

**FIRST AMENDMENT TO LEASE AGREEMENT**

THIS FIRST AMENDMENT TO LEASE AGREEMENT dated as of March 1, 2010 ("First Amendment to Lease Agreement") is between the **ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation of the State of New York having its office at 153 Brooks Road, Rome, New York 13441-4105 (the "Agency"), and **CHAMPION HOME BUILDERS CO.**, a duly organized and validly existing Michigan business corporation, duly authorized to do business in New York, having an office at 951 Route 12 South, Sangerfield, New York 13455 (the "Company").

**RECITALS**

The Agency is the owner of a certain facility 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 used by the Company for the manufacture of single and double wide homes;

The Agency issued its Variable Rate Demand Industrial Development Revenue Bonds on June 1, 1999 in the amount of \$6,820,000 to finance certain costs of the Facility;

The Company conveyed title to the Facility to the Agency by way of a deed dated June 1, 1999 recorded in the Oneida County Clerk's Office on July 9, 1999 as Instrument Number 1999-015773 in Liber 2877 of Deeds at Page 86;

The Agency leases the Facility to the Company pursuant to a Lease Agreement dated as of June 1, 1999 (the "Lease Agreement") by and between the Agency and the Company, a memorandum of which was recorded in the Oneida County Clerk's Office on July 9, 1999 at Instrument Number 1999-015771 in Liber 2877 of Deeds at Page 70;

The Agency and the Company entered into Payment-in-Lieu-of-Tax Agreement dated as of June 1, 1999 (the "PILOT Agreement") and a certain Environmental Compliance and Indemnification Agreement dated as of June 1, 1999 ("Environmental Compliance and Indemnification Agreement"), with respect to the Facility;

The Company requested that the Agency enter into a transaction in which the Agency will provide financial assistance to the Facility in the form of abatement of real property taxes for an additional five (5) years, which benefits represent a deviation from the Issuer's Uniform Tax Exemption Policy, more particularly described in a Final Authorizing Resolution; and

The Agency and the Company deem it necessary and proper to amend the Lease Agreement to reflect the understanding of the parties as it relates to the Facility.

## AGREEMENT

For and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto do hereby mutually agree as follows:

1. **Definitions.** All capitalized terms used in this First Amendment of Lease Agreement and not otherwise defined shall have the meanings assigned thereto in Article I of the Lease Agreement.

2. **Representations and Covenants of the Parties.**

(a) Section 2.2 is amended to add and include a new subsection (f) that reads as follows: "The Company projects that it will maintain no less than sixty (60) employees during the first two Lease Years following execution of this First Amendment to Lease Agreement and no less than seventy-five (75) employees from the third through the fifth Lease Year following execution of this First Amendment to Lease Agreement at the Facility (the "Employment Obligation")."

(b) The Agency and the Company hereby restate and reaffirm all other representations and covenants set forth in Article II of the Lease Agreement.

3. **Recapture.** A new Section 10.6 shall be added that reads as follows:

Section 10.6 **Recapture.**

(a) If the Company shifts production to a facility outside of Oneida County and, as a result, fails to achieve the Employment Obligation, then the Agency will require the value of the incentives utilized to date to be repaid, with interest at one percent above the prime rate as established by Bank of America, but in no event more than to the extent permitted by law.

(b) If the Company fails to meet the Employment Obligation for reasons other than described above, then the Agency staff will meet with the Company, and the Company will have the opportunity to present its case as to relevant issues. The following criteria will be used to determine if a valid exemption exists for failure to achieve the Employment Obligation:

(i) **Natural Disaster:** if a natural disaster such as fire, flood or tornado disrupts the business.

(ii) **Industry Trends:** an evaluation of industry trends will be made relevant to the Company, and a determination reached as to whether the Company is in a market that is declining. International and national data will be used in the evaluation. An industry is considered in decline when, measured by the appropriate SIC code, it experiences employment or revenue declines – beyond its control – of 10% or more over 3 years.

(iii) Loss of Major Supplier or Customer: if the loss of a customer or supplier represents 15% or more of the sales of the Company.

(iv) Productivity Improvements: if new technology, equipment or general productivity improvements result in the need for less than projected employees or investment.

(v) Unfair Competition: if an international competitor utilizes an unfair competitive advantage to acquire market share.

(vi) Temporary Condition: if the failure to meet the employment and/or investment objectives is temporary in nature.

(c) If the Agency based on criteria outlined in paragraph (a) determines that the Company's reasons for failing to meet the Employment Obligation are invalid, the Agency will notify the Company in writing of its intention to recapture benefits. If the Agency based on criteria outlined in paragraph (b) determines that the Company's reasons for failing to meet the Employment Obligation are invalid, the Agency will notify the Company in writing of its intention to recapture benefits and in either event the Company will have thirty (30) days to respond to the default letter citing the reason or reasons the Company failed to achieve its Employment Obligation, including any request to appear before the Agency board of directors. If the Agency then determines that the Company's reasons for failing to achieve the Employment Obligation are invalid, the Agency, at its sole discretion, may:

(i) Take no action if it is determined that the reason or reasons for default are temporary or, in the sole opinion of the Agency, it is in the best interest of economic development of Oneida County;

(ii) Reduce the benefits granted to the Company in an amount proportionate to the percentage of Employment Obligation that were achieved (i.e., if the Company meets 75% of its projections, benefits are reduced by 25% in the next applicable tax year); or

(iii) Terminate the PILOT Agreement.

(d) The Agency in granting benefits retains all rights to impose, delay or waive penalties and the right to deviate from these recapture provisions.

(e) No violation of these provisions in Section 3 will, in and of itself, constitute a default of any financing debt instrument.

4. Purchaser of Company. Notwithstanding anything to the contrary contained in the Lease Agreement, including but not limited to Sections 8.4, 9.1, 9.3 and 10.1 thereof, the sale of substantially all of the assets of the Company (including the assignment of the Lease Agreement as amended by this First Amendment to Lease Agreement) in the chapter 11 cases captioned In re Champion Enterprises Inc, et al., Case No. 09-14019 (Jointly Administered) in the United States Bankruptcy Court for the District of Delaware shall not constitute a default under the Lease Agreement. Upon any such assignment of the Lease Agreement, the assignee shall be entitled to all rights and remedies of the Company as tenant under the Lease Agreement.

5. **Notices.** The address for notices in Section 12.1 is hereby revised in relevant part as follows:

To the Issuer:

Oneida County Industrial Development Agency  
153 Brooks Road  
Rome, New York 13441-4105  
Attn: Executive Director

With a Copy to:

Linda E. Romano, Esq.  
Bond, Schoeneck & King, PLLC  
501 Main Street  
Utica, New York 13501

To the Company:

Champion Home Builders Co.  
951 Route 12 South  
P.O. Box 177  
Sangerfield NY 13455-0177  
Attn.: \_\_\_\_\_

With a Copy to:

Champion Enterprises  
755 Big Beaver Road, Suite 1000  
Troy MI 48084  
Attn: General Counsel

To the Trustee:

BNY Capital Markets, LLC  
One Mellon Center, Suite 410  
Pittsburgh PA 14258  
Attn.: F. Charles Goodwin

To the Bank:

Credit Suisse  
One Madison Avenue  
New York NY 10010  
Attn.: Trade Finance Services Department

5. **Effect of Amendment.** This First Amendment to Lease Agreement serves only to amend the Lease Agreement as expressly set forth herein. All other terms, conditions, representations

and covenants of the Lease Agreement remain in full force and effect and are hereby restated with respect to the Facility.

6. **Notice of Amendment.** The Company shall record or cause to be recorded at its sole cost and expense this First Amendment to Lease Agreement (or a memorandum thereof) in the Office of the Clerk of Oneida County.


7. **Counterparts.** This First Amendment to Lease Agreement may be executed in several counterparts and all so executed shall constitute one Agreement, binding on all the parties hereto even though all the parties are not signatories to the original or to the same counterpart.

[signature page follows]

IN WITNESS WHEREOF, the Agency and the Company have caused this **First Amendment to Lease Agreement** to be executed in their respective names by their duly authorized officers, all as of March 1, 2010.

ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

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

  
David C. Grow  
Its Chairman

CHAMPION HOME BUILDERS CO.

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

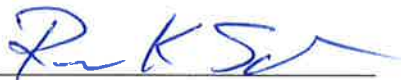
Roger K. Scholten  
Its Vice President and Secretary

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DEVELOPMENT AGENCY


By: \_\_\_\_\_  
David C. Grow  
Its Chairman

CHAMPION HOME BUILDERS CO.

By:  \_\_\_\_\_  
Roger K. Scholten  
Its Vice President and Secretary

STATE OF NEW YORK        )  
  : ss.:  
COUNTY OF ONEIDA        )

On the 17th day of March 2010 before me, the undersigned a notary public in and for said state, personally appeared **David C. Grow**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

  
\_\_\_\_\_  
Notary Public

**LAURA S. RUBERTO**  
**Notary Public, State of New York**  
**Appointed in Oneida County**  
**Commission Expires August 1, 2010**

STATE OF MIGHIGAN        )  
  : ss.:  
COUNTY OF OAKLAND        )

On the \_\_\_\_ day of March 2010 before me, the undersigned a notary public in and for said state, personally appeared **Roger K. Scholten**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public



STATE OF NEW YORK )

: ss.:

COUNTY OF ONEIDA)

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STATE OF MIGHIGAN )

: ss.:

COUNTY OF OAKLAND )

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Notary Public

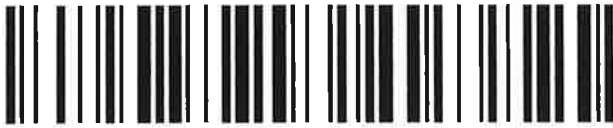
Debbie Doetsch  
Notary Public of Michigan  
Macomb County  
Acting in Oakland County  
Expires 01/19/2011



ONEIDA COUNTY – STATE OF NEW YORK  
SANDRA J. DEPERNO COUNTY CLERK  
800 PARK AVENUE, UTICA, NEW YORK 13501

COUNTY CLERK'S RECORDING PAGE

\*\*\*THIS PAGE IS PART OF THE DOCUMENT – DO NOT DETACH\*\*\*



Recording:

Cover Page	20.00
Number of Pages	35.00
Cultural Ed	14.25
Records Management - Coun	1.00
Records Management - Stat	4.75

Sub Total: 75.00

Total: 75.00

\*\*\*\* NOTICE: THIS IS NOT A BILL \*\*\*\*

RECEIPT NO. : 2010329591

Clerk: PATTIE  
Instr #: R2010-000375  
Rec Date: 03/30/2010 12:42:01 PM  
Doc Grp: MR  
Descrip: MISC RECORDED  
Num Pgs: 7

Party1: ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY  
Party2: CHAMPION HOME BUILDERS CO

Record and Return To:

BOND SCHOENECK & KING PLLC  
501 MAIN STREET  
UTICA NEW YORK 13501

WARNING\*\*\*

I hereby certify that the within and foregoing was recorded in the Oneida County Clerk's Office, State of New York. This sheet constitutes the Clerks endorsement required by Section 316 of the Real Property Law of the State of New York.

Sandra J. DePerno  
Oneida County Clerk

Transcript Document No. 1(b)**Memorandum of First Amendment to Lease Agreement**

The undersigned **ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation of the State of New York having its principal office at 153 Brooks Road, Rome, New York 13441-4105 (the "Agency"), and **CHAMPION HOME BUILDERS CO.**, a duly organized and validly existing Michigan business corporation, duly authorized to do business in New York, having an office at 951 Route 12 South, Sangerfield, New York 13455 (the "Company") entered into a First Amendment to Lease Agreement as of the 1<sup>st</sup> day of March 2010 between the Agency and the Company (the "First Amendment to Lease Agreement"), which amended that certain Lease between the Agency and the Company dated as of June 1, 1999, a Memorandum of which was recorded with the Oneida County Clerk in Liber 2877, Page 070 on July 9, 1999.

The First Amendment to Lease Agreement covers the premises described in Exhibit A and equipment described in Exhibit B attached hereto and made a part hereof.

The First Amendment to Lease Agreement provides the Agency with the opportunity to terminate or reduce certain benefits granted to the Company in the event the Company does not meet certain employment obligations with respect to the Facility.

The First Amendment to Lease Agreement is available for inspection during normal business hours at the offices of the Agency indicated above.

This Memorandum of First Amendment to Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[signature page follows]

2010329591

Clerk: PATTIE

**R2010-000375**

03/30/2010 12:42:01 PM

MISC RECORDED

7 Pages

Sandra J. DePerno, Oneida County Clerk

**Record and Return to:**  
**Bond, Schoeneck & King, PLLC**  
**501 Main Street**  
**Utica NY 13501**

IN WITNESS WHEREOF, the Agency and the Company have caused this **Memorandum of First Amendment to Lease Agreement** to be executed in their respective names on March 17, 2010.

ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By: David C. Grow  
David C. Grow  
Chairman

CHAMPION HOME BUILDERS CO.

By: \_\_\_\_\_  
Roger K. Scholten  
Its Vice President and Secretary

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ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY


By: \_\_\_\_\_  
David C. Grow  
Chairman

CHAMPION HOME BUILDERS CO.

By:           RKC            
Roger K. Scholten  
Its Vice President and Secretary

STATE OF NEW YORK        )  
                                  )  SS:  
COUNTY OF ONEIDA        )

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\_\_\_\_\_  
Notary Public

**LAURA S. RUBERTO**  
**Notary Public, State of New York**  
**Appointed in Oneida County**  
**Commission Expires August 1, 2010**

STATE OF MICHIGAN        )  
                                  )  SS:  
COUNTY OF OAKLAND        )

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\_\_\_\_\_  
Notary Public

STATE OF NEW YORK        )  
  )  SS:  
COUNTY OF ONEIDA        )

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\_\_\_\_\_  
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Commission Expires August 1, 2010

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Notary Public

Debbie Doetsch  
Notary Public of Michigan  
Macomb County  
Acting in Oakland County  
Expires 01/19/2011

EXHIBIT A

LEGAL DESCRIPTION OF REAL PROPERTY



ALL that tract or parcel of land situate in the Town of Sangerfield, County of Oneida, State of New York, being a part of Lot No. 37 in said Town bounded and described as follows, to wit:

#### PARCEL I

Beginning at a point, said point being an iron pipe set at the southwesterly corner of a parcel of land conveyed by William Eva, David and Adele Chernoff to Wickes Corporation by deed dated 9 October 1959 and filed in the Oneida County Clerk's Office in Liber of Deeds 1641 at page 378 said point of beginning also being on the division line of the property of the Delaware, Lackawanna and Western Railroad on the West and the lands herein described on the East, thence South 83° 46' 30" East along the division line of said Wickes Corporation on the North and the lands herein described on the South a distance of 888.48 feet to a point, said point being 0.25 feet southerly of an iron pipe found on the former division line of the lands of Chernoff on the West and the lands of Timothy Gallagher on the East, thence South 6° 24' 30" West along said division line of Gallagher on the East and the lands herein described on the West a distance of 658.00 feet to an iron pin set on said division line, thence South 83° 46' 30" west and parallel to the above-mentioned Wickes Corporation southerly line a distance of 1,1655.71 feet to an iron pin set on the above mentioned division line of the D.L. & W. Railroad on the West and the lands herein described on the East, thence North 29° 13' 40" East along said division line a distance of 714.83 feet to the point or place of beginning.

#### PARCEL II

All that tract or parcel of land situate in the Town of Sangerfield, County of Oneida and State of New York, and in Lot No. 37 in said Town, and bounded and described as follows: Beginning at an iron fence post set and the southeasterly corner of Wickes Corporation property, said fence post also being on the westerly highway boundary of New York State Route 12; thence south 6° 13' 30" west along said highway boundary a distance of 70.00 feet to an iron pipe set; thence north 83° 46' 30" west a distance of 623.72 feet to an iron pipe set on the division line of Chernoffs on the west and the lands of Timothy Gallagher on the east; thence north 6° 24' 30" east along said division line a distance of 70.00 feet to a point on the division line of the Wickes Corporation on the north and the lands of Timothy Gallagher on the south; thence south 83° 46' 30" east along said division line a distance of 623.72 feet to the point or place of beginning.

#### PARCEL III

Beginning at the southwest corner of the lands of James I. Webb, Liber 2813 of deeds, Page 549. Said point being the northwest corner of the lands of Champion Home Builders, Liber 1977 of deeds, page 060 which is on the east line of the lands now or formerly of the Delaware Lackawanna Western Rail Road, Liber 803 of deeds, page 517.

Thence along said Rail Road lands N 29° 11' 37" E, 650.78 feet to the lands of John Wojtowicz, Liber 2145 of deeds, page 737.

Thence along the lands of said Wojtowicz S 83° 45' 30" E, 635.51 feet to a new corner point.

Thence along a new division line and through the lands of the grantor herein S 06° 21' 35" W, 599.70 feet to the lands of the aforesaid Champion Home Builders.

Thence along the lands of Champion Home Builders N 83° 43' 49" W, 888.05 feet to the lands now or formerly of the Delaware Lackawanna Western Rail Road and the point of beginning.

EXHIBIT B

EQUIPMENT

All fixtures, building materials, machinery, office equipment and items of personal property acquired and installed in connection with the Champion Home Builders Co. Facility located in the Town of Sangerfield, Oneida County, New York.