

AFTER RECORDING RETURN TO:

Katten Muchin Zavis Rosenman
525 W. Monroe Street
Suite 1900
Chicago, IL 60661

Attention: Adam M. Docks, Esq.

CHICAGO TITLE CO.

1C31415✓



200412100123
Skagit County Auditor

12/10/2004 Page 1 of 13 11:47AM

MEMORANDUM OF LEASE

Lessor: MHC TT Leasing Company, Inc.

Lessee: Thousand Trails Operations Holding Company,
L.P.

Abbreviated Legal Description Ptns. of Sec. 30 and 31, T36N, R4E

Assessor's Tax Parcel ID#: 360430-1-007-0009; 360430-1-008-0008;
360430-1-003-0003; 360430-0-010-0006;
360430-0-011-0005; 360430-0-012-0004;
360430-1-002-0004; 360430-1-004-0002;
360430-4-003-0007; 360430-4-006-0004;
360430-3-001-0001; 360430-3-003-0009;
360431-1-002-0003; 360431-1-002-0003;
360431-1-004-0001; 360431-1-010-0003;
360431-2-003-0000; 360431-2-001-0002;
360430-0-009-0009

Reference Number(s): N/A

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "Memorandum") is made as of November 10, 2004 by and between MHC TT Leasing Company, Inc., a Delaware corporation ("Landlord"), and Thousand Trails Operations Holding Company, L.P., a Delaware limited partnership ("Tenant"), with reference to the following facts:

RECITALS

A. Landlord has a leasehold interest in certain real property legally described on Exhibit A attached hereto and incorporated herein by this reference (the "Premises").

B. Pursuant to that certain unrecorded Lease Agreement, dated as of November 10, 2004, between Landlord and Tenant (the "Lease"), Landlord has agreed to lease to Tenant, and Tenant has agreed to lease from Landlord, the entirety of the Premises, as more particularly set forth in the Lease.

C. Landlord and Tenant desire to provide notice to third parties that the Premises is subject to the Lease and Tenant's rights thereunder.

NOW, THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Definitions. Except as otherwise defined herein, initially-capitalized terms shall have the meanings given to them in the Lease.

2. Lease of the Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises for the term and upon the terms, covenants and conditions contained in the Lease.

3. Term of Lease. The term of the Lease commenced on November 10, 2004, and will expire on December 31, 2029, unless sooner terminated in accordance with the terms of the Lease.

4. Purpose. The parties acknowledge that this Memorandum of Lease does not contain all of the terms, covenants or provisions of the Lease but is only intended to provide notice by virtue of being recorded in the Office of the Recorder of Skagit County, Washington. The Lease shall control and govern with respect to any conflict between the terms or provisions herein set forth and those in the Lease.

5. Binding Effect. The terms and provisions of this Memorandum shall be binding upon and shall inure to the benefit of the respective successors and assigns of Landlord and Tenant.



6. Counterparts. This Memorandum may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

7. Landlord Subordination and Nondisturbance

(a) Notwithstanding anything in the Lease to the contrary, Landlord hereby covenants and agrees that:

(i) Its rights in each Resort (as hereinafter defined) shall be subordinate to the rights of Purchasers (as hereinafter defined) from and after the date of the Lease;

(ii) In the event of the termination of the Lease or of Tenant's possession of the Premises, Landlord shall take each Resort subject to the use rights of Purchasers;

(iii) In the event of termination of the Lease or of Tenant's possession of the Premises, Landlord shall fully honor all rights of Purchasers to occupy and use any Resort as provided in the Purchasers' Camping Resort Contracts (as hereinafter defined);

(iv) In the event of termination of the Lease or of Tenant's possession of the Premises, Landlord shall fully honor all rights of Purchasers to cancel their Camping Resort Contracts and receive appropriate refunds; and

(v) In the event of the termination of the Lease or of Tenant's possession of the Premises, Landlord shall not discontinue use of any Resort or cause or permit any Resort to be used in a manner which would prevent or materially prevent or interfere with Purchasers from using or occupying the Resort in the manner contemplated by the Purchasers' Camping Resort Contracts. However, except as required by applicable law, Landlord shall have no obligation or liability to assume the responsibilities or obligations of Tenant or any of its Affiliates under the Camping Resort Contracts.

(b) In the event of the termination of the Lease or of Tenant's possession of the Premises and Landlord does not continue to operate the Resort upon conditions no less favorable to Purchasers than existed prior to the change of title or possession, Landlord and its successors and assigns shall either:

(i) Offer the title to or possession of the Resort to an association of Purchasers to operate the Resort; or

(ii) Obtain a commitment from another entity (which obtains title or possession to the Resort) to undertake the responsibility of operating the Resort.

(c) The covenants contained herein may be enforced by each Purchaser of a Camping Resort Contract, provided that the Purchaser is not in default under the terms of the Purchaser's Camping Resort Contract.



(d) The covenants contained herein shall be effective as between each Purchaser and Landlord despite any rejection or cancellation of the Purchaser's Camping Resort Contract during any bankruptcy proceedings of Tenant.

(e) The covenants and agreements contained herein shall inure to the benefit of and be binding upon the successors and assigns of Tenant and Landlord.

(f) When used in this Section, each of the following terms shall be defined as set forth below:

(i) "Purchaser" shall mean a person who enters into a Camping Resort Contract, whether before or after the date hereof, and thereby obtains title to, an estate or interest in, or license or the right to use the Resort.

(ii) "Camping Resort Contract" shall mean an agreement between (1) Tenant or any of its present or future Affiliates or any predecessor in interest to Tenant or such Affiliates and (2) a Purchaser evidencing the Purchaser's title to, estate or interest in, or right or license to use the Resort.

(iii) "Resort" means any campground located on or forming a part of the Premises.

The covenant of non-disturbance contained herein is made for the benefit of Tenant and Landlord and each Purchaser and shall be binding upon and inure to the benefit of Tenant and Landlord and their respective successors and permitted assigns and shall be binding upon and inure to the benefit of each Purchaser and his or her respective successors and permitted assigns.

[SIGNATURES BEGIN ON NEXT PAGE]

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

DEC 10 2004

Amount Paid
By Skagit Co. Treasurer
Deputy



200412100123

Skagit County Auditor

IN WITNESS WHEREOF, Landlord and Tenant have caused their duly authorized representatives to execute this Memorandum as of the date first above written.

"LANDLORD"

MHC TT Leasing Company, Inc.,
a Delaware corporation

By: David W. Fell
Its: David W. Fell
Vice President, Associate General
Counsel and Secretary

"TENANT"

Thousand Trails Operations Holding Company,
L.P., a Delaware limited partnership

By: Walter B. Jaccard
Its: Walter B. Jaccard
Vice President

IN WITNESS WHEREOF, Landlord and Tenant have caused their duly authorized representatives to execute this Memorandum as of the date first above written.

"LANDLORD"

MHC TT Leasing Company, Inc.,
a Delaware corporation

By: David W. Fell
Its: Vice President, Associate General
Counsel and Secretary

"TENANT"

Thousand Trails Operations Holding Company,
L.P., a Delaware limited partnership

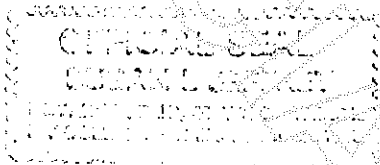
Walter B. Jaceard
By: Walter B. Jaceard
Its: Vice President



State of Illinois)
) ss
County of Cook)

I, the undersigned, a notary public in and said County in the State aforesaid, DO HEREBY CERTIFY that David W. Fell, the Vice President, Associate General Counsel and Secretary of MHC TT Leasing Company, Inc., and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and as the free and voluntary act and deed of said entity, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 7 day of November, 2004.



Susan L. Jeffers
Notary Public

Commission expires: 08/01/05

State of Washington)
) ss
County of King)

On this ____ day of November, 2004, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Walter B. Jaccard, to me known to be the Vice President of Thousand Trails Operations Holding Company, L.P., the limited partnership that executed the within and foregoing instrument, and acknowledged said instrument to be free and voluntary deed of said limited partnership, for the uses and the purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the seal of said limited partnership.

[Seal or Stamp]

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing
at _____

My appointment expires _____



State of Illinois)
) ss
County of Cook)

I, the undersigned, a notary public in and said County in the State aforesaid, DO HEREBY CERTIFY that David W. Fell, the Vice President, Associate General Counsel and Secretary of MHC TT Leasing Company, Inc., and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and as the free and voluntary act and deed of said entity, for the uses and purposes therein set forth.

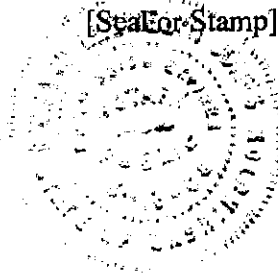
GIVEN under my hand and official seal this ____ day of November, 2004.

Notary Public

Commission expires: _____

State of Washington)
) ss
County of King)

On this 5th day of November, 2004, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Walter B. Jaccard, to me known to be the Vice President of Thousand Trails Operations Holding Company, L.P., the limited partnership that executed the within and foregoing instrument, and acknowledged said instrument to be free and voluntary deed of said limited partnership, for the uses and the purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the seal of said limited partnership.



Richard L. Jones
(Signature of Notary)

Richard L. Jones
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing
at Belleve

My appointment expire



Exhibit A

Legal Description

(MOUNT VERNON)

PARCEL A:

That portion of the Southeast Quarter of the Northeast Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, lying West of the county road;

EXCEPT the following described tract:

Beginning at the Northwest corner of said Southeast Quarter of the Northeast Quarter; thence South 86°44' East along the North line of said subdivision, 689.69 feet to the center line of Friday Creek as it existed in July 1960; being the true point of beginning of the tract herein described; thence South 43°58' West along the center line of said creek, 296.03 feet; thence South 86°44' East a distance of 219.57 feet to the Northwesterly line of the county road; thence Northeasterly along said county road to the North line of said subdivision; thence Westerly along the North line of said subdivision to the true point of beginning.

PARCEL B:

That portion of the Southwest Quarter of the Northeast Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the Southeast corner of said subdivision; thence North 86°09'15" West along the South line of said subdivision, 173.83 feet; thence North 33°13' West, 593.74 feet; thence North 11°13'45" West, 366.72 feet; thence North 00°15'45" East, 91.67 feet; thence North 17°52'30" East, 89.17 feet; thence North 56°13'30" East, 260.95 feet; thence North 76°01'30" East, 83.57 feet; thence North 06°10'45" East, 136.52 feet to the North line of said subdivision; thence South 85°02'15" East, 201.30 feet to the Northeast corner of said subdivision; thence South 01°15'14" East along the East line of said subdivision to the Southeast corner thereof and the point of beginning.

PARCEL C:

That portion of the Northwest Quarter of the Northeast Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the Southeast corner of said subdivision; thence North 85°02'15" West along the South line of said subdivision, 201.30 feet; thence North 06°10'46" East, 20.50 feet; thence North 57°47'35" West, 1,067.71 feet to the East line of the state highway right-of-way; thence North 08°57' East along the East line of said highway right-of-way, 788.75 feet to the North line of said subdivision; thence South 86°10'35" East, 987.50 feet to the Northeast corner of said subdivision; thence South 00°16'19" West, 1,220.17 feet to the point of beginning.



PARCEL D:

That portion of the Northeast Quarter of the Northeast Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the Southwest corner of said subdivision; thence South 85°02'15" East along the South line of said subdivision, 506.40 feet; thence North 02°47'15" East, 273.24 feet; thence North 05°54'45" West, 221.26 feet; thence North 77°29'15" West, 386.03 feet; thence North 67°35'15" West, 124.82 feet to West line of said subdivision; thence South 00°16'19" West along West line of said subdivision, 580.43 feet to the point of beginning.

PARCEL E:

That portion of the Northeast Quarter of the Northeast Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the Southwest corner of said subdivision; thence South 85°02'15" East along the South line of said subdivision a distance of 506.40 feet to the true point of beginning. thence North 02°47'15" East a distance of 273.24 feet; thence North 05°54'45" West a distance of 221.26 feet; thence North 77°29'15" West a distance of 44.66 feet; thence North 77°48'45" East a distance of 319.99 feet; thence South 25°47'45" East a distance of 445.20 feet; thence South 72°23'45" East a distance of 142.16 feet; thence South 23°44'15" East a distance of 56.77 feet to the Northerly line of the county road; thence South 50°21'45" West along the Northerly line of the county road a distance of 180.99 feet to the South line of the Northeast Quarter of the Northeast Quarter of said Section 30; thence North 85°02'15" West along the South line of said subdivision a distance of 474.16 feet to the true point of beginning.

PARCEL F:

That portion of the Northwest Quarter of the Northeast Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, lying East of Primary State Highway No. 1, as condemned by the State of Washington, under Skagit County Superior Court Cause No. 26638;

EXCEPT that portion thereof described as follows:

Beginning at the Southeast corner of said subdivision; thence North 85°02'15" West along the South line of said subdivision, 201.30 feet; thence North 06°10'46" East, 20.50 feet; thence North 57°47'35" West, 1,067.71 feet to the East line of the state highway right-of-way; thence North 08°57' East along the East line of said highway right-of-way, 788.75 feet to the North line of said subdivision; thence South 86°10'35" East, 987.50 feet to the Northeast corner of said subdivision; thence South 00°16'19" West, 1,320.17 feet to the point of beginning; (Being a portion of Lot 4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington).



PARCEL G:

That portion of the Southwest Quarter of the Northeast Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, lying East of Primary State Highway No. 1, as condemned by the State of Washington under Skagit County Superior Court Cause No. 26638;

EXCEPT that portion thereof lying East of a line described as follows:

Beginning at the Southeast corner of said subdivision; thence North 86°09'15" West along the South line of said subdivision, 173.83 feet to the true point of beginning of the line herein described; thence North 33°13' West, 593.74 feet; thence North 11°13'45" West, 366.72 feet; thence North 00°15'45" East, 91.67 feet; thence North 17°52'30" East, 89.17 feet; thence North 56°13'30" East, 260.95 feet; thence North 76°01'30" East, 83.57 feet; thence North 06°10'45" East, 136.52 feet to the North line of said subdivision and the terminal point of the line herein described;

ALSO EXCEPT that portion thereof condemned by the State of Washington in Skagit County Superior Court Case No. 40077; (Being a portion of Lot 4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington);

PARCEL H:

The West Half of the Southeast Quarter, that portion of the Southeast Quarter of the Southeast Quarter and of the South 600 feet of the Northeast Quarter of the Southeast Quarter, lying West of the Friday Creek Road No. 2611 (formerly known as and called Lake Samish Public Highway and the L.M. Abbey Road), all in Section 30, Township 36 North, Range 4 East of the Willamette Meridian;

EXCEPT from the above described premises the following described tract:

Beginning at a point of intersection with the North line of the South 600 feet of said Northeast Quarter of the Southeast Quarter with the centerline of Friday Creek as it existed on December 9, 1969; thence Easterly along the South line of that certain tract of land conveyed to Grace Jean Wallace by instrument recorded under Auditor's File No. 717952, records of Skagit County, Washington a distance of 120 feet; thence Southwesterly in a straight line which generally runs parallel with the Easterly bank of Friday Creek a distance of 250 feet; thence Westerly parallel with the North line of the South 600 feet of the Northeast Quarter of the Southeast Quarter, 120 feet to the centerline of said Friday Creek; thence Northeasterly along the centerline of said Friday Creek to the point of beginning.

ALSO EXCEPT that portion thereof condemned by the State of Washington in Skagit County Superior Court Cause No. 40077;

AND ALSO EXCEPT that portion thereof within Lots 2 and 3 of Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County,



4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington).

PARCEL I:

That portion of the Southwest Quarter of Section 30, Township 36 North, Range 4 East of the Willamette Meridian, lying East of Primary State Highway No. 1, as condemned by the State of Washington, under Skagit County Superior Court Cause No. 26638; (Being a portion of Lot 4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington).

PARCEL J:

That portion of the North Half of the Northeast Quarter of Section 31, Township 36 North, Range 4 East of the Willamette Meridian, lying West of the Friday Creek Road (formerly known as and called Lake Samish Public Highway and L.M. Abbey Road);

EXCEPT any portion thereof, lying within the boundaries of Pacific Highway (Old Highway 99);

ALSO EXCEPT that portion thereof within Lot 2, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington; (Being a portion of Lot 4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington, being a portion of Lot 4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington).

PARCEL K:

That portion of the South Half of the Northeast Quarter of Section 31, Township 36 North, Range 4 East of the Willamette Meridian, lying West of the Pacific Highway (Old Highway 99);

EXCEPT that portion thereof within Lots 1 and 2, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington; (Being a portion of Lot 4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington).

PARCEL L:

That portion of the Northwest Quarter of Section 31, Township 36 North, Range 4 East of the Willamette Meridian, lying East of Primary State Highway No. 1, as condemned by the State of Washington, under Skagit County Superior Court Cause No. 26638;

EXCEPT that portion thereof within Lot 1, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington; (Being a portion of Lot 4, Skagit County Short Plat No. 45-80, approved July 3, 1980, and recorded July 7, 1980, in Volume 4 of Short Plats, pages 131 and 132, under Auditor's File No. 8007070006, records of Skagit County, Washington).

PARCEL M:

An easement for access, road, and utilities contained in those certain easements and/or modifications to easements

Recorded: August 11, 1980, August 13, 1980, November 25, 1980, June 16, 1981, and June 23, 1981

Auditor's Nos.: 8008110023, 8008130012, 8011250035, 8106160017, 8106230014, 8106230015, and 8106230016

ALL situated in Skagit County, Washington.