).
- (d) **Intellectual Property.** Set forth on *Schedule 1.1* (the same may be amended from time to time) is a true and correct list of the material registered Patents, Patent Licenses, registered Trademarks, Trademark Licenses, registered Copyrights and Copyright Licenses owned by the Debtors (including, in the case of the Patents, Trademarks and Copyrights, the applicable name, date of

registration (or of application if registration not completed) and application or registration number).

- (e) **Manufactured Homes.** Set forth on *Schedule 3.3(e)*, (the same may be amended from time to time) is a true and correct list of the Manufactured Homes as of [the date hereof].

#### Section 3.4 **Pledged Shares.**

- (a) **Duly Authorized and Validly Issued.** The Pledged Shares that are shares of a corporation have been duly authorized and validly issued and are fully paid and nonassessable, and the Pledged Shares that are membership interests or partnership units (if any) have been validly granted, under the laws of the jurisdiction of organization of the issuers thereof, and, to the extent applicable, are fully paid and nonassessable. No such membership or partnership interests constitute "securities" within the meaning of Article 8 of the UCC, and each Debtor covenants and agrees not to allow any such membership or partnership interest to become "securities" for purposes of Article 8 of the UCC.
- (b) **Valid Title; No Liens; No Restrictions.** Regarding Pledged Shares, each Debtor represents and warrants with respect to itself those matters set forth in Section 5.4 and Section 5.5 of the Credit Agreement. Furthermore, none of the Pledged Shares are subject to any contractual or other restrictions upon the pledge or other transfer of such Pledged Shares, other than those imposed by securities laws generally. No issuer of Pledged Shares is party to any agreement granting "control" (as defined in Section 8-106 of the UCC) of such Debtor's Pledged Shares to any third party. All such Pledged Shares are held by each Debtor directly and not through any securities intermediary.
- (c) **Description of Pledged Shares; Ownership.** The Pledged Shares constitute the percentage of the issued and outstanding shares of stock, partnership units or membership interests of the issuers thereof indicated on *Schedule 1.2* and such Schedule contains a description of all shares of capital stock, membership interests and other equity interests of or in any Subsidiaries owned by such Debtor (in each case, as such Schedule may be amended, supplemented or otherwise modified from time to time).

**Section 3.5 Intellectual Property.** All of the material Intellectual Property Collateral is valid, in full force and effect, subsisting, unexpired and enforceable and no Intellectual Property Collateral has been abandoned. Each Debtor has made all necessary and appropriate filings and recordations to protect and maintain its interest in the Intellectual Property Collateral, to the extent such Intellectual Property Collateral is material to such Debtor's business. Except for the Trademark Licenses, Patent Licenses and Copyright Licenses listed on *Schedule 1.1* hereto under which a Debtor is a licensee, no Debtor has knowledge of the existence of any right or any claim (other than as provided by this Agreement) that is likely to be made under or against any item of Intellectual Property Collateral contained on *Schedule*

*1.1* to the extent such claim could reasonably be expected to have a Material Adverse Effect. No claim has been made and is continuing or, to any Debtor's knowledge, threatened that the use by any Debtor of any item of Intellectual Property Collateral is invalid or unenforceable or that the use by any Debtor of any Intellectual Property Collateral does or may violate the rights of any Person, to the extent such claim could reasonably be expected to have a Material Adverse Effect. To the Debtors' knowledge, there is no infringement or unauthorized use of any item of Intellectual Property Collateral contained on *Schedule 1.1* or as otherwise disclosed to the Administrative Agent in writing that could reasonably be expected to have a Material Adverse Effect. No consent of any party (other than such Debtor) to any Patent License, Copyright License or Trademark License constituting material Intellectual Property Collateral is required, or purports to be required, to be obtained by or on behalf of such Debtor in connection with the execution, delivery and performance of this Agreement that has not been obtained. Each Patent License, Copyright License and Trademark License constituting material Intellectual Property Collateral is in full force and effect and constitutes a valid and legally enforceable obligation of the applicable Debtor and (to the knowledge of the Debtors) each other party thereto except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Patent Licenses, Copyright Licenses or Trademark Licenses by any party thereto other than those which have been duly obtained, made or performed and are in full force and effect (or, if not duly obtained, made or performed and in full force and effect, could not reasonably be expected to have a Material Adverse Effect). Neither the Debtors nor (to the knowledge of any Debtor) any other party to any Patent License, Copyright License or Trademark License constituting Collateral is in default in the performance or observance of any of the terms thereof, except for such defaults as would not reasonably be expected, in the aggregate, to have a material adverse effect on the value of the Intellectual Property Collateral. To the knowledge of such Debtor, the right, title and interest of the applicable Debtor in, to and under each Patent License, Copyright License and Trademark License constituting Intellectual Property Collateral is not subject to any defense, offset, counterclaim or claim that could reasonably be expected to have a Material Adverse Effect.

**Section 3.6 Priority.** No financing statement, security agreement or other Lien instrument covering all or any part of the Collateral is on file in any public office with respect to any outstanding obligation of such Debtor except (i) for any such filings, grants of security interests or Lien instruments that will terminate as of the Closing Date pursuant to the terms of the Credit Agreement, (ii) as may have been filed in favor of the Administrative Agent pursuant to this Agreement and the other Loan Documents and (iii) financing statements filed to perfect Permitted Encumbrances.

**Section 3.7 Perfection.** Upon (a) the filing of Uniform Commercial Code financing statements in the jurisdictions listed on *Schedule 3.7* attached hereto, and (b) the recording of this Agreement in the United States Patent and Trademark Office and the United States Copyright Office, the security interest in favor of the Administrative Agent created herein will constitute a valid and perfected Lien upon and security interest in the Collateral which may be

created and perfected either under the UCC by filing financing statements or by a filing with the United States Patent and Trademark Office and the United States Copyright Office.

**ARTICLE 4**  
**Covenants**

Each Debtor covenants and agrees with the Administrative Agent, until termination of this Agreement in accordance with the provisions of Section 7.12 hereof, as follows:

**Section 4.1 Covenants Regarding Certain Kinds of Collateral**

(a) **Promissory Notes**. If Debtors, now or at any time hereafter, collectively hold or acquire any promissory notes (other than notes received in connection with the sale of Manufactured Homes) for which the principal amount thereof or the obligations evidenced thereunder are, in the aggregate, in excess of \$200,000, the applicable Debtors shall promptly notify the Administrative Agent in writing thereof and forthwith endorse, assign and deliver the same to the Administrative Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Administrative Agent may from time to time reasonably specify. In addition, the Debtors shall comply with the provisions of Section 6.18(a) with respect to the pledge and delivery to the Administrative Agent of promissory notes relating to the sale of Manufactured Homes.

(b) **Tangible Chattel Paper**. If Debtors, now or at any time hereafter, collectively hold or acquire (i) any tangible Chattel Paper (other than with respect to leases of manufactured homes) for which the obligations evidenced thereunder are, in the aggregate, in excess of \$200,000, or (ii) any tangible Chattel Paper consisting of leases of manufactured homes, the applicable Debtors shall promptly notify the Administrative Agent in writing thereof and cause all such Chattel Paper to bear a legend reasonably acceptable to the Administrative Agent indicating that the Administrative Agent has a security interest in such Chattel Paper; provided, however, that with respect to the Chattel Paper described in clause (ii), Debtors shall only be required to comply with this requirement following a request made by Administrative Agent following the occurrence of an Event of Default.

(c) **Electronic Chattel Paper and Transferable Records**. If Debtors, now or at any time hereafter, collectively hold or acquire an interest in (i) any electronic Chattel Paper or any "transferable record," as that term is defined in the federal Electronic Signatures in Global and National Commerce Act, or in the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, (in each case, other than with respect to leases of manufactured homes) worth, in the aggregate, in excess of \$200,000, or (ii) any such electronic Chattel Paper or "transferable record" consisting of leases of manufactured homes, the applicable Debtors shall promptly notify the Administrative Agent thereof and, at the request and option of the Administrative Agent (provided that such request may only be made following the occurrence of any Event of Default with respect to the Chattel Paper described in clause (ii)), shall take such action as the Administrative Agent may reasonably request to vest in the Administrative Agent control, under Section 9-105 of the UCC, of such electronic chattel paper or control under the federal Electronic Signatures in Global and National Commerce Act, or the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

(d) **Letter-of-Credit Rights.** If Debtors, now or at any time hereafter, collectively are or become beneficiaries under letters of credit, with an aggregate face amount in excess of \$250,000, the applicable Debtors shall promptly notify the Administrative Agent thereof and, at the request of the Administrative Agent, the applicable Debtors shall use commercially reasonable efforts, pursuant to an agreement in form and substance reasonably satisfactory to the Administrative Agent to arrange either (i) for the issuer and any confirmer of such letters of credit to consent to an assignment to the Administrative Agent of the proceeds of the letters of credit or (ii) for the Administrative Agent to become the transferee beneficiary of the letters of credit, together with, in each case, any such other actions as reasonably requested by the Administrative Agent to perfect its first priority Lien in such letter of credit rights. The applicable Debtor shall retain the proceeds of the applicable letters of credit until an Event of Default has occurred and is continuing whereupon the proceeds are to be delivered to the Administrative Agent and applied as set forth in the Credit Agreement.

(e) **Commercial Tort Claims.** If Debtors, now or at any time hereafter, collectively hold or acquire any commercial tort claims, the reasonably estimated value of which are in aggregate excess of \$200,000, the applicable Debtors shall promptly notify the Administrative Agent in a writing signed by such Debtors of the particulars thereof and grant to the Administrative Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Administrative Agent.

(f) **Pledged Shares.** All certificates or instruments representing or evidencing the Pledged Shares or any Debtor's rights therein shall be delivered to the Administrative Agent promptly upon such Debtor gaining any rights therein, in suitable form for transfer by delivery or accompanied by duly executed stock powers or instruments of transfer or assignments in blank, all in form and substance reasonably acceptable to the Administrative Agent.

(g) **Equipment and Inventory**

- (i) **Location.** Each Debtor shall keep the Equipment (other than Vehicles) and Inventory (other than Inventory in transit in the ordinary course of business) which is in such Debtor's possession or in the possession of any bailee or warehouseman at any of the locations specified on *Schedule 3.3(a)* attached hereto or as otherwise disclosed in writing to the Administrative Agent from time to time, subject to compliance with the other provisions of this Agreement, including subsection (ii) below.
- (ii) **Landlord Consents and Bailee's Waivers.** Each Debtor shall provide or cause to be provided a Collateral Access Agreement for each non-Debtor owned location of Collateral to the extent required under the terms of the Credit Agreement.
- (iii) **Maintenance.** Each Debtor shall maintain the Equipment and Inventory in such condition as may be specified by the terms of the Credit Agreement.



- (h) **Intellectual Property.** Each Debtor agrees to take all necessary steps to defend, enforce, preserve the validity and ownership of, and maintain its Intellectual Property Collateral, and to participate in opposition, cancellation, infringement and misappropriation proceedings, except, in each case in which a Material Adverse Effect could not reasonably be expected to result from failure to do so or in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. The Debtors shall not abandon any Intellectual Property Collateral, without the written consent of the Administrative Agent, unless a Material Adverse Effect could not reasonably be expected to result from such abandonment or the Debtors shall have previously determined, using their commercially reasonable judgment, that such use or the pursuit or maintenance of such Intellectual Property Collateral is not of material economic value to it, and in either such case, the Debtors shall give notice of any such abandonment to the Administrative Agent promptly in writing after the determination to abandon such Intellectual Property Collateral is made. In the event that a Debtor becomes aware that any item of the Intellectual Property Collateral which such Debtor has determined, using its commercially reasonable judgment, to be material to its business is infringed or misappropriated by a third party, and such infringement or misappropriation could reasonably be expected to have a Material Adverse Effect, such Debtor shall take such actions as such Debtor or the Administrative Agent deems reasonably appropriate under the circumstances to protect such Intellectual Property Collateral.
- (i) **Accounts and Contracts.** Each Debtor shall, in accordance with its usual business practices in effect from time to time, endeavor to collect or cause to be collected from each account debtor under its Accounts, as and when due, any and all amounts owing under such Accounts. So long as no Event of Default has occurred and is continuing and except as otherwise provided in Section 6.3, each Debtor shall have the right to collect and receive payments on its Accounts, and to use and expend the same in its operations in each case in compliance with the terms of each of the Credit Agreement.
- (j) **Vehicles; Aircraft and Vessels.** Notwithstanding any other provision of this Agreement, no Debtor shall be required to make any filings as may be necessary to perfect the Administrative Agent's Lien on its Vehicles, aircraft and vessels (other than, for the avoidance of doubt, any manufactured homes), unless (i) an Event of Default has occurred and is continuing, whereupon the Administrative Agent may require such filings be made or (ii) such Debtor, either singly, or together with the other Debtors, owns Vehicles, aircraft and vessels (other than, for the avoidance of doubt, manufactured homes owned by such Debtor and Vehicles provided for use by such Debtor's executive employees) which have a fair market value of at least \$250,000, in aggregate amount, whereupon the applicable Debtors shall provide prompt notice to the Administrative Agent, and the Administrative Agent, at its option, may require the applicable Debtors to execute such agreements and make such filings as may be necessary to perfect the Administrative Agent's Lien for the benefit of the Lenders and ensure the priority thereof on the applicable Vehicles, aircraft and vessels.

- (k) **Life Insurance Policies.** If any Debtor, now or any time hereafter, is the beneficiary of a "key man life insurance policy", it shall promptly notify the Administrative Agent thereof, and, upon the occurrence of an Event of Default, such Debtor shall provide the Administrative Agent with a true and correct list of the Persons insured, the name and address of the insurance company providing the coverage, the amount of such insurance and the policy number, and, unless otherwise waived by the Administrative Agent in writing, take such actions as Administrative Agent may deem necessary or the Administrative Agent shall deem reasonably desirable to collaterally assign such policy to the Administrative Agent for the benefit of the Lenders.
- (l) **Deposit Accounts.** Each Debtor agrees to take such actions as required under Section 6.16 of the Credit Agreement. *Schedule 3.3(b)* contains a list of all Deposit Accounts maintained by any Debtor as of the date hereof.
- (m) **Manufactured Home Titles.** Each Debtor agrees to take such actions as required under Section 6.18 of the Credit Agreement.

**Section 4.2 Encumbrances.** No Debtor shall create, permit or suffer to exist, and shall defend the Collateral against any Lien (other than the Permitted Encumbrances) or any restriction upon the pledge or other transfer thereof (other than as specifically permitted in the Credit Agreement), and shall defend such Debtor's title to and other rights in the Collateral and the Administrative Agent's pledge and collateral assignment of and security interest in the Collateral against the claims and demands of all Persons other than the Permitted Encumbrances. Except to the extent permitted by the Credit Agreement or in connection with any release of Collateral under **Section 7.13** hereof (but only to the extent of any Collateral so released), such Debtor shall do nothing to impair the rights of the Administrative Agent in the Collateral.

**Section 4.3 Disposition of Collateral.** Except as otherwise permitted under the Credit Agreement, no Debtor shall enter into or consummate any transfer or other disposition of Collateral.

**Section 4.4 Insurance.** The Collateral pledged by such Debtor or the Debtors will be insured (to the extent such Collateral is insurable) with insurance coverage in such amounts and of such types as are required by the terms of the Credit Agreement. Following the occurrence of an Event of Default, upon such Debtor's failure to insure the Collateral as required in this covenant, the Administrative Agent may, at its option, procure such insurance and its costs therefor shall be charged to such Debtor, payable on demand, with interest at the highest rate set forth in the Credit Agreement and added to the Secured Obligations secured hereby. The disposition of proceeds payable to such Debtor of any insurance on the Collateral (the "**Insurance Proceeds**") shall be governed by the terms of the Credit Agreement, and each Debtor agrees to comply with such requirements.

**Section 4.5 Corporate Changes; Books and Records; Inspection Rights.** (a) Each Debtor shall not change its respective name, identity, corporate structure or jurisdiction of organization, or identification number in any manner that might make any financing statement

filed in connection with this Agreement seriously misleading within the meaning of Section 9-506 of the UCC unless such Debtor shall have given the Administrative Agent ten (10) Business Days prior written notice with respect to any change in such Debtor's corporate structure, jurisdiction of organization, name or identity and shall have taken all action deemed reasonably necessary by the Administrative Agent under the circumstances to protect its Liens and the perfection and priority thereof, (b) each Debtor shall keep the Records at the location specified on *Schedule 3.2* as the location of such books and records or as otherwise specified in writing to the Administrative Agent and (c) the Debtors shall permit the Administrative Agent, the Lenders, and their respective agents and representatives to conduct inspections, discussions and audits of the Collateral in accordance with the terms of the Credit Agreement.

Section 4.6 Intentionally omitted.

Section 4.7 Covenants Regarding Pledged Shares

(a) Voting Rights and Distributions.

- (i) So long as no Event of Default shall have occurred and be continuing (both before and after giving effect to any of the actions or other matters described in clauses (A) or (B) of this subparagraph) and so long as the Administrative Agent has not provided notice to Borrowers of its intention to exercise its rights hereunder:
  - (A) Each Debtor shall be entitled to exercise any and all voting and other consensual rights (including, without limitation, the right to give consents, waivers and ratifications) pertaining to any of the Pledged Shares or any part thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken without the prior written consent of the Administrative Agent which would violate any provision of this Agreement or the Credit Agreement; and
  - (B) Except as prohibited by the Credit Agreement, such Debtor shall be entitled to receive and retain any and all dividends, distributions and interest paid in respect to any of the Pledged Shares.
- (ii) Upon the occurrence and during the continuance of an Event of Default and upon notice by the Administrative Agent to Borrowers of its intention to exercise its rights hereunder:
  - (A) The Administrative Agent may, without notice to such Debtor, transfer or register in the name of the Administrative Agent or any of its nominees, for the equal and ratable benefit of the Lenders, any or all of the Pledged Shares and the Proceeds thereof (in cash or otherwise) held by the Administrative Agent hereunder, and the Administrative Agent or its nominee may thereafter, after delivery of notice to such Debtor, exercise all voting and corporate rights at any meeting of any corporation issuing any of the Pledged Shares

and any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Shares as if the Administrative Agent were the absolute owner thereof, including, without limitation, the right to exchange, at its discretion, any and all of the Pledged Shares upon the merger, consolidation, reorganization, recapitalization or other readjustment of any corporation issuing any of such Pledged Shares or upon the exercise by any such issuer or the Administrative Agent of any right, privilege or option pertaining to any of the Pledged Shares, and in connection therewith, to deposit and deliver any and all of the Pledged Shares with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine, all without liability except to account for property actually received by it, but the Administrative Agent shall have no duty to exercise any of the aforesaid rights, privileges or options, and the Administrative Agent shall not be responsible for any failure to do so or delay in so doing.

- (B) All rights of such Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 4.7(a)(i)(A) and to receive the dividends, interest and other distributions which it would otherwise be authorized to receive and retain pursuant to Section 4.7(a)(i)(B) shall be suspended until such Event of Default shall no longer exist, and all such rights shall, until such Event of Default shall no longer exist, thereupon become vested in the Administrative Agent which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive, hold and dispose of as Pledged Shares such dividends, interest and other distributions.
- (C) All dividends, interest and other distributions which are received by such Debtor contrary to the provisions of this Section 4.7(a)(ii) shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Debtor and shall be forthwith paid over to the Administrative Agent as Collateral in the same form as so received (with any necessary endorsement).
- (D) Each Debtor shall execute and deliver (or cause to be executed and delivered) to the Administrative Agent all such proxies and other instruments as the Administrative Agent may reasonably request for the purpose of enabling the Administrative Agent to exercise the voting and other rights which it is entitled to exercise pursuant to this Section 4.7(a)(ii) and to receive the dividends, interest and other distributions which it is entitled to receive and retain pursuant to this Section 4.7(a)(ii). The foregoing shall not in any

way limit the Administrative Agent's power and authority granted pursuant to the other provisions of this Agreement.

(b) **Possession; Reasonable Care.** Regardless of whether a Default or an Event of Default has occurred or is continuing, the Administrative Agent shall have the right to hold in its possession all Pledged Shares pledged, assigned or transferred hereunder and from time to time constituting a portion of the Collateral. The Administrative Agent may appoint one or more agents (which in no case shall be a Debtor or an affiliate of a Debtor) to hold physical custody, for the account of the Administrative Agent, of any or all of the Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Administrative Agent accords its own property, it being understood that the Administrative Agent shall not have any responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Administrative Agent has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Collateral, except, subject to the terms hereof, upon the written instructions of the Lenders. Following the occurrence and continuance of an Event of Default, the Administrative Agent shall be entitled to take ownership of the Collateral in accordance with the UCC.

**Section 4.8 New Subsidiaries; Additional Collateral.**

- (a) With respect to each Person which becomes a Subsidiary of a Debtor subsequent to the date hereof, cause such new Subsidiary to execute and deliver such joinders (in the form of *Exhibit B*) or security agreements or other pledge documents as are required by the Credit Agreement, within the time periods set forth therein.
- (b) Each Debtor agrees that, (i) except with the written consent of the Administrative Agent, it will not permit any Domestic Subsidiary (whether now existing or formed after the date hereof) to issue to such Debtor or any of such Debtor's other Subsidiaries any shares of stock, membership interests, partnership units, notes or other securities or instruments (including without limitation the Pledged Shares) in addition to or in substitution for any of the Collateral, unless, concurrently with each issuance thereof, any and all such shares of stock, membership interests, partnership units, notes or instruments are encumbered in favor of the Administrative Agent under this Agreement or otherwise (except that only sixty-five percent (65%) of the shares of stock, membership interests or partnership units of Foreign Subsidiaries are required to be encumbered in favor of Administrative Agent) (it being understood and agreed that all such shares of stock, membership interests, partnership units, notes or instruments issued to such Debtor shall, without further action by such Debtor or the Administrative Agent, be automatically encumbered by this Agreement as Pledged Shares) and (ii) it will deliver to the Administrative Agent such agreements, instruments or other documents as required under Section 6.12(b) of the Credit Agreement in connection with the issuance thereof, including, without limitation, a new stock

pledge in substantially the form of this Agreement or an amendment to this Agreement in substantially the form of *Exhibit A* hereto.

- (c) With respect to any Intellectual Property Collateral owned, licensed or otherwise acquired by any Debtor after the date hereof, and with respect to any Patent, Trademark or Copyright which is not registered or filed with the U.S. Patent and Trademark Office and/or the U.S. Copyright Office at the time such Collateral is pledged by a Debtor to the Administrative Agent pursuant to this Security Agreement, and which is subsequently registered or filed by such Debtor in the appropriate office, such Debtor shall promptly after the acquisition or registration thereof execute or cause to be executed and delivered to the Administrative Agent, (i) an amendment, duly executed by such Debtor, in substantially the form of *Exhibit A* hereto, in respect of such additional or newly registered collateral or (ii) at the Administrative Agent's option, a short-form intellectual property security agreement and such other documents reasonably required by the Administrative Agent and in each case in form and substance satisfactory to the Administrative Agent. Each Debtor hereby (x) authorizes the Administrative Agent to attach each amendment to this Agreement, (y) agrees that all such additional collateral listed in any amendment delivered to the Administrative Agent shall for all purposes hereunder constitute Collateral, and (z) is deemed to have made, upon the delivery of each such Amendment, the representations and warranties contained in Section 3.3(d) and Section 3.5 of this Agreement with respect to the Collateral covered thereby.

**Section 4.9 Further Assurances.** (a) At any time and from time to time, upon the request of the Administrative Agent, and at the sole expense of the Debtors, each Debtor shall promptly execute and deliver all such further agreements, documents and instruments and take such further action as the Administrative Agent may reasonably deem necessary or appropriate to (i) preserve, ensure the priority, effectiveness and validity of and perfect the Administrative Agent's security interest in and pledge and collateral assignment of the Collateral (including causing the Administrative Agent's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition of the Administrative Agent's ability to enforce its security interest in such Collateral), unless such actions are not required or are specifically waived under the terms of this Agreement and the other Loan Documents, (ii) carry out the provisions and purposes of this Agreement and (iii) to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral. Except as otherwise expressly permitted by the terms of the Credit Agreement relating to disposition of assets and except for Permitted Encumbrances, each Debtor agrees to maintain and preserve the Administrative Agent's security interest in and pledge and collateral assignment of the Collateral hereunder and the priority thereof.

(b) Each Debtor hereby irrevocably authorizes the Administrative Agent at any time and from time to time to file in any filing office in any jurisdiction any initial financing statements and amendments thereto that (i) indicate any or all of the Collateral upon which the Debtors have granted a Lien, and (ii) provide any other information required by Part 5 of Article 9 of the UCC, including organizational information and in the case of a fixture filing, a sufficient description of real property to which the Collateral relates. Each Debtor agrees to

furnish any such information required by the preceding paragraph to the Administrative Agent promptly upon request and authorizes the Administrative Agent to use the collateral description "all personal property" or "all assets" or any similar phrase in any financing statements covered by this Section 4.9.

**ARTICLE 5**  
**Rights of the Administrative Agent**

**Section 5.1 Power of Attorney.** Each Debtor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of such Debtor or in its own name, to take, after the occurrence and during the continuance of an Event of Default, any and all actions, and to execute any and all documents and instruments which the Administrative Agent at any time and from time to time reasonably deems necessary, to accomplish the purposes of this Agreement, in each case to the extent permitted by the terms of this Agreement, and, without limiting the generality of the foregoing, such Debtor hereby gives the Administrative Agent the power and right on behalf of such Debtor and in its own name to do any of the following after the occurrence and during the continuance of an Event of Default, without notice to or the consent of such Debtor:

- (a) to demand, sue for, collect or receive, in the name of such Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title or any other instruments for the payment of money under the Collateral or any policy of insurance;
- (b) to pay or discharge taxes, Liens (other than Permitted Encumbrances) or other encumbrances levied or placed on or threatened against the Collateral;
- (c) (i) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall reasonably direct; (ii) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications and notices in connection with accounts and other documents relating to the Collateral; (iv) to commence and prosecute any suit, action or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action or proceeding brought against such Debtor with respect to any Collateral; (vi) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Administrative Agent may reasonably deem appropriate; (vii) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization

or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depository, transfer agent, registrar or other designated agency upon such terms as the Administrative Agent may reasonably determine; (viii) to add or release any guarantor, indorser, surety or other party to any of the Collateral; (ix) to renew, extend or otherwise change the terms and conditions of any of the Collateral; (x) to make, settle, compromise or adjust any claim under or pertaining to any of the Collateral (including claims under any policy of insurance); (xi) subject to any pre-existing rights or licenses, to assign any Patent, Copyright or Trademark constituting Intellectual Property Collateral (along with the goodwill of the business to which any such Patent, Copyright or Trademark pertains), for such term or terms, on such conditions and in such manner, as the Administrative Agent shall in its sole reasonable discretion determine, and (xii) to sell, transfer, pledge, convey, make any agreement with respect to, or otherwise deal with, any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and to do, at the Administrative Agent's option and such Debtor's expense, at any time, or from time to time, all acts and things which the Administrative Agent reasonably deems necessary to protect, preserve, maintain, or realize upon the Collateral and the Administrative Agent's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Administrative Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Administrative Agent in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. This power of attorney is conferred on the Administrative Agent solely to protect, preserve, maintain and realize upon its security interest in the Collateral. The Administrative Agent shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve or maintain any Lien given to secure the Collateral.

**Section 5.2 Setoff.** The Administrative Agent and each Lender shall have rights of setoff with respect to each Debtor to the same extent set forth in the Credit Agreement.

**Section 5.3 Assignment by the Administrative Agent.** The Administrative Agent may at any time assign or otherwise transfer all or any portion of its rights and obligations as Administrative Agent under this Agreement and the other Loan Documents (including, without limitation, the Secured Obligations) to any other Person, to the extent permitted by, and upon the conditions contained in, the Credit Agreement and such Person shall thereupon become vested with all the benefits and obligations thereof granted to the Administrative Agent herein or otherwise.

**Section 5.4 Performance by the Administrative Agent.** Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may (but shall not be obligated to) perform or attempt to perform any covenant or agreement in this Agreement on behalf of the Debtors, in which case Administrative Agent shall exercise good faith and make diligent efforts to give Debtors prompt prior written notice of such performance or attempted performance. In such event, the Debtors shall, at the request of the Administrative Agent,



promptly pay any reasonable amount expended by the Administrative Agent in connection with such performance or attempted performance to the Administrative Agent, together with interest thereon at the interest rate set forth in the Credit Agreement, from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that the Administrative Agent shall not have any liability or responsibility for the performance (or non-performance) of any obligation of the Debtors under this Agreement.

**Section 5.5 Certain Costs and Expenses.** The Debtors shall pay or reimburse the Administrative Agent for costs and expenses on the same terms as set forth in Section 10.4 of the Credit Agreement with respect to the Debtors. The agreements in this **Section 5.5** shall survive the payment in full of the Secured Obligations.

**Section 5.6 Indemnification.** The Debtors shall indemnify, defend and hold the Administrative Agent, and each Lender and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact harmless on the same terms as set forth in Section 10.5 of the Credit Agreement.

## **ARTICLE 6**

### **Default**

**Section 6.1 Rights and Remedies.** If an Event of Default shall have occurred and be continuing, the Administrative Agent shall have the following rights and remedies subject to the direction and/or consent of the Lenders as required under the Credit Agreement:

- (a) The Administrative Agent may exercise any of the rights and remedies set forth in this Agreement (including, without limitation, **Article 6** hereof), in the Credit Agreement, or in any other Loan Document, or by applicable law.
- (b) In addition to all other rights and remedies granted to the Administrative Agent in this Agreement, the Credit Agreement or by applicable law, the Administrative Agent shall have all of the rights and remedies of a secured party under the UCC (as applicable) and the Administrative Agent may also, without previous demand or notice except as specified below or in the Credit Agreement, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. Without limiting the generality of the foregoing, the Administrative Agent may (i) without demand or notice to the Debtors (except as required under the Credit Agreement or applicable law), collect, receive or take possession of the Collateral or any part thereof, and for that purpose the Administrative Agent (and/or its Agents, servicers or other independent contractors) may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (ii) sell, lease or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at the

Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. The Administrative Agent and, subject to the terms of the Credit Agreement, each of the Lenders shall have the right at any public sale or sales, and, to the extent permitted by applicable law, at any private sale or sales, to bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) and become a purchaser of the Collateral or any part thereof free of any right of redemption on the part of the Debtors, which right of redemption is hereby expressly waived and released by the Debtors to the extent permitted by applicable law. The Administrative Agent may require the Debtors to assemble the Collateral and make it available to the Administrative Agent (to the extent such Collateral is in the possession of the Debtors) at any place designated by the Administrative Agent to allow the Administrative Agent to take possession or dispose of such Collateral. The Debtors agree that the Administrative Agent shall not be obligated to give more than five (5) days prior written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. The foregoing shall not require notice if none is required by applicable law. The Administrative Agent shall not be obligated to make any sale of Collateral if, in the exercise of its reasonable discretion, it shall determine not to do so, regardless of the fact that notice of sale of Collateral may have been given. The Administrative Agent may, without notice or publication (except as required by applicable law), adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. The Debtors shall be liable for all reasonable expenses of retaking, holding, preparing for sale or the like, and all reasonable attorneys' fees, legal expenses and other costs and expenses incurred by the Administrative Agent in connection with the collection of the Secured Obligations and the enforcement of the Administrative Agent's rights under this Agreement and the Credit Agreement. The Debtors shall, to the extent permitted by applicable law, remain liable for any deficiency if the proceeds of any such sale or other disposition of the Collateral (conducted in conformity with this clause (b) and applicable law) applied to the Secured Obligations are insufficient to pay the Secured Obligations in full. The Administrative Agent shall apply the proceeds from the sale of the Collateral hereunder against the Secured Obligations in such order and manner as provided in the Credit Agreement.

- (e) The Administrative Agent may cause any or all of the Collateral held by it to be transferred into the name of the Administrative Agent or the name or names of the Administrative Agent's nominee or nominees.
- (d) The Administrative Agent may exercise any and all rights and remedies of the Debtors under or in respect of the Collateral, including, without limitation, any and all rights of the Debtors to demand or otherwise require payment of any

amount under, or performance of any provision of any of the Collateral and any and all voting rights and corporate powers in respect of the Collateral.

- (e) On any sale of the Collateral, the Administrative Agent is hereby authorized to comply with any limitation or restriction with which compliance is necessary (based on a reasoned opinion of the Administrative Agent's counsel) in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable Governmental Authority.
- (f) The Administrative Agent may direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct.
- (g) In the event of any sale, assignment or other disposition of the Intellectual Property Collateral, the goodwill of the business connected with and symbolized by any Collateral subject to such disposition shall be included, and the Debtors shall supply to the Administrative Agent or its designee the Debtors' know-how and expertise related to the Intellectual Property Collateral subject to such disposition, and the Debtors' notebooks, studies, reports, records, documents and things embodying the same or relating to the inventions, processes or ideas covered by and to the manufacture of any products under or in connection with the Intellectual Property Collateral subject to such disposition.
- (h) For purposes of enabling the Administrative Agent to exercise its rights and remedies under this Section 6.1 and enabling the Administrative Agent and its successors and assigns to enjoy the full benefits of the Collateral, the Debtors hereby grant to the Administrative Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtors) to use, assign, license or sublicense any of the Intellectual Property Collateral, Computer Records or Software (including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and all computer programs used for the completion or printout thereof), exercisable upon the occurrence and during the continuance of a Default or an Event of Default (and thereafter if Administrative Agent succeeds to any of the Collateral pursuant to an enforcement proceeding or voluntary arrangement with Debtors), except as may be prohibited by any licensing agreement relating to such Computer Records or Software. This license shall also inure to the benefit of all successors, assigns, transferees of and purchasers from the Administrative Agent.

#### Section 6.2 Private Sales.

- (a) In view of the fact that applicable securities laws may impose certain restrictions on the method by which a sale of the Pledged Shares may be effected after an Event of Default, Debtors agree that upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may from time to time attempt to sell all or any part of the Pledged Shares by a private sale in the

nature of a private placement, restricting the bidders and prospective purchasers to those who will represent and agree that they are "accredited investors" within the meaning of Regulation D promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and are purchasing for investment only and not for distribution. In so doing, the Administrative Agent may solicit offers for the Pledged Shares, or any part thereof, from a limited number of investors who might be interested in purchasing the Pledged Shares. Without limiting the methods or manner of disposition which could be determined to be commercially reasonable, if the Administrative Agent hires a firm of regional or national reputation that is engaged in the business of rendering investment banking and brokerage services to solicit such offers and facilitate the sale of the Pledged Shares, then the Administrative Agent's acceptance of the highest offer (including its own offer, or the offer of any of the Lenders at any such sale) obtained through such efforts of such firm shall be deemed to be a commercially reasonable method of disposition of such Pledged Shares. The Administrative Agent shall not be under any obligation to delay a sale of any of the Pledged Shares for the period of time necessary to permit the issuer of such securities to register such securities under the laws of any jurisdiction outside the United States, under the Securities Act or under any applicable state securities laws, even if such issuer would agree to do so.

- (b) The Debtors further agree to do or cause to be done, to the extent that the Debtors may do so under applicable law, all such other reasonable acts and things as may be necessary to make such sales or resales of any portion or all of the Collateral valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at the Debtors' expense.

**Section 6.3 Establishment of Cash Collateral Account; and Lock Box.**

- (a) Notwithstanding anything to the contrary in this Agreement, (x) upon the occurrence of any Event of Default under Section 8.1.3 of the Credit Agreement, immediately following the occurrence thereof, or (y) upon the occurrence of any one or more of the following: (i) the termination of any commitments by the Administrative Agent or the Lenders to extend credit under the Credit Agreement, (ii) the acceleration of any Secured Obligations arising under the Credit Agreement, and (iii) the occurrence of any Event of Default (other than an Event of Default under Section 8.1.3 of the Credit Agreement), promptly following the Administrative Agent's request, there shall be established by each Debtor with the Administrative Agent, for the benefit of the Lenders in the name of the Administrative Agent, a segregated non-interest bearing cash collateral account (the "Cash Collateral Account") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Administrative Agent and the Lenders; provided, however, that the Cash Collateral Account may be an interest-bearing account with a commercial bank (including The Huntington National Bank or any other Lender which is a commercial bank) if determined by

the Administrative Agent, in its reasonable discretion, to be practicable, invested by the Administrative Agent in its sole discretion, but without any liability for losses or the failure to achieve any particular rate of return. Furthermore, in connection with the establishment of a Cash Collateral Account under the first sentence of this Section 6.3 (and on the terms and within the time periods provided thereunder), (i) each Debtor agrees to establish and maintain (and the Administrative Agent, acting at the request of the Lenders, may establish and maintain) at such Debtor's sole expense a United States Post Office lock box (the "Lock Box"), to which the Administrative Agent shall have exclusive access and control. Each Debtor expressly authorizes the Administrative Agent, from time to time, to remove the contents from the Lock Box for disposition in accordance with this Agreement; and (ii) each Debtor shall notify all account debtors that all payments made to such Debtor (a) other than by electronic funds transfer, shall be remitted, for the credit of such Debtor, to the Lock Box, and such Debtor shall include a like statement on all invoices, and (b) by electronic funds transfer, shall be remitted to the Cash Collateral Account, and such Debtor shall include a like statement on all invoices. Each Debtor agrees to execute all documents and authorizations as reasonably required by the Administrative Agent to establish and maintain the Lock Box and the Cash Collateral Account. It is acknowledged by the parties hereto that any lockbox presently maintained or subsequently established by a Debtor with the Administrative Agent may be used, subject to the terms hereof, to satisfy the requirements set forth in the first sentence of this Section 6.3.

- (b) Notwithstanding anything to the contrary in this Agreement, (x) upon the occurrence of any Event of Default under Section 8.1.3 of the Credit Agreement, immediately following the occurrence thereof, or (y) upon the occurrence of any one or more of the following: (i) the termination of any commitments by the Administrative Agent or Lenders to extend credit under the Credit Agreement, (ii) the acceleration of any Secured Obligations arising under the Credit Agreement, and (iii) the occurrence of any Event of Default (other than an Event of Default under Section 8.1.3 of the Credit Agreement), promptly following the Administrative Agent's request, any and all cash (including amounts received by electronic funds transfer), checks, drafts and other instruments for the payment of money received by each Debtor at any time, in full or partial payment of any of the Collateral consisting of Accounts or Inventory, shall forthwith upon receipt be transmitted and delivered to the Administrative Agent, properly endorsed, where required, so that such items may be collected by the Administrative Agent. Any such amounts and other items received by a Debtor shall not be commingled with any other of such Debtor's funds or property, but will be held separate and apart from such Debtor's own funds or property, and upon express trust for the benefit of the Administrative Agent until delivery is made to the Administrative Agent. All items or amounts which are remitted to a Lock Box or otherwise delivered by or for the benefit of a Debtor to the Administrative Agent on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at the Administrative Agent's option, be applied to any of the Secured Obligations, whether then due or not, in the order and manner set forth in the

Credit Agreement. No Debtor shall have any right whatsoever to withdraw any funds so deposited. Each Debtor further grants to the Administrative Agent a first security interest in and Lien on all funds on deposit in such account. Each Debtor hereby irrevocably authorizes and directs the Administrative Agent to endorse all items received for deposit to the Cash Collateral Account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction.

**Section 6.4 Default Under Credit Agreement.** Subject to any applicable notice and cure provisions contained in the Credit Agreement, the occurrence of any Event of Default (as defined in the Credit Agreement), including without limit a breach of any of the provisions of this Agreement, shall be deemed to be an Event of Default under this Agreement. This **Section 6.4** shall not limit the Events of Default set forth in the Credit Agreement.

## **ARTICLE 7** **Miscellaneous**

**Section 7.1 No Waiver; Cumulative Remedies.** No failure on the part of the Administrative Agent to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

**Section 7.2 Successors and Assigns.** Subject to the terms and conditions of the Credit Agreement, this Agreement shall be binding upon and inure to the benefit of the Debtors and the Administrative Agent and their respective heirs, successors and assigns, except that the Debtors may not assign any of their rights or obligations under this Agreement without the prior written consent of the Administrative Agent.

**Section 7.3 AMENDMENT; ENTIRE AGREEMENT.** THIS AGREEMENT AND THE CREDIT AGREEMENT REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO. Except as set forth in **Section 4.8** hereof, the provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

**Section 7.4 Notices.** All notices, requests, consents, approvals, waivers and other communications hereunder shall be in writing (including, by facsimile transmission) and mailed, faxed or delivered to the address or facsimile number specified for notices on the signature pages hereto; or, as directed to the Debtors or the Administrative Agent, to such other

address or number as shall be designated by such party in a written notice to the other. All such notices, requests and communications shall, when sent by overnight delivery, or faxed, be effective when delivered for overnight (next business day) delivery, or transmitted in legible form by facsimile machine (with electronic confirmation of receipt), respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if otherwise delivered, upon delivery; except that notices to the Administrative Agent shall not be effective until actually received by the Administrative Agent.

**Section 7.5 GOVERNING LAW; SUBMISSION TO JURISDICTION.**

- (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF MICHIGAN.
- (b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF MICHIGAN OR OF THE UNITED STATES FOR THE EASTERN DISTRICT OF MICHIGAN, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE DEBTORS AND THE ADMINISTRATIVE AGENT CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE DEBTORS AND THE ADMINISTRATIVE AGENT IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY LOAN DOCUMENT.

**Section 7.6 Headings.** The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

**Section 7.7 Survival of Representations and Warranties.** All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by the Administrative Agent shall affect the representations and warranties or the right of the Administrative Agent or the Lenders to rely upon them.

**Section 7.8 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**Section 7.9 Waiver of Bond.** In the event the Administrative Agent seeks to take possession of any or all of the Collateral by judicial process, the Debtors hereby irrevocably waive any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

**Section 7.10 Severability.** Any provision of this Agreement which is determined by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 7.11 Construction.** Each Debtor and the Administrative Agent acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Debtors and the Administrative Agent.

**Section 7.12 Termination; Reinstatement.**

(a) If all of the Secured Obligations (other than contingent liabilities pursuant to any indemnity, including without limitation Section 5.5 and Section 5.6 hereof, for claims which have not been asserted, or which have not yet accrued) shall have been paid and performed in full and all commitments to extend credit or other credit accommodations under the Credit Agreement have been terminated, this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Debtor hereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any party. The Administrative Agent shall, upon the written request of the Debtors, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release and termination of the security interests created by this Agreement, and shall duly assign and deliver to the Debtors (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Administrative Agent and has not previously been sold or otherwise applied pursuant to this Agreement.

(b) A Debtor shall automatically be released from its obligations hereunder in the event that all the Equity Interests of such Debtor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement, and the Administrative Agent, at the request and sole expense of the Debtors, shall execute and deliver to the Debtors all releases or other documents reasonably necessary or desirable to evidence the release of such obligations.

(c) If any of the Collateral provided by any Debtors hereunder shall be sold, transferred or otherwise disposed of by such Debtor in a transaction permitted by the Credit Agreement, then the Liens granted under this Agreement on such Collateral shall be released, and the Administrative Agent, at the request and sole expense of the Debtors, shall execute and deliver to the Debtors all releases or other documents reasonably necessary or desirable to evidence the release of the Liens created hereby on such Collateral; provided, however, that the Administrative Agent shall not be required to execute any such release under this clause (c) on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty or such release shall not in any manner discharge, affect or impair the Secured Obligations or any Liens upon any Collateral retained by any Debtor, including (without limitation) the proceeds of the sale or other disposition, all of which shall constitute and remain part of the Collateral.



(d) Notwithstanding anything to the contrary in the foregoing subsections (a), (b) and (c) above, the effectiveness of this Agreement shall continue or be reinstated, as the case may be, in the event: (a) that any payment received or credit given by the Administrative Agent or the Lenders, or any of them, is returned, disgorged, rescinded or required to be recontributed to any party as an avoidable preference, impermissible setoff, fraudulent conveyance, restoration of capital or otherwise under any applicable state, federal, or local law of any jurisdiction, including laws pertaining to bankruptcy or insolvency, and this Agreement shall thereafter be enforceable against the Debtors as if such returned, disgorged, recontributed or rescinded payment or credit has not been received or given by the Administrative Agent or the Lenders, and whether or not the Administrative Agent or any Lender relied upon such payment or credit or changed its position as a consequence thereof or (b) that any liability is imposed, or sought to be imposed against the Administrative Agent or the Lenders, or any of them, relating to the environmental condition of any of property mortgaged or pledged to the Administrative Agent on behalf of the Lenders by any Debtor, any Borrower or other party as collateral (in whole or part) for any indebtedness or obligation evidenced or secured by this Agreement, whether such condition is known or unknown, now exists or subsequently arises (excluding only conditions which arise after acquisition by the Administrative Agent or any Lender of any such property, in lieu of foreclosure or otherwise, due to the wrongful act or omission of the Administrative Agent or such Lenders, or any person other than the Borrowers, the Subsidiaries, or any Affiliates of the Borrowers or the Subsidiaries), and this Agreement shall thereafter be enforceable against the Debtors to the extent of all such liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Administrative Agent or Lenders as the direct or indirect result of any such environmental condition but only for which any Borrower is obligated to the Administrative Agent and the Lenders pursuant to the Credit Agreement. For purposes of this Agreement "environmental condition" includes, without limitation, conditions existing with respect to the surface or ground water, drinking water supply, land surface or subsurface strata and the ambient air.

**Section 7.13 Release of Collateral.** The Administrative Agent shall, upon the written request of the Debtors, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release of the security interest and Liens established hereby on any Collateral: (a) if the sale or other disposition of such Collateral is permitted under the terms of the Credit Agreement, (b) if the sale or other disposition of such Collateral is not permitted under the terms of the Credit Agreement, provided that the requisite Lenders under the Credit Agreement shall have consented to such sale or disposition in accordance with the terms thereof, or (c) if such release has been approved by the requisite Lenders in accordance with Section 10.1 of the Credit Agreement.

**Section 7.14 WAIVER OF JURY TRIAL.** EACH DEBTOR AND THE ADMINISTRATIVE AGENT WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER SUCH PARTY AGAINST THE OTHER, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH DEBTOR AND THE ADMINISTRATIVE AGENT AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL

WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH SUCH PARTY FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. UNLESS EXPRESSLY MODIFIED IN ANY AMENDMENT, RENEWAL, SUPPLEMENT OR MODIFICATION, THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

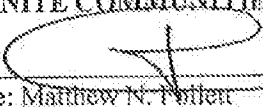
**Section 7.15 Consistent Application.** The rights and duties created by this Agreement shall, in all cases, be interpreted consistently with, and shall be in addition to (and not in lieu of), the rights and duties created by the Credit Agreement or the other Loan Documents. In the event that any provision of this Agreement shall be inconsistent with any provision of the Credit Agreement, such provision of the Credit Agreement shall govern.

**Section 7.16 Continuing Lien.** The security interest granted under this Security Agreement shall be a continuing security interest in every respect (whether or not the outstanding balance of the Secured Obligations is from time to time temporarily reduced to zero) and the Administrative Agent's security interest in the Collateral as granted herein shall continue in full force and effect for the entire duration that the Credit Agreement remains in effect and until all of the Secured Obligations are repaid and discharged in full, and no commitment (whether optional or obligatory) to extend any credit under the Credit Agreement remain outstanding.

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

DEBTORS:

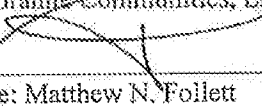
**GRANITE COMMUNITIES, LLC**

By:   
Name: Matthew N. Follett  
Its: President and Chief Executive Officer

Address for Notices:

c/o Follett Investment Properties, LLC  
11211 Gold Country Blvd., Suite 100  
Gold River, CA 95670  
Fax No.: 916-852-0115  
Telephone No.: 916-852-0112  
Attention: Cathy K Kelly

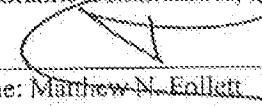
**GRANITE HOMES, LLC**

By: Granite Communities, LLC, its Sole Member  
By:   
Name: Matthew N. Follett  
Its: President and Chief Executive Officer

Address for Notices:

c/o Follett Investment Properties, LLC  
11211 Gold Country Blvd., Suite 100  
Gold River, CA 95670  
Fax No.: 916-852-0115  
Telephone No.: 916-852-0112  
Attention: Casey K Kelly

**FOLLETT INVESTMENT PROPERTIES, LLC**

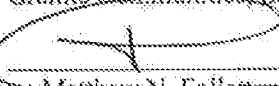
By: Granite Communities, LLC, its Sole Member  
By:   
Name: Matthew N. Follett  
Its: President and Chief Executive Officer

Address for Notices:

11211 Gold Country Blvd., Suite 100  
Gold River, CA 95670  
Fax No.: 916-852-0115  
Telephone No.: 916-852-0112  
Attention: Casey K. Kelly

GRANITE WILLOW POINT, LLC

By: Granite Communities, LLC, its Sole Member

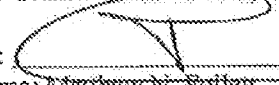
By:   
Name: Matthew N. Follett  
Its: President and Chief Executive Officer

Address for Notices:

c/o Follett Investment Properties, LLC  
11211 Gold Country Blvd., Suite 100  
Gold River, CA 95670  
Fax No.: 916-852-0115  
Telephone No.: 916-852-0112  
Attention: Casey K. Kelly

GRANITE MANVEL UTILITIES, LLC

By: Granite Communities, LLC, its Sole Member

By:   
Name: Matthew N. Follett  
Its: President and Chief Executive Officer

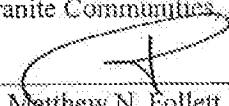
Address for Notices:

c/o Follett Investment Properties, LLC  
11211 Gold Country Blvd., Suite 100  
Gold River, CA 95670  
Fax No.: 916-852-0115  
Telephone No.: 916-852-0112  
Attention: Casey K. Kelly

**MANVEL UTILITIES LIMITED PARTNERSHIP**

By: Granite Marvel Utilities, LLC, its General Partner

By: Granite Communities, LLC, its Sole Member

By:   
Name: Matthew N. Follett  
Its: President and Chief Executive Officer

Address for Notices:

c/o Follett Investment Properties, LLC  
11211 Gold Country Blvd., Suite 100  
Gold River, CA 95670  
Fax No.: 916-852-0115  
Telephone No.: 916-852-0112  
Attention: Casey K. Kelly

**GRANITE BROWNSTOWN LAND, LLC**

By: Granite Communities, LLC, its Sole Member

By:   
Name: Matthew N. Follett  
Its: President and Chief Executive Officer

Address for Notices:

c/o Follett Investment Properties, LLC  
11211 Gold Country Blvd., Suite 100  
Gold River, CA 95670  
Fax No.: 916-852-0115  
Telephone No.: 916-852-0112  
Attention: Casey K. Kelly

ADMINISTRATIVE AGENT:

THE HUNTINGTON NATIONAL BANK, as  
Administrative Agent

By: M. D. Adams  
Name: MARC D. ADAMS  
Title: VICE PRESIDENT

Address for Notices:  
803 W. Big Beaver Road, MI9192  
Troy, Michigan 48084  
Fax No.: (877) 904-8072  
Telephone No.: (248) 637-8229  
Attention: Marc Adams, Private Equity Group

Signature Page to Security Agreement  
(1243149)

**TRADEMARK**  
**REEL: 004930 FRAME: 0876**

**EXHIBIT A  
TO  
SECURITY AGREEMENT**

FORM OF AMENDMENT

This Amendment, dated \_\_\_\_\_, 20\_\_\_, is delivered pursuant to Section 4.8(b)/(c) of the Security Agreement referred to below. The undersigned hereby agrees that this Amendment may be attached to the Security Agreement dated as of December 20, 2012, between the undersigned and The Huntington National Bank, as the Administrative Agent for the benefit of the Lenders referred to therein (the "Security Agreement"), and (a) [that the intellectual property listed on *Schedule A*]/[that the shares of stock, membership interests, partnership units, notes or other instruments listed on *Schedule A*] annexed hereto shall be and become part of the Collateral referred to in the Security Agreement and shall secure payment and performance of all Secured Obligations as provided in the Security Agreement and (b) that *Schedule A* shall be deemed to amend [*Schedule 1.2/Schedule 1.1*] by supplementing the information provided on such Schedule with the information set forth on *Schedule A*.

Capitalized terms used herein but not defined herein shall have the meanings therefor provided in the Security Agreement.

**GRANITE COMMUNITIES, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GRANITE HOMES, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FOLLETT INVESTMENT PROPERTIES, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GRANITE WILLOW POINT, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GRANITE MANVEL UTILITIES, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MANVEL UTILITIES LIMITED PARTNERSHIP**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GRANITE BROWNSTOWN LAND, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE HUNTINGTON NATIONAL BANK, as  
Administrative Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



EXHIBIT B

JOINDER AGREEMENT  
(Security Agreement)

THIS JOINDER AGREEMENT (the "Joinder Agreement") is dated as of \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_, a \_\_\_\_\_ ("New Debtor").

WHEREAS, pursuant to Section 6.12 of that certain Credit Agreement dated as of December 20, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Granite Communities, LLC ("Company") and the Subsidiaries who from time to time become borrowers thereunder ("MHC Revolving Loan Borrowers") and collectively with Company, "Borrowers", and each, individually, a "Borrower", the financial institutions party thereto from time to time (collectively, the "Lenders") and The Huntington National Bank, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), the New Debtor is required to execute and deliver a joinder agreement to the Security Agreement.

WHEREAS, in order to comply with the Credit Agreement, New Debtor executes and delivers this Joinder Agreement in accordance therewith.

NOW THEREFORE, as a further inducement to Lenders to continue to provide credit accommodations to the Borrowers, New Debtor hereby covenants and agrees as follows:

A. All capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement unless expressly defined to the contrary.

B. New Debtor hereby enters into this Joinder Agreement in order to comply with Section 6.12 of the Credit Agreement and does so in consideration of the advances made or to be made from time to time under the Credit Agreement and the other Loan Documents.

C. Schedule [insert appropriate Schedule] attached to this Joinder Agreement is intended to supplement Schedule [insert appropriate Schedule] of the Security Agreement with the respective information applicable to New Debtor.

D. New Debtor shall be considered, and deemed to be, for all purposes of the Credit Agreement, the Security Agreement and the other Loan Documents, a Debtor under the Security Agreement as fully as though New Debtor had executed and delivered the Security Agreement at the time originally executed and delivered under the Credit Agreement and hereby ratifies and confirms its obligations under the Security Agreement, all in accordance with the terms thereof and shall be deemed to have made each representation and warranty set forth in the Security Agreement with respect to itself and its collateral.

E. No Default or Event of Default (each such term being defined in the Credit Agreement) has occurred and is continuing under the Credit Agreement.

F. This Joinder Agreement shall be governed by the laws of the State of Michigan and shall be binding upon New Debtor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Joinder Agreement as of \_\_\_\_\_, \_\_\_\_\_.

[NEW DEBTOR]

By: \_\_\_\_\_

Its: \_\_\_\_\_

THE HUNTINGTON NATIONAL BANK,  
as Administrative Agent

By: \_\_\_\_\_

Its: \_\_\_\_\_

Schedule L.1

**Intellectual Property**

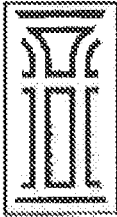
**Copyrights and Copyright Licenses:**

None.

**Patents and Patent Licenses:**

None.

**Trademarks and Trademark Licenses:**

Mark	Registration Date	Registration Number
	January 23, 2001	2423423

HN948958.A