

INDUCEMENT AGREEMENT

THIS INDUCEMENT AGREEMENT RELATING TO THE **CHAMPION HOME BUILDERS CO. FACILITY** (the "AGREEMENT") is between the Oneida County Industrial Development Agency (the "Issuer"), and Champion Home Builders Co., a Michigan corporation, on behalf of itself and/or the principals of Champion Home Builders Co. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company").

Article I. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this AGREEMENT are the following:

1.01. The Issuer is authorized and empowered by the provisions of Article 18-A of the General Municipal Law of the State of New York as amended, and Chapter 372 of the Laws of 1970 of the State of New York, as may be amended from time to time (collectively, the "Act") to undertake "Projects" (as defined in the Act) and to lease or sell the same upon such terms and conditions as the Issuer may deem advisable.

1.02. The purposes of the Act are (i) to promote industry and develop trade by inducing manufacturing, industrial, warehousing, research, civic, recreation and commercial enterprises to locate or remain in the State and (ii) to encourage and assist in the providing of industrial pollution control facilities and (iii) to promote the economic welfare and prosperity of the inhabitants of the State. The Act vests the Issuer with all powers necessary to enable it to accomplish such purposes.

1.03. The Issuer issued its Variable Rate Demand Industrial Development Revenue Bonds on June 1, 1999 in the amount of \$6,820,000 (the "Bonds") to finance a portion of the costs of a certain industrial development facility for the Company consisting of a 171,000± square foot building (the "Improvements") situated on a 24± acre parcel of land located at 951 Route 12 South in the Town of Sangerfield, County of Oneida, New York (the "Land") (the Land and the Improvements referred to collectively as the "Facility"), all to be used for the manufacture of single and double wide homes. The Issuer acquired fee title to the Land by way of a deed dated June 24, 1999 from the Company to the Issuer (the "Deed") and leases the Facility to the Company pursuant to a Lease Agreement dated as of June 1, 1999 (the "Lease Agreement") between the Issuer and the Company.

1.04. The Company has requested the Issuer provide additional financial assistance to the Facility by extending the abatements of real property taxes under the Payment-In-Lieu-Of-Tax Agreement dated as of June 1, 1999 (the "PILOT Agreement") between the Issuer and the Company.

1.05. The Company hereby represents to the Issuer that the financing of the Facility through a PILOT extension (a) will not result in the removal of an industrial or manufacturing plant from one area of the State to another area of the State or an abandonment of one or more plants of the Company located in the State; (b) is reasonably necessary to discourage the Company from removing such other plant or facility to a location outside the State, or (c) is reasonably necessary to preserve employment at the Facility and the competitive position of the Company in its industry.

1.06. The Issuer has determined that maintaining the employment levels at the Facility, as described in the Company's application to the Issuer dated June 4, 2009, which Application may be amended from time to time prior to the closing of the lease-leaseback transaction (the "Application") will promote and further the purposes of the Act.

1.07. On June 19, 2009, the Issuer adopted a resolution (the "Resolution" or the "Inducement Resolution") agreeing to undertake the Facility in order to assist the Company and to effectuate the purposes of the Act and, subject to the happening of all acts, conditions and things required precedent to such undertaking and the satisfactory completion of such additional acts and reviews as the Issuer may deem appropriate to undertake the PILOT Extension in connection with the Facility.

Article 2. Undertakings on the Part of the Issuer. Based upon the statements, representations and undertakings of the Company regarding the Facility and subject to the conditions set forth herein, the Issuer hereby confirms and acknowledges:

2.01. Upon satisfactory completion of the conditions precedent set forth herein and in the Resolution and the satisfactory completion of such additional acts and reviews as the Issuer may deem appropriate, the Issuer will (A) adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary or advisable for the extension of the PILOT Agreement, as shall be authorized by law and be mutually satisfactory to the Issuer and the Company and (B) shall amend the Lease Agreement and enter into an Amended and Restated PILOT Agreement pursuant to the terms of the Act, as then in force, for the purpose of financing certain costs of the Facility.

2.02. The Company and the Issuer will amend the Lease Agreement. The Amendment #1 to Lease Agreement shall obligate the Company to maintain the Employment Obligation (as said term is defined below). The Amendment #1 to Lease Agreement shall contain all provisions required by law and such other provisions as shall be mutually acceptable to the Issuer and the Company.

2.03. That all services, costs and expenses of whatever nature incurred in connection with the renovation, equipping, installation, replacement, rebuilding, restoration, repair, maintenance and operation of the Facility have been and will continue to be undertaken by the Company.

2.04. That, in connection with any lease by the Issuer to the Company that is, in turn, subleased or leased by the Company, it is the intent of all parties to the transactions that any sublease or lease is undertaken by the Company as agent for the Issuer.

2.05. That, at the request of the Company, and subject to the agreement between the Issuer and the Company, any future transfers of any portion of real property upon which the Facility is located and not owned by the Issuer, are hereby authorized, such transfers to be from the Company to the Issuer, and there shall be no need for any further official action on behalf of the Issuer other than the execution of the appropriate documents evidencing such transfer.

2.06. The Issuer will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 3. Undertakings on the Part of the Company. Based upon the statements, representations and undertakings of the Issuer herein and in the Resolution and subject to the conditions set forth herein and in the Resolution, the Company agrees as follows:

3.01. [Intentionally omitted]

3.02. In its Application for Financial Assistance, the Company projected that it will retain no less than seventy-five (75) full time jobs during the Lease Term as a result of undertaking the Facility (the "Employment Obligation"). The Company acknowledges that the financial assistance granted by the Issuer in connection with the Facility is conditioned upon the Company achieving the Employment Obligation.

3.03. [Intentionally omitted]

3.04. Contemporaneously with the closing of the PILOT Extension the Company will enter into the Amendment #1 to Lease Agreement with the Issuer containing, among other things, the terms and conditions described in Section 2.02 hereof and such other financing agreements, indentures, guarantees, and related agreements as shall be necessary or appropriate so that the Company will be obligated to pay to the Issuer sums set forth in the Lease Agreement.

3.05. (a) The Company shall not permit to stand, and will, at its own expense, take all steps reasonably necessary to remove (or bond the same if acceptable to the Issuer and its counsel), any mechanics' or other liens against the Facility for labor or materials furnished in connection with the Facility. The Company shall forever defend, indemnify and hold the Issuer, its members, officers, employees, and agents, and anyone for whose acts or omissions the Issuer or any of them may be liable, harmless from and against all costs, losses, expenses, claims, damages and liabilities of whatever kind or nature arising, directly or indirectly, out of or based on labor, services, materials and supplies, including equipment, ordered or used in connection with the construction and equipping of the Facility or arising out of any contract or other arrangement therefor (and including any expenses incurred by the Issuer in defending any claims, suits or actions which may arise as a result of any of the foregoing).

(b) The Company shall forever defend, indemnify and hold harmless the Issuer, its members, officers, employees and agents, and anyone for whose acts or omissions the Issuer or any of them may be liable, from and against all claims, causes of action, liabilities and expenses (including without limitation attorneys' fees) howsoever arising for loss or damage to property or any injury to or death of any person (including, without limitation, death of or injury to any employee of the Company) that may occur subsequent to the date hereof by any cause whatsoever in relation to the Facility including the failure to comply with the provisions of Article 3.05 hereof, or arising, directly or indirectly, out of the ownership, renovation, acquisition, operation, maintenance, repair or financing of the Facility, and including, without limitation, any expenses incurred by the Issuer in defending any claims, suits or actions which may arise as a result of the foregoing.

(c) The defense and indemnities provided for in this Article 3 shall not apply if the claim, liability, cause of action or expense is caused by the gross negligence or willful misconduct of the Issuer, its members, officers, employees and agents, anyone under the direction and control of any of them, or anyone for whose acts or omissions the Issuer or any of them may be liable.

(d) The Company shall provide and carry workers' compensation and disability insurance as required by law and comprehensive liability insurance with such coverages (including, without limitation, owner's protective for the benefit of the Issuer and contractual coverage covering the indemnities herein provided for), with such limits and with such companies as may be approved by the Issuer. Upon the request of the Issuer, the Company shall provide certificates of insurance in form satisfactory to the Issuer evidencing such insurance.

3.06. With the exception of the authorizations required to be adopted by the Issuer for the Issuer to amend the Lease Agreement and the PILOT Agreement, the Company agrees that, as agent for the Issuer or otherwise, it will comply with all the requirements of all federal, state and local laws, rules and regulations of whatever kind and howsoever denominated applicable to the Issuer and/or the Company with respect to the Facility, the operation and maintenance of the Facility and the financing thereof. Every provision required by law to be inserted herein shall be deemed to be set forth herein as if set forth in full; and upon the request of either party, this AGREEMENT shall be amended to specifically set forth any such provision or provisions.

3.07. The Company will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

3.08. If it should be determined that any State or local sales or compensatory use taxes or similar taxes however denominated are payable with respect to the acquisition, purchase or rental of machinery or equipment, materials or supplies in connection with the Facility, or are in any manner otherwise payable directly or indirectly in connection with the Facility, the Company shall pay the same and defend and indemnify the Issuer from and against any liability, expenses and penalties arising out of, directly or indirectly, the imposition of any such taxes.

3.09. [Intentionally Omitted]

3.10. If the Facility is leased to another party by the Issuer and subleased to the Company, then in such event, the Company guarantees all of the covenants, undertakings and indemnities of such other party as set forth in this Article 3.

Article 4. General Provisions.

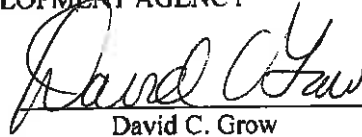
4.01. This AGREEMENT shall take effect on the date of execution hereof by the Issuer and the Company and shall remain in effect until the Amendment #1 to Lease Agreement becomes effective. It is the intent of the Issuer and the Company that this AGREEMENT be superseded in its entirety by the Lease Agreement, as amended, except for the indemnities and guarantee of indemnities contained herein, which shall survive.

4.02. It is understood and agreed by the Issuer and the Company that the PILOT extension and the execution of the Amendment #1 to Lease Agreement, the First Amended and Restated PILOT Agreement and related documents are subject to (i) obtaining all necessary governmental approvals, (ii) approval of the Board of Directors of the Company, (iii) approval of the members of the Issuer, (iv) satisfactory completion of the environmental review of the Facility by the Issuer in compliance with the State Environmental Quality Review Act, (v) agreement by the Issuer and the Company upon mutually acceptable terms and conditions for the Amendment #1 to Lease Agreement, the First Amended and Restated PILOT Agreement and other documentation usual and customary to transaction of this nature, (vi) the condition that there are no changes in New York State Law which prohibit or limit the Issuer from fulfilling its obligation and commitment as herein set forth to enter into the PILOT extension and (vii) payment by the Company of the Issuer's transaction fee and the fees and disbursements of transaction and agency counsel.

IN WITNESS WHEREOF, the parties hereto have entered into this AGREEMENT as of the 19th day of June 2009.

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

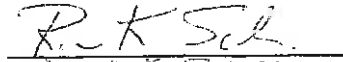
By:



David C. Grow
Chairman

CHAMPION HOME BUILDERS CO.

By:



Name:

Robert K. Sermon

Title:

Vice President