

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2009.

or

TRANSITION PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-12616

SUN COMMUNITIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland

(State of Incorporation)

38-2730780

(I.R.S. Employer Identification No.)

27777 Franklin Rd.

Suite 200

Southfield, Michigan

(Address of Principal Executive Offices)

48034

(Zip Code)

(248) 208-2500

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of Common Stock, \$0.01 par value per share, outstanding
as of March 31, 2009: 18,619,612

PART I – FINANCIAL INFORMATION

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SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2009 AND DECEMBER 31, 2008
(In thousands, except per share amounts)

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Investment property, net	\$ 1,084,128	\$ 1,089,304
Cash and cash equivalents	6,588	6,162
Inventory of manufactured homes	9,674	13,058
Investment in affiliates	3,799	3,772
Notes and other receivables	60,088	57,481
Other assets	33,250	37,152
Assets of discontinued operations	68	70
TOTAL ASSETS	\$ 1,197,595	\$ 1,206,999
LIABILITIES		
Debt	\$ 1,141,911	\$ 1,139,152
Lines of credit	88,447	90,419
Other liabilities	35,904	37,240
Liabilities of discontinued operations	78	70
TOTAL LIABILITIES	\$ 1,266,340	\$ 1,266,881
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Preferred stock, \$.01 par value, 10,000 shares authorized, none issued	\$ —	\$ —
Common stock, \$.01 par value, 90,000 shares authorized (March 31, 2009 and December 31, 2008, 20,421 and 20,313 shares issued respectively)	204	203
Additional paid-in capital	460,164	459,847
Officer's notes	(5,427)	(8,334)
Accumulated other comprehensive loss	(2,855)	(2,851)
Distributions in excess of accumulated earnings	(455,957)	(445,147)
Treasury stock, at cost (March 31, 2009 and December 31, 2008, 1,802 shares)	(63,600)	(63,600)
Total Sun Communities, Inc. stockholders' deficit	(67,471)	(59,882)
Noncontrolling interest	(1,274)	—
TOTAL STOCKHOLDERS' DEFICIT	(68,745)	(59,882)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 1,197,595	\$ 1,206,999

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
REVENUES		
Income from real property	\$ 50,999	\$ 50,349
Revenue from home sales	7,461	7,503
Rental home revenue	5,200	4,996
Ancillary revenues, net	195	226
Interest	1,272	805
Other income	157	871
Total revenues	65,284	64,750
COSTS AND EXPENSES		
Property operating and maintenance	12,605	12,074
Real estate taxes	4,184	4,169
Cost of home sales	5,423	5,839
Rental home operating and maintenance	4,537	3,466
General and administrative - real property	4,166	4,158
General and administrative - home sales and rentals	1,826	1,612
Depreciation and amortization	16,204	15,861
Interest	14,245	15,380
Interest on mandatorily redeemable debt	835	844
Total expenses	64,025	63,403
Income before income taxes and net equity income (loss) from affiliates	1,259	1,347
Benefit (provision) for state income taxes	(133)	235
Income (loss) from affiliates, net	27	(4,830)
Income (loss) from continuing operations	1,153	(3,248)
Loss from discontinued operations	(172)	(241)
Net income (loss)	981	(3,489)
Less: Net income (loss) attributable to noncontrolling interest	104	(394)
Net income (loss) attributable to Sun Communities, Inc.	\$ 877	\$ (3,095)
Weighted average common shares outstanding:		
Basic	18,511	18,077
Diluted	20,698	18,077
Basic and diluted income (loss) per share:		
Continuing operations	\$ 0.06	\$ (0.16)
Discontinued operations	(0.01)	(0.01)
Basic and diluted earnings (loss) per share	\$ 0.05	\$ (0.17)
Cash dividends per common share:	\$ 0.63	\$ 0.63

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, CONTINUED
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
	Amounts attributable to Sun Communities, Inc. common stockholders:	
Income (loss) from continuing operations, net of state income taxes	\$ 1,031	\$ (2,881)
Loss from discontinued operations, net of state income taxes	(154)	(214)
Net income (loss) attributable to Sun Communities, Inc.	\$ 877	\$ (3,095)

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
	Net income (loss)	\$ 981
Unrealized loss on interest rate swaps	(4)	(1,416)
Total comprehensive income (loss)	977	(4,905)
Less: Comprehensive income (loss) attributable to the noncontrolling interest	104	(554)
Comprehensive income (loss) attributable to Sun Communities, Inc.	\$ 873	\$ (4,351)

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(In thousands, except per share amounts)
(Unaudited)

	Common stock	Additional paid-in capital	Officer's notes	Accumulated other comprehensive loss	Distributions in excess of accumulated earnings	Treasury stock	Total Sun Communities stockholders' deficit	Non controlling interest	Total stockholders' deficit
Balance as of December 31, 2008	\$ 203	\$ 459,847	\$ (8,334)	\$ (2,851)	\$ (445,147)	\$ (63,600)	\$ (59,882)	\$ —	\$ (59,882)
Cancellation of common stock, net	1	(132)	—	—	—	—	(131)	—	(131)
Stock-based compensation - amortization and forfeitures	—	449	—	—	(25)	—	424	—	424
Repayment of officer's notes	—	—	2,907	—	—	—	2,907	—	2,907
Net income	—	—	—	—	877	—	877	—	877
Unrealized loss on interest rate swaps	—	—	—	(4)	—	—	(4)	—	(4)
Noncontrolling interest distribution	—	—	—	—	—	—	—	(1,378)	(1,378)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	104	104
Cash distributions declared of \$0.63 per share	—	—	—	—	(11,662)	—	(11,662)	—	(11,662)
Balance as of March 31, 2009	\$ 204	\$ 460,164	\$ (5,427)	\$ (2,855)	\$ (455,957)	\$ (63,600)	\$ (67,471)	\$ (1,274)	\$ (68,745)

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
OPERATING ACTIVITIES:		
Net income (loss)	\$ 877	\$ (3,095)
Less: Loss from discontinued operations, net of tax	(154)	(241)
Income (loss) from continuing operations	1,031	(2,854)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities:		
Noncontrolling interest allocation of income (loss)	104	(394)
Gain from land disposition	—	(673)
Gain on disposal of other assets	(17)	(39)
Loss (gain) on valuation of derivative instruments	(3)	4
Stock compensation expense	418	439
Depreciation and amortization	16,789	16,861
Amortization of deferred financing costs	395	370
Net equity (income) loss from affiliates	(27)	4,830
Change in notes receivable from sales of financed homes, net of repurchases	(410)	504
Change in inventory, other assets and other receivables, net	(1,599)	(5,516)
Change in accounts payable and other liabilities	(862)	(1,506)
Net cash provided by operating activities of continuing operations	15,819	12,026
Net cash used for operating activities of discontinued operations	(144)	(84)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,675	11,942
INVESTING ACTIVITIES:		
Investment in properties	(5,916)	(6,202)
Proceeds related to disposition of land	2	2,708
Proceeds related to disposition of other assets	32	90
Payment of notes receivable and officer's notes, net	3,027	182
NET CASH USED FOR INVESTING ACTIVITIES	(2,855)	(3,222)
FINANCING ACTIVITIES:		
Cancellation of common stock and Common OP Units, net	(131)	(80)
Borrowings on lines of credit	39,406	25,614
Payments on lines of credit	(41,378)	(18,750)
Proceeds from issuance of notes payable and other debt	7,593	—
Payments on notes payable and other debt	(4,834)	(2,951)
Payments for deferred financing costs	(10)	(16)
Distributions to stockholders and OP unit holders	(13,040)	(12,999)
NET CASH USED FOR FINANCING ACTIVITIES	(12,394)	(9,182)
Net increase (decrease) in cash and cash equivalents	426	(462)
Cash and cash equivalents, beginning of period	6,162	5,415
Cash and cash equivalents, end of period	<u>\$ 6,588</u>	<u>\$ 4,953</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	\$ 12,368	\$ 14,065
Cash paid for interest on mandatorily redeemable debt	\$ 834	\$ 896
Noncash investing and financing activities:		
Unrealized loss on interest rate swaps	\$ (4)	\$ (1,416)
Rental homes transferred from inventory to investment property for use in Rental Program	\$ 7,358	\$ 5,033
Financed home sales transferred from inventory and investment property to notes receivable	\$ 4,142	\$ 3,209

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

SUN COMMUNITIES, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

These unaudited consolidated financial statements of Sun Communities, Inc., a Maryland corporation, (the "Company") and all majority-owned or wholly-owned and controlled subsidiaries, including Sun Communities Operating Limited Partnership (the "Operating Partnership"), SunChamp LLC ("SunChamp"), and Sun Home Services, Inc. ("SHS"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the consolidated financial statements and accompanying notes of the Company included in our Annual Report on Form 10-K for the year ended December 31, 2008 as filed with the SEC on March 13, 2009, as amended on March 30, 2009 (the "2008 Annual Report").

The Company's cable television services are held for sale and presented as discontinued operations in the consolidated financial statements and related notes. See Note 2 for additional information.

The following Notes to Consolidated Financial Statements present interim disclosures as required by the SEC. These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our 2008 Annual Report, with the exception of the impact of our adoption in the first quarter of 2009 of Statement of Financial Accounting Standards (SFAS) No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS 160") and FASB Staff Position Emerging Issues Task Force ("EITF") No. 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" ("FSP EITF 03-6-1"). See Recent Accounting Pronouncements in Note 17 for further information on our adoption of SFAS 160 and FSP EITF 03-6-1. The accompanying consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. Certain reclassifications have been made to prior periods' financial statements in order to conform to current period presentation.

2. Discontinued Operations

The Company has investments in certain land improvements and equipment that provides cable television services to certain communities within the Real Property Operations segment. In December 2008, the Company determined that the cable television assets could not provide the necessary return on investment to justify the capital investment required to keep up with the technological advances in the offered product. In the fourth quarter of fiscal 2008, the Company announced its intention to exit the cable television service business and recorded a \$4.1 million impairment charge on the cable television assets. This impairment charge was recognized in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

SFAS 144 also provides criteria to evaluate if a component of an entity is deemed to be held for sale and eligible for presentation as a discontinued operation. Based on the Company's plan to sell and exit the cable television services business within the next twelve months, the cable television services business is reported as a discontinued operation in the consolidated financial statements for all periods presented.

The following tables set forth certain summarized financial information of the discontinued operation (in thousands):

	Three Months Ended March 31,	
	2009	2008
Total revenues	\$ 183	\$ 204
Total expenses	(355)	(445)
Loss before state income taxes	(172)	(241)
Benefit (provision) for state income tax	—	—
Loss from discontinued operations	(172)	(241)
Less: Loss attributable to noncontrolling interest	(18)	(27)
Loss from discontinued operations attributable to Sun Communities, Inc. common stockholders	<u>\$ (154)</u>	<u>\$ (214)</u>

SUN COMMUNITIES, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2. **Discontinued Operations, continued**

	March 31, 2009	December 31, 2008
ASSETS		
Accounts receivable, net	\$ 14	\$ 16
Other assets	54	54
Total assets	<u>\$ 68</u>	<u>\$ 70</u>
LIABILITIES		
Accounts payable	\$ 19	\$ 16
Deferred income	36	38
Other liabilities	23	16
Total liabilities	<u>\$ 78</u>	<u>\$ 70</u>

3. **Investment Property**

The following table sets forth certain information regarding investment property (in thousands):

	March 31, 2009	December 31, 2008
Land	\$ 116,289	\$ 116,292
Land improvements and buildings	1,179,703	1,177,362
Rental homes and improvements	191,232	184,933
Furniture, fixtures, and equipment	34,094	34,050
Land held for future development	26,986	26,986
Investment property	1,548,304	1,539,623
Less: Accumulated depreciation	(464,176)	(450,319)
Investment property, net	<u>\$ 1,084,128</u>	<u>\$ 1,089,304</u>

Land improvements and buildings consist primarily of infrastructure, roads, landscaping, clubhouses, maintenance buildings and amenities.

4. **Secured Borrowing and Collateralized Receivables**

The Company has completed various transactions involving its installment notes since the third quarter of fiscal 2008. The Company has received a total of \$35.1 million of cash proceeds in exchange for relinquishing its right, title and interest in the installment notes. The Company is subject to certain recourse provisions requiring the Company to purchase the underlying homes collateralizing such notes, in the event of a note default and subsequent repossession of the home.

FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("SFAS 140") sets forth the criteria that must be met for control over transferred assets to be considered to have been surrendered, which includes, amongst other things: (1) the transferred assets have been isolated from the transferor, including put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee must obtain the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the transferor cannot maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. When a company transfers financial assets and fails any one of the SFAS 140 criteria, the company is prevented from derecognizing the transferred financial assets and the transaction is accounted for as a secured borrowing. The determination about whether the isolation criteria of SFAS 140 have been met to support a conclusion regarding surrender of control is largely a matter of law. As such, the evidence required for testing whether or not the first criteria of SFAS 140 has been satisfied requires a legal "true sale" opinion analyzing the treatment of the transfer under state laws as if the Company was a debtor under the bankruptcy code. A "true sale" legal opinion includes several legally relevant factors, including the nature of retained interests in the loans sold. Legal opinions as to a "true sale" are never absolute and unconditional, but contain qualifications based on the inherent equitable powers of a bankruptcy court, as well as the unsettled state of the common law.

SUN COMMUNITIES, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. Secured Borrowing and Collateralized Receivables, continued

It was the intent of both parties for these transactions to qualify for sale accounting under SFAS 140 and the terms of the agreements clearly stipulate that the Company has no further obligations or rights with respect to the control, management, administration, servicing, or collection of the installment notes. In addition, the transferee has obtained the right to pledge or exchange the installment notes. For federal tax purposes, the Company treats the transfers of loans which do not qualify as "true sales" under SFAS 140, as sales.

Notwithstanding these facts, the Company was unable to satisfy the first criteria for sale accounting treatment under SFAS 140 and therefore, the Company has recorded these transactions as a transfer of financial assets. The transferred assets have been classified as collateralized receivables and the cash proceeds received from these transactions have been classified as a secured borrowing in the Consolidated Balance Sheet.

The collateralized receivables earn interest income and the secured borrowings accrue borrowing costs at the same interest rates. The amount of interest income and expense recognized was \$0.7 million for the three months ended March 31, 2009. The collateralized receivables and secured borrowings are reduced as the related installment notes are collected from the customers. The balance of the collateralized receivables was \$32.5 million, net of a loan loss provision of \$0.1 million as of March 31, 2009. The balance of the collateralized receivables was \$26.1 million, net of a loan loss provision of \$0.1 million as of December 31, 2008. The outstanding balance on the secured borrowing was \$32.6 million and \$26.2 million as of March 31, 2009 and December 31, 2008, respectively.

In the event of note default, and subsequent repossession of a manufactured home, the terms of the agreement require the Company to repurchase the manufactured home. Default is defined as the failure to repay the installment note according to contractual terms. If default on the installment note results in repossession of the home, the home is repurchased. The repurchase price is calculated as a percentage of the outstanding principal balance of the installment note, plus any outstanding late fees, accrued interest, legal fees and escrow advances associated with the installment note. The percentage used to determine the repurchase price of the outstanding principal balance on the installment note is based on the number of payments made on the note. In general, based on the number of payments made since the loan origination date, the repurchase price is determined as follows:

Number of Payments	Recourse %
Less than or equal to 15	100 %
Greater than 15 but less than 64	90 %
64 or more	65 %

5. Notes and Other Receivables

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

	March 31, 2009	December 31, 2008
Installment notes receivable on manufactured homes, net	\$ 19,260	\$ 21,232
Collateralized receivables, net (see Note 4)	32,498	26,159
Other receivables, net	8,330	10,090
Total notes and other receivables, net	<u>\$ 60,088</u>	<u>\$ 57,481</u>

The installment notes of \$19.3 million and \$21.2 million as of March 31, 2009 and December 31, 2008, respectively, are collateralized by manufactured homes. The installment notes are presented net of allowance for losses of \$0.1 million as of March 31, 2009 and December 31, 2008. The installment notes represent financing provided by the Company to purchasers of manufactured homes located in its communities. The installment notes receivable have interest payable monthly at a net weighted average interest rate and a maturity of 7.4 percent and 13.1 years and 7.6 percent and 13.8 years at March 31, 2009 and December 31, 2008, respectively.

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

5. Notes and Other Receivables, continued

The Company has completed various transactions involving its installment notes. The Company has received a total of \$35.1 million of cash proceeds in exchange for relinquishing its right, title and interest in the installment notes. These transactions were recorded as a transfer of financial assets. The transferred assets have been classified as collateralized receivables with a net balance of \$32.5 million and \$26.1 million as of March 31, 2009 and December 31, 2008, respectively. The collateralized receivables are presented net of allowance for losses of \$0.1 million as of March 31, 2009 and December 31, 2008. The collateralized receivables have interest payable monthly at a weighted average interest rate and maturity of 10.4 percent and 13.7 years and 10.1 percent and 14.0 years, as of March 31, 2009 and December 31, 2008, respectively. See Note 4 for additional information.

The net increase in the aggregate principal balance of collateralized receivables of \$32.5 million during 2009 is due to the following items:

- New transfers of installment notes of \$7.6 million, offset by -
- principal payments and payoffs from the Company's customers of \$0.7 million and;
- repurchase of the underlying collateral (manufactured homes) of \$0.5 million.

Other receivables were comprised of amounts due from residents of \$1.1 million (net of allowance of \$0.2 million), home sale proceeds of \$3.5 million, an employee loan of \$0.5 million, insurance proceeds of \$0.3 million, and rebates and other receivables of \$2.9 million as of March 31, 2009. Other receivables were comprised of amounts due from residents of \$1.6 million (net of allowance of \$0.3 million), home sale proceeds of \$3.7 million, an employee loan of \$0.5 million, insurance proceeds of \$0.3 million, and rebates and other receivables of \$4.0 million as of December 31, 2008.

Officer's notes, presented as a portion of the stockholders' deficit in the balance sheet, are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively. The following table sets forth certain information regarding officer's notes as of March 31, 2009 and December 31, 2008 (in thousands except for shares and units):

Promissory Notes	March 31, 2009			December 31, 2008		
	Outstanding Principal Balance	Secured by		Outstanding Principal Balance	Secured by	
		Common Stock	Common OP Units		Common Stock	Common OP Units
Secured - \$1.3 million	\$ 627	38,591	—	\$ 963	59,263	—
Secured - \$6.6 million	3,187	85,690	61,646	4,894	131,591	94,669
Secured - \$1.0 million	493	45,620	—	757	70,057	—
Subtotal secured notes	4,307	169,901	61,646	6,614	260,911	94,669
Unsecured - \$1.0 million	493	—	—	757	—	—
Unsecured - \$1.3 million	627	—	—	963	—	—
Subtotal unsecured notes	1,120	—	—	1,720	—	—
Total promissory notes	\$ 5,427	169,901	61,646	\$ 8,334	260,911	94,669

The officer's personal liability on the secured promissory notes is limited to all accrued interest on such notes plus fifty percent of the deficiency, if any, after application of the proceeds from the sale of the secured shares and/or the secured units to the then outstanding principal balance of the promissory notes. The value of secured shares and secured OP Units total approximately \$2.7 million based on the closing price of the Company's shares on the New York Stock Exchange of \$11.83 as of March 31, 2009. The unsecured notes are fully recourse to the officer.

The reduction in the aggregate principal balance of these notes was \$2.9 million and \$0.1 million for the three months ended March 31, 2009 and 2008, respectively. Total interest received was \$0.1 million for the three months ended March 31, 2009 and 2008. The notes are due in two remaining installments on December 31, 2009 and 2010.

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

6. Investment in Affiliates

In October 2003, the Company purchased 5,000,000 shares of common stock of Origen Financial, Inc. ("Origen"). The Company owns approximately 19% of Origen as of March 31, 2009, and its investment is accounted for using the equity method of accounting. As of March 31, 2009, the Company's investment in Origen had a market value of approximately \$3.8 million based on a quoted market closing price of \$0.75 per share from the "Pink Sheet Electronic OTC Trading System".

The Company recorded its equity allocation of the anticipated earnings from Origen of \$0.1 million for the three months ended March 31, 2009. The Company recorded its equity allocation of the reported losses from Origen of \$4.8 million for the three months ended March 31, 2008.

Summarized consolidated financial information of Origen at March 31, 2009 and 2008 is presented below before elimination of inter-company transactions (amounts in thousands):

	Three Months Ended March 31,	
	2009	2008
Revenues	\$ 22,815	\$ 25,718
Expenses	(22,302)	(29,051)
Loss on sale of loan portfolio	—	(21,659)
Net income (loss)	513	(24,992)
Equity income (loss) from Origen affiliate	\$ 99	\$ (4,830)

In August 2008, the Company entered into an agreement with four unrelated companies ("Members") to form a new limited liability company, Origen Financial Services, LLC (the "LLC"). The Company contributed cash of \$0.5 million toward the formation of the limited liability company. The LLC purchased the origination platform of Origen. The purpose of the venture is to originate manufactured housing installment contracts for its Members thereby eliminating the need for the Company to become licensed to originate loans in each of the 18 states in which it does business. The Company owns 25.0 percent of the LLC as of March 31, 2009, and the investment is accounted for using the equity method of accounting. The Company recorded a \$0.1 million loss associated with our equity allocation of the LLC's financial results for the three months ended March 31, 2009.

7. Debt and Lines of Credit

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

	March 31, 2009	December 31, 2008
Collateralized term loans - CMBS, due July 1, 2011-2016 interest at 4.93-5.32% as of March 31, 2009 and December 31, 2008.	\$ 476,957	\$ 478,907
Collateralized term loans - FNMA, due May 1, 2014 and January 1, 2015, interest at 2.68 - 5.20% and 4.51 - 5.20% as of March 31, 2009 and December 31, 2008, respectively.	376,607	377,651
Preferred OP Units, redeemable at various dates from December 1, 2009 through January 5, 2014, average interest at 6.8% as of March 31, 2009 and December 31, 2008.	48,947	49,447
Secured borrowing, maturing at various dates from May 30, 2010 through December 9, 2029, average interest at 10.4% and 10.1% as of March 31, 2009 and December 31, 2008, respectively (see Note 4).	32,592	26,211
Mortgage notes, other, maturing at various dates from June 1, 2009 through May 1, 2017, average interest at 5.43% as of March 31, 2009 and December 31, 2008.	206,808	206,936
Total debt	<u>\$ 1,141,911</u>	<u>\$ 1,139,152</u>

7. **Debt and Lines of Credit, continued**

The collateralized term loans totaling \$853.6 million as of March 31, 2009, are secured by 87 properties comprising of 31,195 sites representing approximately \$551.2 million of net book value. The mortgage notes totaling \$206.8 million as of March 31, 2009, are collateralized by 18 communities comprising of 6,445 sites representing approximately \$177.0 million of net book value.

The Company recently exercised its option to extend the due date of approximately \$152.0 million of secured, variable rate borrowings to May 1, 2014. In connection with this extension, the lender increased the facility fee resulting in an increase of the effective interest rate on the borrowings, which could result in higher interest expense. The Company does not believe that the lender had the right to increase the facility fee and has reserved all of its rights with respect to the increased fee. The Company is considering all of its available remedies to challenge the validity of the increased fee.

The Company has an unsecured revolving line of credit facility with a maximum borrowing capacity of \$115.0 million, subject to certain borrowing base calculations. The outstanding balance on the line of credit as of March 31, 2009 and December 31, 2008 was \$83.0 million and \$85.8 million, respectively. In addition, \$3.3 million of availability was used to back standby letters of credit as of March 31, 2009 and December 31, 2008. Borrowings under the line of credit bear an interest rate of LIBOR plus 165 basis points, or prime plus 40 basis points at the Company's option. Prime means for any month, the prevailing "prime rate" as quoted in the Wall Street Journal on last day of such calendar month. The weighted average interest rate on the outstanding borrowings was 2.20 percent as of March 31, 2009. The borrowings under the line of credit mature October 1, 2011 assuming the election of a one year extension that is available at the Company's discretion. As of March 31, 2009 and December 31, 2008, \$28.7 million and \$25.9 million, respectively, were available to be drawn under the facility based on the calculation of the borrowing base at each date.

In March 2009, the Company entered into a \$10.0 million manufactured home floor plan facility. The floor plan facility has a committed term of 1 year; thereafter, advances are discretionary and terms are subject to change. The interest rate is 100 basis points over the greater of prime or 6.0 percent (7.0 percent at March 31, 2009). The outstanding balance as of March 31, 2009 was \$5.4 million.

The Company's \$40.0 million floor plan facility matured on March 1, 2009. As of December 31, 2008, the outstanding balance on the floor plan was \$4.6 million.

Since the third quarter of fiscal 2008, the Company has completed various transactions involving its installment notes. These transactions were recorded as a transfer of financial assets, and the cash proceeds related to these transactions were recorded as a secured borrowing. See Note 4 for additional information.

In June 2008, the Company completed a financing of \$27.0 million with Bank of America (formally LaSalle Bank Midwest). The loan has a three year term, with a two year extension at the Company's option. The terms of the loan require interest only payments for the first year, with the remainder of the term being amortized based on a 30 year table. The interest rate is 205 basis points over LIBOR, or prime plus 25 basis points (3.5 percent at March 31, 2009). The proceeds from the financing were used to repay an existing mortgage note of \$4.3 million with the remainder used to pay down the Company's lines of credit.

The Company's Operating Partnership had \$13.7 million of Series B-3 Preferred OP Units that were redeemable at various dates from December 1, 2009 through January 1, 2011. In October 2008, the Company's Operating Partnership completed a three year extension on the redemption dates for \$11.9 million of these units; the remaining \$1.8 million of these units mature in accordance with the original agreement.

In January 2009, the Company redeemed \$0.5 million of the \$1.8 million of the Series B-3 Preferred OP Units.

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7. **Debt and Lines of Credit, continued**

As of March 31, 2009, the total of maturities and amortization of debt and lines of credit during the next five years, are as follows (in thousands):

	Maturities and Amortization By Year						
	Total Due	April 2009 – March 2010	April 2010 – March 2011	April 2011 – March 2012	April 2012 – March 2013	April 2013 – March 2014	After 5 years
Lines of credit	\$ 88,447	\$ 5,447	\$ —	\$ 83,000	\$ —	\$ —	\$ —
Mortgage loans payable:							
Maturities	981,258	11,200	—	103,707	14,133	26,880	825,338
Principal amortization	79,114	12,846	13,918	13,053	12,997	13,200	13,100
Preferred OP Units	48,947	1,295	—	—	7,645	40,007	—
Secured borrowing	32,592	1,321	1,452	1,598	1,736	1,824	24,661
Total	\$ 1,230,358	\$ 32,109	\$ 15,370	\$ 201,358	\$ 36,511	\$ 81,911	\$ 863,099

The most restrictive of the Company's debt agreements place limitations on secured and unsecured borrowings and contain minimum debt service coverage, leverage, distribution and net worth requirements. As of March 31, 2009, the Company was in compliance with all covenants.

8. **Share-Based Compensation**

The Company's primary share-based compensation is restricted stock. In February 2008, the Company issued twenty five thousand shares of restricted stock to certain key employees. The awards vest over a 10 year period beginning on the fourth anniversary of the grant date and have a weighted average grant date fair value of \$19.92 per share.

9. **Stockholders' Deficit**

In November 2004, the Board of Directors authorized the Company to repurchase up to 1,000,000 shares of its common stock. The Company has 400,000 common shares remaining in the repurchase program. No common shares were repurchased during 2009 or 2008.

In March 2009, the Operating Partnership issued 110,444 Common OP Units to Water Oak, Ltd which were immediately converted to common stock.

The Company's shelf registration for up to \$300.0 million of common stock, preferred stock and debt securities expired December 31, 2008. In March 2009, the Company filed a new shelf registration statement on Form S-3 with the SEC to replace the previous shelf registration for a proposed offering of up to \$300.0 million of our common stock, preferred stock and debt securities. Although our new shelf registration statement has been filed, the SEC has not declared the new shelf registration statement effective as of the date of this Form 10-Q filing.

10. **Other Income**

The components of other income are summarized as follows (in thousands):

	Three Months Ended March 31,	
	2009	2008
Brokerage commissions	\$ 135	\$ 192
Gain on disposition of land and other assets, net	17	712
Other, net	5	(33)
Total other income	\$ 157	\$ 871

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11. Segment Reporting

The consolidated operations of the Company can be segmented into Real Property Operations and Home Sales and Rentals. Transactions between the Company's segments are recorded at cost. Seasonal recreational vehicle revenue is included in Real Property Operations' revenues and is approximately \$5.5 million annually. This seasonal revenue is recognized approximately 50% in the first quarter, 6.5% in both the second and third quarters and 37% in the fourth quarter of each fiscal year.

A presentation of segment financial information is summarized as follows (amounts in thousands):

	Three Months Ended March 31, 2009		
	Real Property Operations	Home Sales and Home Rentals	Consolidated
Revenues	\$ 50,999	\$ 12,661	\$ 63,660
Operating expenses/Cost of sales	16,789	9,960	26,749
Net operating income/Gross profit	34,210	2,701	36,911
Adjustments to arrive at net income (loss):			
Other revenues	1,429	195	1,624
General and administrative	(4,166)	(1,826)	(5,992)
Depreciation and amortization	(11,120)	(5,084)	(16,204)
Interest expense	(15,015)	(65)	(15,080)
Equity income (loss) from affiliates, net	99	(72)	27
Provision for state income tax	(133)	—	(133)
Income (loss) from continuing operations	5,304	(4,151)	1,153
Loss from discontinued operations	(172)	—	(172)
Net income (loss)	5,132	(4,151)	981
Less: Net income (loss) attributable to noncontrolling interest	547	(443)	104
Net income (loss) attributable to Sun Communities, Inc.	\$ 4,585	\$ (3,708)	\$ 877

	Three Months Ended March 31, 2008		
	Real Property Operations	Home Sales and Home Rentals	Consolidated
Revenues	\$ 50,349	\$ 12,499	\$ 62,848
Operating expenses/Cost of sales	16,243	9,305	25,548
Net operating income/Gross profit	34,106	3,194	37,300
Adjustments to arrive at net income (loss):			
Other revenues	967	935	1,902
General and administrative	(4,158)	(1,612)	(5,770)
Depreciation and amortization	(11,306)	(4,555)	(15,861)
Interest expense	(16,185)	(39)	(16,224)
Equity loss from affiliate	—	(4,830)	(4,830)
Benefit for state income tax	235	—	235
Income (loss) from continuing operations	3,659	(6,907)	(3,248)
Loss from discontinued operations	(241)	—	(241)
Net income (loss)	3,418	(6,907)	(3,489)
Less: Net income (loss) attributable to noncontrolling interest	386	(780)	(394)
Net income (loss) attributable to Sun Communities, Inc.	\$ 3,032	\$ (6,127)	\$ (3,095)

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11. Segment Reporting, continued

	March 31, 2009			December 31, 2008		
	Real Property Operations	Home Sales and Home Rentals	Consolidated	Real Property Operations	Home Sales and Home Rentals	Consolidated
Identifiable assets:						
Investment property, net	\$ 946,193	\$ 137,935	\$ 1,084,128	\$ 954,196	\$ 135,108	\$ 1,089,304
Cash and cash equivalents	6,256	332	6,588	6,138	24	6,162
Inventory of manufactured homes	—	9,674	9,674	—	13,058	13,058
Investment in affiliate	3,398	401	3,799	3,300	472	3,772
Notes and other receivables	55,926	4,162	60,088	52,697	4,784	57,481
Other assets	30,863	2,387	33,250	34,744	2,408	37,152
Assets of discontinued operations	68	—	68	70	—	70
Total assets	\$ 1,042,704	\$ 154,891	\$ 1,197,595	\$ 1,051,145	\$ 155,854	\$ 1,206,999

12. Derivative Instruments and Hedging Activities

The Company's objectives in using interest rate derivatives are to add stability to interest expense, manage exposure to interest rate movements, and minimize the variability that changes in interest rates could have on future cash flows. Interest rate swaps and caps are used to accomplish this objective. The Company requires that hedging derivative instruments need to be highly effective in reducing the risk exposure that they are designated to hedge. The Company formally designates any instrument that meets these hedging criteria as a hedge at the inception of the derivative contract.

As of March 31, 2009, the Company had five derivative contracts consisting of four interest rate swap agreements with a total notional amount of \$95.0 million and an interest rate cap agreement with a notional amount of \$152.4 million. In April 2009, the Company entered a new interest cap agreement based on 90-day LIBOR with a cap rate of 11.0 percent, a notional amount of \$152.4 million, and a termination date of May 1, 2012. The Company generally employs derivative instruments that effectively convert a portion of its variable rate debt to fixed rate debt and to cap the maximum interest rate on certain variable rate borrowings. The Company does not enter into derivative instruments for speculative purposes.

The following table provides the terms of the Company's interest rate derivative contracts that were in effect as of March 31, 2009:

Type	Purpose	Effective Date	Maturity Date	Notional (in millions)	Based on	Variable Rate %	Fixed Rate %	Spread %	Effective Fixed Rate %
Swap	Floating to Fixed Rate	09/04/02	07/03/09	25.0	3 Month LIBOR	1.425%	4.260%	0.580%	4.840%
Swap	Floating to Fixed Rate	09/04/02	07/03/12	25.0	3 Month LIBOR	1.425%	4.700%	0.580%	5.280%
Swap	Floating to Fixed Rate	01/02/09	01/02/14	20.0	3 Month LIBOR	1.435%	2.145%	0.580%	2.725%
Swap	Floating to Fixed Rate	02/13/09	02/13/11	25.0	1 Month LIBOR	0.557%	1.570%	2.050%	3.620%
Cap	Cap Floating Rate	04/03/06	04/28/09	152.4	3 Month LIBOR	1.250%	9.900%	0.000%	9.900%

The Company's financial derivative instruments are designated and qualify as a cash flow hedges and the effective portion of the gain or loss on such hedge is reported as a component of accumulated other comprehensive loss ("AOCL") in the Consolidated Balance Sheets. To the extent that the hedging relationship is not effective, the ineffective portion is recorded in interest expense. Hedges that received designated hedge accounting treatment are evaluated for effectiveness at the time that they are designated as well as through the hedging period.

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12. Derivative Instruments and Hedging Activities, continued

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), which requires all derivative instruments designated as cash flow hedges to be carried at fair value on the balance sheet, the Company has recorded a liability of \$2.9 million as of March 31, 2009 and December 31, 2008. See Note 16 for information on the determination of fair value for the derivative instruments. The following table summarizes the fair value of derivative instruments as recorded in the Consolidated Balance Sheets (in thousands):

	Liability Derivatives	
	Balance Sheet Location	Fair Value
		March 31, 2009 December 31, 2008
Derivatives designated as hedging instruments under SFAS 133		
Interest rate swaps and cap agreement	Other liabilities	\$ 2,866 \$ 2,865
Total derivatives designated as hedging instruments under SFAS 133		<u>\$ 2,866 \$ 2,865</u>

These valuation adjustments will only be realized under certain situations. For example, if the Company terminates the swaps prior to maturity or if the derivatives fail to qualify for hedge accounting, then the Company would need to amortize amounts currently included in other comprehensive loss into interest expense over the terms of the derivative contracts. The Company does not intend to terminate the swaps prior to maturity and, therefore, the net of valuation adjustments through the various maturity dates will approximate zero, unless the derivatives fail to qualify for hedge accounting.

The Company's hedges were highly effective and had minimal effect on income. The following table summarizes the impact of derivative instruments for the three months ended March 31, 2009 and 2008 as recorded in the Consolidated Statements of Operations (in thousands).

Derivatives in SFAS 133 cash flow hedging	Amount of Gain or (Loss) Recognized in AOCL (Effective Portion)		Location of Gain or (Loss) Reclassified from AOCL into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCL into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,	
	2009	2008		2009	2008		2009	2008
Interest rate swaps and cap agreement	\$ (4)	\$ (1,416)	Interest expense	\$ —	\$ —	Interest income (expense)	\$ 3	\$ (4)
Total	<u>\$ (4)</u>	<u>\$ (1,416)</u>	Total	<u>\$ —</u>	<u>\$ —</u>	Total	<u>\$ 3</u>	<u>\$ (4)</u>

Certain of the Company's derivative instruments contain provisions that require the Company to provide ongoing collateralization on derivative instruments in a liability position. As of March 31, 2009 and December 31, 2008, the Company had collateral deposits recorded in other assets of \$4.5 million and \$4.4 million, respectively.

13. Income Taxes

The Company has elected to be taxed as a real estate investment trust ("REIT") as defined under Section 856(c) of the Internal Revenue Code of 1986, as amended. In order for the Company to qualify as a REIT, at least ninety-five percent (95%) of the Company's gross income in any year must be derived from qualifying sources. In addition, a REIT must distribute at least ninety percent (90%) of its REIT ordinary taxable income to its stockholders.

Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within the Company's control. In addition, frequent changes occur in the area of REIT taxation which requires the Company to continually monitor its tax status. The Company analyzed the various REIT tests and confirmed that it continued to qualify as a REIT for the quarter ended March 31, 2009.

13. Income Taxes, continued

As a REIT, the Company generally will not be subject to U.S. federal income taxes at the corporate level on the ordinary taxable income it distributes to its stockholders as dividends. If the Company fails to qualify as a REIT in any taxable year, its taxable income will be subject to U.S. federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if the Company qualifies as a REIT, it may be subject to certain state and local income taxes and to U.S. federal income and excise taxes on its undistributed income.

SHS, the Company's taxable REIT subsidiary, is subject to U.S. federal income taxes. The Company's deferred tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and the bases of such assets and liabilities as measured by tax laws. Deferred tax assets are reduced, if necessary, by a valuation allowance to the amount where realization is more likely than not assured after considering all available evidence. The Company's temporary differences primarily relate to net operating loss carryforwards and depreciation. A federal deferred tax asset of \$1.0 million is included in other assets in the consolidated balance sheets as of March 31, 2009 and December 31, 2008.

The Company had no unrecognized tax benefits as defined by FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes-An Interpretation of FASB Statement No. 109" as of March 31, 2009 and 2008. The Company expects no significant increases or decreases in unrecognized tax benefits due to changes in tax positions within one year of March 31, 2009.

The Company classifies certain state taxes as income taxes for financial reporting purposes in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). The Company records the Michigan Business Tax and Texas Margin Tax as income taxes in its financial statements. Total state income tax expense reported in the financial statements for the three months ended March 31, 2009 is approximately \$0.1 million. The Company recorded a benefit of approximately \$0.2 million related to state income taxes in the three months ended March 31, 2008.

The Company recorded a deferred tax liability of \$0.5 million, as of March 31, 2009 and December 31, 2008, in relation to the Michigan Business Tax Act. No deferred tax liability is recorded in relation to the Texas Margin Tax as of March 31, 2009 and December 31, 2008.

The Company and its subsidiaries are subject to income taxes in the U.S. and various state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. Federal, State and Local, examinations by tax authorities before 2004.

The Company's policy is to report penalties and tax-related interest expense as a component of income tax expense. No interest or penalty associated with any unrecognized tax benefit was accrued, nor was any interest or penalty recognized during the three months ended March 31, 2009.

14. Noncontrolling Interest in Operating Partnership

The noncontrolling interest in the Company's Operating Partnership consists of approximately 2.2 million Common Operating Partnership Units ("Common OP Units"). Holders of Common OP Units receive dividend distributions on a 1:1 ratio to the dividend distributions provided to common shareholders. During fiscal year 2008, the net equity position of the Common OP Units declined below zero due to accumulated distributions in excess of allocated accumulated earnings (losses). The Company accounted for its noncontrolling equity interest in accordance with the guidance in EITF No. 95-7, "Implementation Issues Related to the Treatment of Minority Interests in Certain Real Estate Investment Trusts" ("EITF 95-7"). The Company recognized the net equity position as a zero balance within the consolidated balance sheet since there was no legal obligation for the unit holders to restore deficit capital accounts, and the deficit balance was charged to the Company's consolidated statement of operations.

In December 2007 the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB 51" ("SFAS 160"), which nullified EITF 95-7. SFAS 160 was effective on a prospective basis for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which apply retrospectively. The Company applied the provisions of SFAS 160 beginning January 1, 2009. SFAS 160 required that losses be allocated to the noncontrolling interest even when such allocation results in a deficit balance, reducing the losses attributed to the controlling interest.

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The dividend distributions provided to holders of Common OP Units were in excess of their portion of earnings recognized in the three months ended March 31, 2009. The dividend distribution was recorded as a deficit balance to the equity position of the noncontrolling interest in the Company's consolidated balance sheet as of March 31, 2009. Prior to the adoption of SFAS 160, the Company would have been required to record the deficit balance to the consolidated statement of operations as a charge to noncontrolling interest dividend distributions. Additionally, the Company would not have allocated any of the Company's current period earnings to the noncontrolling interest. The noncontrolling interest did not participate in the allocation of prior year losses. The noncontrolling interest would only be able to participate in the allocation of current year earnings if their allocation exceeded their allocation of prior year losses.

The adoption of SFAS 160 had a significant impact to the Company's results of operations and financial position. The provisions of SFAS 160 require that if an entity's results are significantly different due to the adoption of the new guidance that the entity must disclose selected pro forma financial information as if the deficit balance continued to be charged to the Company's consolidated statement of operations.

If the Company had recorded the deficit balance to the Company's consolidated statement of operations, the result would have been a net loss attributable to the Company. The result would also impact the calculation of diluted shares outstanding. The Company would not include the impact of dilutive securities to the calculation of loss per share since the inclusion of dilutive securities in a net loss period would reduce the net loss per share.

The Company's proforma results for the three months ended March 31, 2009 are as follows (in thousands):

		Three Months Ended March 31, 2009
Income from continuing operations	\$	1,153
Loss from discontinued operations		(172)
Net income		981
Noncontrolling interest dividend distributions		(1,378)
Net loss attributable to Sun Communities, Inc.	\$	(397)
Basic and diluted weighted average common shares outstanding		18,511
Basic and diluted loss per share	\$	(0.02)

15. Earnings (Loss) Per Share

On January 1, 2009, the Company adopted FASB Staff Position EITF 03-6-1, which addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in earnings allocation in computing basic earnings per share under the two-class method. The Company has adjusted its calculation of basic and diluted earnings per share to conform to the guidance provided in FSP 03-6-1, which also required retrospective application for all periods presented. The change in calculating basic and diluted earnings per share pursuant to the adoption of FSP 03-6-1 did not have a material effect on the amounts previously reported for the periods presented.

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15. Earnings (Loss) Per Share, continued

The Company has outstanding stock options and unvested restricted shares, and the Company's Operating Partnership has Common OP Units, and convertible Preferred OP Units, which if converted or exercised, may impact dilution. The Company's unvested restricted shares qualify as participating securities as defined by FSP 03-6-1. The Company included the weighted average unvested restricted stock outstanding as of March 31, 2009 in the calculation of basic earnings per share for the three months ended March 31, 2009. The Company included net income attributable to the noncontrolling interest recognized, as well as the impact of Common OP Units as part of diluted earnings per share calculation for the three months ended March 31, 2009. The Company did not adjust the basic or diluted loss per share for participating securities outstanding during the three months ended March 31, 2008 because the result was anti-dilutive.

Computations of basic and diluted earnings per share for continuing operations in accordance with SFAS No. 128, "Earnings per Share" and FSP 03-6-1 (in thousands, except share data) were as follows:

	Three Months Ended March 31,	
	2009	2008
Numerator		
Basic earnings (loss): net income (loss) from continuing operations attributable to common stockholders	\$ 1,031	\$ (2,881)
Add: net income attributable to noncontrolling interests of operating partnership	122	—
Diluted earnings (loss): net income (loss) from continuing operations available to common stockholders and unitholders	<u>\$ 1,153</u>	<u>\$ (2,881)</u>
Denominator		
Weighted average common shares outstanding	18,330	18,077
Weighted average unvested restricted stock outstanding	181	—
Basic weighted average common shares and unvested restricted stock outstanding	18,511	18,077
Add: weighted average Common OP Units outstanding	2,187	—
Diluted weighted average common shares and Common OP Units	<u>20,698</u>	<u>18,077</u>
Basic and diluted earnings (loss) per share from continuing operations available to common stockholders	<u>\$ 0.06</u>	<u>\$ (0.16)</u>

For the three months ended March 31, 2009, certain of the Company's securities were not included in the computation of diluted earnings per share because their inclusion had an anti-dilutive effect. Due to the fact that the Company has reported a net loss for the three months ended March 31, 2008, the potential dilutive effects of the securities were excluded from the diluted earnings (loss) per share calculation because their inclusion in a net loss period would reduce the net loss per share. The following table presents the number of outstanding potentially dilutive securities that were excluded from the computation of diluted earnings per share (amounts in thousands) as of March 31, 2009 and 2008:

	March 31,	
	2009	2008
Stock options	205	215
Unvested restricted stock	—	282
Common OP Units	—	2,301
Convertible Preferred OP Units	526	526
Total securities	<u>731</u>	<u>3,324</u>

The figures above represent the total number of potentially dilutive securities, and do not reflect the incremental impact to the number of diluted weighted average shares outstanding that would be computed if the impact to the Company had been dilutive to the calculation of earnings (loss) per share available to common stockholders.

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16. Fair Value

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The derivative instruments held by the Company are interest rate swaps and cap agreements for which quoted market prices are not readily available. For those derivatives, the Company uses model-derived valuations in which all observable inputs and significant value drivers are observable in active markets provided by brokers or dealers to determine the fair values of derivative instruments on a recurring basis.

SFAS No. 157, "Fair Value Measurements" ("SFAS 157") establishes a fair value hierarchy that requires the use of observable market data, when available, and prioritizes the inputs to valuation techniques used to measure fair value in the following categories:

Level 1—Quoted unadjusted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all observable inputs and significant value drivers are observable in active markets.

Level 3—Model derived valuations in which one or more significant inputs or significant value drivers are unobservable, including assumptions developed by the Company.

All of the fair values of the Company's derivative instruments were based on level 2 inputs as described above. The table below presents the recorded amount of financial liabilities measured at fair value on a recurring basis as of March 31, 2009. The Company does not have any material financial assets that were required to be measured at fair value on a recurring basis at March 31, 2009.

Liabilities	Total Fair Value	Level 1	Level 2	Level 3
Derivative instruments	\$ 2,866	\$ —	\$ 2,866	\$ —

17. Recent Accounting Pronouncements

Accounting Standards Adopted in 2009

In February 2008, the FASB issued Staff Position No. FAS 157-2 which provided for a one-year deferral of the effective date of SFAS No. 157, "Fair Value Measurements" ("SFAS 157") for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The adoption of SFAS 157 as it pertains to non-financial assets and liabilities did not have a material impact on our results of operations or financial position as the Company has not elected the fair value option for any of its non-financial assets or liabilities.

In December 2007, the FASB issued Statement No. 141R (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R significantly changed the accounting for business combinations. Under SFAS 141R, an acquiring entity is required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141R changed the accounting treatment for certain specific acquisition related items and also included a substantial number of new disclosure requirements. SFAS 141R was effective for business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008. The Company will apply SFAS 141R prospectively to business combinations for which the acquisition date is on or after January 1, 2009.

17. Recent Accounting Pronouncements, continued

In December 2007 the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB 51" ("SFAS 160"), which amended Accounting Research Bulletin (ARB) No. 51, "Consolidated Financial Statements", to establish new standards that govern the accounting for and reporting of noncontrolling interests in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Also, SFAS 160 required that: (1) noncontrolling interest, previously referred to as minority interest, be reported as part of equity in the consolidated financial statements; (2) losses be allocated to the noncontrolling interest even when such allocation might result in a deficit balance, reducing the losses attributed to the controlling interest; (3) changes in ownership interests be treated as equity transactions if control is maintained; (4) upon a loss of control, any gain or loss on the interest sold be recognized in earnings; and (5) the noncontrolling interest's share be recorded at the fair value of net assets acquired, plus its share of goodwill. SFAS 160 was effective on a prospective basis for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which apply retrospectively. The adoption of SFAS 160 resulted in a material impact on the presentation of noncontrolling interest in the Company's consolidated financial statements and related notes. See Note 14 for additional information regarding the impact of adopting SFAS 160 on the Company's results of operations and financial position.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"), an amendment of FASB Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities". SFAS 161 provided for enhanced disclosures about how and why an entity uses derivatives and how and where those derivatives and related hedged items are reported in the entity's financial statements. The statement was effective for fiscal years and interim periods beginning after November 15, 2008. Because SFAS 161 impacted the disclosure requirements, and not the accounting treatment for derivative instruments and related hedged items, the adoption of SFAS 161 did not impact on the Company's results of operations or financial condition. See Note 12 for disclosures regarding the Company's derivative instruments and hedging activities.

In April 2008, the FASB issued FSP No. FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amended the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets". FSP FAS 142-3 is intended to improve the consistency between the useful life of an intangible asset determined under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R, and other U.S. generally accepted accounting principles. The FSP is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008, and is applied prospectively to intangible assets acquired after the effective date. The Company will apply FSP FAS 142-3 prospectively to material intangible assets for which the acquisition date is on or after January 1, 2009. Disclosure requirements are applied prospectively to all material intangible assets recognized as of, and subsequent to, the effective date.

In May 2008 the FASB ratified FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"), which required issuers of convertible debt securities within its scope to separate these securities into a debt component and an equity component, resulting in the debt component being recorded at fair value without consideration given to the conversion feature. Issuance costs were also allocated between the debt and equity components. FSP APB 14-1 required that convertible debt within its scope reflect a company's nonconvertible debt borrowing rate when interest expense is recognized. FSP APB 14-1 was effective fiscal years and interim periods beginning after December 15, 2008, and applies retrospectively to all prior periods. The adoption of FSP No. APB 14-1 did not have an impact on the Company's results of operations or financial condition because the conversion feature associated with the Company's convertible debt instrument does not provide for any cash settlement.

In June 2008, the FASB issued FSP No. Emerging Issues Task Force ("EITF") 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" ("FSP EITF 03-6-1"). FSP EITF 03-6-1 clarified that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are to be included in the computation of earnings per share under the two-class method described in SFAS No. 128, "Earnings Per Share" ("SFAS 128"). FSP EITF 03-6-1 was effective for fiscal years beginning after December 15, 2008 and required that all presented prior-period earnings per share data to be adjusted retrospectively. The adoption of FSP EITF 03-6-1 did not have a significant impact on the Company's results of operations or financial condition, but resulted in a change to the calculation of basic and diluted earnings (loss) per share. See Note 15 for additional information regarding the impact of adopting FSP EITF 03-6-1 on the calculation of earnings (loss) per share.

17. Recent Accounting Pronouncements, continued

In November 2008, the Emerging Issues Task Force issued EITF No. 08-6, "Equity Method Investment Accounting Considerations" ("EITF 08-6") which addressed how the initial carrying value of an equity method investment should be determined, how an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment should be performed, how an equity method investee's issuance of shares should be accounted for, and how to account for a change in an investment from the equity method to the cost method. EITF 08-6 was effective for fiscal years and interim periods beginning after December 15, 2008 and is applied prospectively. Earlier application was prohibited. The adoption of EITF 08-6 did not have a material impact on the Company's results of operations or financial condition.

In December 2008, the FASB issued FSP FAS No. 140-4 and FIN No. 46R-8, "Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities: An Amendment to FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("FSP FAS 140-4 and FIN 46R-8"). FSP FAS 140-4 and FIN 46R-8 required public entities to provide additional disclosures about transfers of financial assets. It also amended FASB Interpretation No. 46, "Consolidation of Variable Interest Entities", to require public enterprises to provide additional disclosures about their involvement with VIEs. Additionally, this FSP required certain disclosures to be provided by a public enterprise that is a sponsor that has a variable interest in a VIE and an enterprise that holds a significant variable interest in a QSPE but was not the transferor of financial assets to the QSPE. The disclosures were intended to provide greater transparency to financial statement users about a transferor's continuing involvement with transferred financial assets and enterprise's involvement with VIEs. FSP FAS 140-4 and FIN 46R-8 were effective for the first reporting period ending after December 15, 2008. Because FSP FAS 140-4 and FIN 46R-8 impacted the disclosure (and not the accounting treatment) for transferred financial assets and consolidation of VIES, the adoption of this FSP did not have an impact on our results of operations or financial condition. See Note 4 for disclosures regarding the Company's transfer of financial assets and related secured borrowing obligation.

Accounting Standards to be Adopted

In April 2009, the FASB issued the following accounting standards:

- FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4") relates to determining fair values when there is no active market or where the price inputs being used represent distressed sales. It reaffirms what Statement 157 states is the objective of fair value measurement—to reflect how much an asset would be sold for in an orderly transaction (as opposed to a distressed or forced transaction) at the date of the financial statements under current market conditions. Specifically, it reaffirms the need to use judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive.
- FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1 and APB 28-1") relates to fair value disclosures for any financial instruments that are not currently reflected on the balance sheet of companies at fair value. Prior to issuing this FSP, fair values for these assets and liabilities were only disclosed once a year. The FSP now requires these disclosures on a quarterly basis, providing qualitative and quantitative information about fair value estimates for all those financial instruments not measured on the balance sheet at fair value.
- FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-3 and FAS 124-2") relates to other-than-temporary impairments is intended to bring greater consistency to the timing of impairment recognition, and provide greater clarity to investors about the credit and noncredit components of impaired debt securities that are not expected to be sold. The measure of impairment in comprehensive income remains fair value. The FSP also requires increased and more timely disclosures sought by investors regarding expected cash flows, credit losses, and an aging of securities with unrealized losses.

The FSPs are effective for interim and annual periods ending after June 15, 2009, but entities may early adopt the FSPs for the interim and annual periods ending after March 15, 2009. The Company is currently evaluating the impact to its results of operations, financial condition, and disclosure requirements. The Company will apply the provisions of these accounting standards after the effective date.

18. Commitments and Contingencies

On April 9, 2003, T.J. Holdings, LLC ("TJ Holdings"), a member of Sun/Forest, LLC ("Sun/Forest") (which, in turn, owns an equity interest in SunChamp LLC), ("SunChamp"), filed a complaint against the Company, SunChamp, certain other affiliates of the Company, including two directors of the Company, in the Superior Court of Guilford County, North Carolina. The complaint alleges that the defendants wrongfully deprived the plaintiff of economic opportunities that they took for themselves in contravention of duties allegedly owed to the plaintiff and purports to claim damages of \$13.0 million plus an unspecified amount for punitive damages. The Company believes the complaint and the claims threatened therein have no merit and will defend it vigorously. These proceedings were stayed by the Superior Court of Guilford County, North Carolina in 2004 pending final determination by the Circuit Court of Oakland County, Michigan as to whether the dispute should be submitted to arbitration and the conclusion of all appeals therefrom. On March 13, 2007, the Michigan Court of Appeals issued an order compelling arbitration of all claims brought in the North Carolina case. TJ Holdings has filed an application for review in the Michigan Supreme Court which has been denied and, accordingly, the North Carolina case is permanently stayed. TJ Holdings has now filed an arbitration demand in Southfield, Michigan based on the same claims. The Company intends to vigorously defend against the allegations.

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

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and the notes thereto, along with the Company's 2008 Annual Report. Capitalized terms are used as defined elsewhere in this Form 10-Q.

OVERVIEW

We are a self-administered and self-managed real estate investment trust, or REIT. We own, operate, and develop manufactured housing communities concentrated in the midwestern, southern, and southeastern United States. We are fully integrated real estate companies which, together with our affiliates and predecessors, have been in the business of acquiring, operating, and expanding manufactured housing communities since 1975. As of March 31, 2009, we owned and operated a portfolio of 136 properties located in 18 states (the "Properties" or "Property"), including 124 manufactured housing communities, 4 recreational vehicle communities, and 8 properties containing both manufactured housing and recreational vehicle sites. As of March 31, 2009, the Properties contained an aggregate of 47,605 developed sites comprised of 42,297 developed manufactured home sites and 5,308 recreational vehicle sites and an additional 6,081 manufactured home sites suitable for development. We lease individual parcels of land ("sites") with utility access for placement of manufactured homes ("MHs") and recreational vehicles ("RVs") to our customers. The Properties are designed to offer affordable housing to individuals and families, while also providing certain amenities.

We are engaged through a taxable subsidiary, SHS, in the marketing, selling, and leasing of new and pre-owned homes to current and future residents in our communities. The operations of SHS support and enhance the Company's occupancy levels, property performance, and cash flows.

SIGNIFICANT ACCOUNTING POLICIES

The Company has identified significant accounting policies that, as a result of the judgments, uncertainties, and complexities of the underlying accounting standards and operations involved, could result in material changes to its financial condition or results of operations under different conditions or using different assumptions. Details regarding significant accounting policies are described fully in the Company's 2008 Annual Report.

Recent Accounting Pronouncements

The Company adopted several new accounting standards in the year beginning January 1, 2009. The adoption of the accounting standards that had an impact on the Company's results of operations and financial condition is discussed below:

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 160, Noncontrolling Interests in Consolidated Financial Statements ("SFAS 160") and FASB Staff Position Emerging Issues Task Force ("EITF") No. 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" ("FSP EITF 03-6-1") in the first quarter of 2009 which required reclassification and adjustments to prior period financial information.

The adoption of SFAS 160 resulted in the presentation of noncontrolling interest, previously referred to as minority interest, be reported as a separate component of equity in the Consolidated Financial Statements, and that losses be allocated to the noncontrolling interest even if the allocation resulted in a deficit balance. See Note 14 in the Notes to Consolidated Financial Information for additional information regarding the impact of adopting SFAS 160 on the Company's results of operations and financial position.

The adoption of FSP EITF 03-6-1 did not have a significant impact on the Company's results of operations or financial condition, but resulted in a change to the calculation of basic and diluted earnings (loss) per share. See Note 15 in the Notes to Consolidated Financial Information for additional information regarding the impact of adopting FSP EITF 03-6-1 on the calculation of earnings (loss) per share.

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

SUPPLEMENTAL MEASURES

In addition to the results reported in accordance with accounting principles generally accepted in the United States (GAAP), we have provided information regarding Net Operating Income ("NOI") in the following tables. NOI is derived from revenues (determined in accordance with GAAP) minus property operating expenses and real estate taxes (determined in accordance with GAAP). We use NOI as the primary basis to evaluate the performance of our operations. A reconciliation of NOI to net income (loss) attributable to Sun Communities, Inc. is included in "Results of Operations" below.

The Company believes that NOI is helpful to investors and analysts as a measure of operating performance because it is an indicator of the return on property investment, and provides a method of comparing property performance over time. The Company uses NOI as a key management tool when evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization, interest expense, and non-property specific expenses such as general and administrative expenses, all of which are significant costs, and therefore, NOI is a measure of the operating performance of the properties of the Company rather than of the Company overall. The Company believes that these costs included in net income (loss) often have no effect on the market value of a property and therefore limit its use as a performance measure. In addition, such expenses are often incurred at a parent company level and therefore are not necessarily linked to the performance of a real estate asset.

NOI should not be considered a substitute for the reported results prepared in accordance with GAAP. NOI should not be considered as an alternative to net income (loss) as an indicator of our financial performance, or to cash flows as a measure of liquidity; nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. NOI, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

The Company also provides information regarding Funds From Operations ("FFO"). A definition of FFO and a reconciliation of net income (loss) attributable to Sun Communities, Inc. to FFO are included in the presentation of FFO in "Results of Operations" following the "Comparison of the Three Months ended March 31, 2009 and 2008".

RESULTS OF OPERATIONS

The Company reports operating results under two segments: Real Property Operations and Home Sales and Rentals. The Real Property Operations segment owns, operates, and develops manufactured housing communities concentrated in the midwestern, southern, and southeastern United States and is in the business of acquiring, operating, and expanding manufactured housing communities. The Home Sales and Rentals segment offers manufactured home sales and leasing services to tenants and prospective tenants of our communities. The Company evaluates segment operating performance based on NOI.

The accounting policies of the segments are the same as those applied in the consolidated financial statements, except for the use of NOI. The Company may allocate certain common costs, primarily corporate functions, between the segments differently than the Company would for stand alone financial information prepared in accordance with GAAP. These allocated costs include expenses for shared services such as information technology, finance, communications, legal, and human resources. The Company does not allocate interest expense and certain other corporate costs not directly associated with the segments' NOI.

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

COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

REAL PROPERTY OPERATIONS - TOTAL PORTFOLIO

The following tables reflect certain financial and statistical information for all properties owned and operated during the three months ended March 31, 2009 and 2008:

Financial Information (in thousands)	Three Months Ended March 31,			
	2009	2008	Change	% Change
Income from real property	\$ 50,999	\$ 50,349	\$ 650	1.3 %
Property operating expenses:				
Payroll and benefits	3,693	3,721	(28)	-0.8 %
Legal, taxes, & insurance	774	649	125	19.3 %
Utilities	6,050	5,818	232	4.0 %
Supplies and repair	1,194	1,145	49	4.3 %
Other	894	741	153	20.6 %
Real estate taxes	4,184	4,169	15	0.4 %
Property operating expenses	16,789	16,243	546	3.4 %
Real property net operating income	\$ 34,210	\$ 34,106	\$ 104	0.3 %

Statistical Information	Three Months Ended March 31,		
	2009	2008	Change
Number of properties	136	136	—
Developed sites	47,605	47,611	(6)
Occupied sites ⁽¹⁾	37,877	37,780	97
Occupancy % ⁽²⁾	82.2 %	82.2 %	0.0 %
Weighted average monthly rent per site ⁽²⁾	\$ 397	\$ 385	\$ 12
Sites available for development	6,081	6,581	(500)

⁽¹⁾ Occupied sites include manufactured housing and permanent recreational vehicle sites, and exclude seasonal recreational vehicle sites.

⁽²⁾ Occupancy % and weighted average rent relates only to manufactured housing sites, and excludes permanent and seasonal recreational vehicle sites.

NOI increased by \$0.1 million from \$34.1 million to \$34.2 million, or 0.3 percent. The growth in income from real property of \$0.7 million is due to a weighted average rental rate increase of 3.0 percent that resulted from increased manufactured home rental income (net of vacancies and rent discounts). Income from our recreational vehicle portfolio and miscellaneous other property revenues remained constant. Miscellaneous other property revenues primarily consist of revenues from the re-billing of various utility costs to residents, late fees, and returned check fees.

The growth in real property operating expenses of \$0.6 million was due to several factors. Property and casualty insurance increased by \$0.1 million due to an increase in reserves for current claims. Utility costs, primarily related to water and electricity charges, increased \$0.2 million (both of which are partially re-billed to the resident). Supply and repair costs related to community maintenance increased by \$0.1 million. Legal fees related to delinquency, bad debt expense, and other property matters increased by \$0.1 million. Other expenses related to administrative costs such as postage and advertising increased by \$0.1 million.

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

REAL PROPERTY OPERATIONS - SAME SITE

A key management tool the Company uses when evaluating performance and growth of particular properties is a comparison of Same Site communities. The Same Site data may change from time-to-time depending on acquisitions, dispositions, management discretion, significant transactions, or unique situations. The following tables reflect certain financial and statistical information for particular properties owned and operated for the same period in both years for the three months ended March 31, 2009 and 2008:

Financial Information (in thousands)	Three Months Ended March 31,			
	2009	2008	Change	% Change
Income from real property, net	\$ 48,149	\$ 47,656	\$ 493	1.0 %
Property operating expenses:				
Payroll and benefits	3,694	3,721	(27)	-0.7 %
Legal, taxes, & insurance	774	649	125	19.3 %
Utilities, net	3,508	3,388	120	3.5 %
Supplies and repair	1,194	1,145	49	4.3 %
Other	576	469	107	22.8 %
Real estate taxes	4,184	4,169	15	0.4 %
Property operating expenses	13,930	13,541	389	2.9 %
Real property net operating income	\$ 34,219	\$ 34,115	\$ 104	0.3 %

Statistical Information	Three Months Ended March 31,		
	2009	2008	Change
Number of properties	136	136	—
Developed sites	47,605	47,611	(6)
Occupied sites ⁽¹⁾	37,877	37,780	97
Occupancy % ⁽²⁾	82.2 %	82.2 %	0.0 %
Weighted average monthly rent per site ⁽²⁾	\$ 397	\$ 385	\$ 12
Sites available for development	5,583	6,083	(500)

⁽¹⁾ Occupied sites include manufactured housing and permanent recreational vehicle sites, and exclude seasonal recreational vehicle sites.

⁽²⁾ Occupancy % and weighted average rent relates only to manufactured housing sites, and excludes permanent and seasonal recreational vehicle sites.

As indicated above this is an analytical measure used by management to determine the growth of our communities on a year over year basis that may have items classified differently than our GAAP statements.

The primary differences between our total portfolio and same site portfolio are the reclassification of water and sewer revenues from income from real property to utilities to reflect the expenses, net of recovery; and the exclusion of certain corporate items from the same site portfolio.

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

HOME SALES AND RENTALS

The Company acquires repossessed manufactured homes (generally, that are within its communities) from lenders at substantial discounts. The Company leases or sells these value priced homes to current and prospective residents. The Company also purchases new homes to lease and sell to current and prospective residents. The programs the Company has established for its customers to lease or buy new and preowned homes have helped to prevent additional occupancy loss.

The following table reflects certain financial and statistical information for the Company's Rental Program for the three months ended March 31, 2009 and 2008 (in thousands, except for certain statistical marked with *):

Financial Information	Three Months Ended March 31,			
	2009	2008	Change	% Change
Rental home revenue	\$ 5,200	\$ 4,996	\$ 204	4.1 %
Site rent from Rental Program ⁽¹⁾	6,450	5,981	469	7.8 %
Rental Program revenue	11,650	10,977	673	6.1 %
Expenses				
Payroll and commissions	783	523	260	49.7 %
Repairs and refurbishment	1,991	1,523	468	30.7 %
Taxes and insurance	770	691	79	11.4 %
Marketing and other	993	729	264	36.2 %
Rental Program operating and maintenance	4,537	3,466	1,071	30.9 %
Net operating income	\$ 7,113	\$ 7,511	\$ (398)	-5.3 %
Statistical Information				
Number of occupied rentals, end of period*	5,698	5,442	256	4.7 %
Investment in occupied rental homes	\$ 177,755	\$ 164,712	\$ 13,043	7.9 %
Number of sold rental homes*	168	136	32	23.5 %
Weighted average monthly rental rate*	\$ 730	\$ 722	\$ 8	1.1 %

(1) The renter's monthly payment includes the site rent and an amount attributable to the leasing of the home. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the growth and performance of the Rental Program.

Net operating income from the Rental Program decreased \$0.4 million from \$7.5 million to \$7.1 million, or 5.3 percent as a result of a \$0.7 million increase in revenue offset by a \$1.1 million increase in expenses. Revenues increased due to the increase in the number of leased homes in the Company's Rental Program and due to the increase in average rental rates (as indicated in the table above). Commissions increased by \$0.3 million due to an increase in the number of new and renewed leases on which commissions were paid. Total repair and refurbishment costs increased by \$0.5 million due to an increase in the number of homes and moveouts in the Rental Program. Taxes and insurance expenses increased by \$0.1 million as these costs generally increase as the number of homes in the Rental Program increase. Marketing and other costs increased by \$0.2 million primarily due to advertising and promotion costs.

The Rental Program has proven to be an effective response to the adverse factors that the Company faced during the industry downturn and now draws more than 14,000 applications per year to live in our communities. The Rental Program has replaced the independent dealer network, a majority of which were forced to go out of business during the early part of the decade, which formerly directed potential residents to our communities.

The following table reflects certain financial and statistical information for the Company's Home Sales Program for the three months ended March 31, 2009 and 2008 (in thousands, except for statistical information):

Financial Information	Three Months Ended March 31,			
	2009	2008	Change	% Change
New home sales	\$ 1,288	\$ 2,404	\$ (1,116)	-46.4%
Pre-owned home sales	6,173	5,099	1,074	21.1%
Revenue from homes sales	7,461	7,503	(42)	-0.6%
New home cost of sales	1,116	2,034	(918)	-45.1%
Pre-owned home cost of sales	4,307	3,805	502	13.2%
Cost of home sales	5,423	5,839	(416)	-7.1%
Net operating income / gross profit	2,038	1,664	374	22.5%
Gross profit – new homes	172	370	(198)	
Gross margin % – new homes	13.4%	15.4%		-2.0%
Gross profit – pre-owned homes	1,866	1,294	572	
Gross margin % – pre-owned homes	30.2%	25.4%		4.8%
Statistical Information				
Home sales volume:				
New home sales	19	30	(11)	-36.7%
Pre-owned home sales	229	197	32	16.2%
Total homes sold	248	227	21	9.3%

Gross profit from home sales increased by \$0.4 million, or 22.5 percent, as the Company sold 21 more homes in the first quarter of 2009 than during the same period in 2008. Gross profit from pre-owned home sales increased by \$0.6 million while gross profit from new home sales declined by \$0.2 million.

Pre-owned home sales include the sale of homes that have been utilized in the Company's Rental Program. The cost basis of a rental home is depreciated and therefore, the gross profit margin on the sale of these homes increases the longer the home has been in the Rental Program. An increase in the volume of rental home sales is the primary reason for the overall increase in pre-owned home sales and therefore the principal contributor to the increase in gross profit on pre-owned home sales.

The decline in new home sales profit was due to a 36.7 percent decline in sales volume and a 15.4 percent decline in average selling price primarily in our Florida market.

OTHER INCOME STATEMENT ITEMS

Other revenues include other income (loss), interest income, and ancillary revenues, net. Other revenues decreased by \$0.3 million, from \$1.9 million to \$1.6 million, or 15.8 percent. This decrease was due to reduced income realized from a gain on sale of land and other assets of \$0.7 million that occurred in the prior year, along with reduced commission and ancillary revenue of \$0.1 million, offset by increased interest income of \$0.5 million. The increase in interest income was primarily due to the additional installment notes receivable recognized in association with the transfer of financial assets that are recorded as collateralized receivables in the consolidated balance sheet. The interest income on these collateralized receivables is offset by the same amount of interest expense recognized on the secured debt recorded in association with this transaction. See Note 4 – Secured Borrowing and Collateralized Receivables for additional information.

General and administrative costs increased by \$0.2 million, from \$5.8 million to \$6.0 million, or 3.4 percent due to increased salary, benefit, and other compensation costs of \$0.3 million and increased advertising costs of \$0.1 million, partially offset by a decrease in legal expenses of \$0.2 million.

Depreciation and amortization costs increased by \$0.3 million, from \$15.9 million to \$16.2 million, or 1.9 percent primarily due to the additional homes added to the Company's investment property for use in the Company's Rental Program.

Interest expense on debt, including interest on mandatorily redeemable debt, decreased by \$1.1 million, from \$16.2 million to \$15.1 million, or 6.8 percent due to a reduction in expense related to lower interest rates charged on variable rate debt, partially offset by an increase in fixed rate debt interest expense. The increase in fixed rate debt expense is primarily due to the Company's additional secured debt recognized in association with the transfer of financial assets that was recorded as a secured borrowing in the Consolidated Balance Sheets (and is offset by the same amount of interest income recorded on collateralized receivables in relation to this transaction). See Note 4 – Secured Borrowing and Collateralized Receivables in the Company's Notes to Consolidated Financial Statements included herein.

Equity income (loss) from affiliates, net decreased by \$4.8 million, from a loss of \$4.8 million to income of a nominal amount. The Company's affiliate, Origen, reported losses in the first quarter of 2008 which included charges for impairment, loan loss reserves, and loss on sale of loan portfolio.

Benefit (provision) for state income taxes changed by \$0.3 million, from a benefit of \$0.2 million to an expense of \$0.1 million, due to a change in the effective tax rate used to calculate the deferred tax liability related to the Michigan Business Tax which reduced tax expense in 2008.

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

The following is a summary of the Company's consolidated financial results which were discussed in more detail in the preceding paragraphs (in thousands):

	Three Months Ended March 31,	
	2009	2008
Revenues	\$ 63,660	\$ 62,848
Operating expenses/Cost of sales	26,749	25,548
Net operating income/gross profit	36,911	37,300
Adjustments to arrive at net income (loss):		
Other revenues	1,624	1,902
General and administrative	(5,992)	(5,770)
Depreciation and amortization	(16,204)	(15,861)
Interest expense	(15,080)	(16,224)
Equity income (loss) from affiliates, net	27	(4,830)
Benefit (provision) for state income taxes	(133)	235
Income (loss) from continuing operations	1,153	(3,248)
Loss from discontinued operations	(172)	(241)
Net income (loss)	981	(3,489)
Less: Net income (loss) attributable to noncontrolling interest	104	(394)
Net income (loss) attributable to Sun Communities, Inc.	\$ 877	\$ (3,095)

The Company provides information regarding FFO as a supplemental measure of operating performance. FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income (computed in accordance GAAP), excluding gains (or losses) from sales of depreciable operating property, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Due to the variety among owners of identical assets in similar condition (based on historical cost accounting and useful life estimates), the Company believes excluding gains and losses related to sales of previously depreciated operating real estate assets, and excluding real estate asset depreciation and amortization, provides a better indicator of the Company's operating performance. FFO is a useful supplemental measure of the Company's operating performance because it reflects the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing perspective not readily apparent from net income. Management, the investment community, and banking institutions routinely use FFO, together with other measures, to measure operating performance in our industry. Further, management uses FFO for planning and forecasting future periods.

Because FFO excludes significant economic components of net income including depreciation and amortization, FFO should be used as an adjunct to net income (loss) and not as an alternative to net income. The principal limitation of FFO is that it does not represent cash flow from operations as defined by GAAP and is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. FFO only provides investors with an additional performance measure. Other REITS may use different methods for calculating FFO and, accordingly, the Company's FFO may not be comparable to other REITS.

The following table reconciles net income (loss) to FFO and calculates FFO data for both basic and diluted purposes for the three months ended March 31, 2009 and 2008:

RECONCILIATION OF NET INCOME (LOSS) TO FUNDS FROM OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in thousands, except per share/OP unit amounts)
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
Net income (loss)	\$ 981	\$ (3,489)
Adjustments:		
Depreciation and amortization	16,621	16,449
Benefit for state income taxes ⁽¹⁾	(13)	(389)
Gain on disposition of assets, net	(1,328)	(1,542)
Funds from operations (FFO)	<u>\$ 16,261</u>	<u>\$ 11,029</u>
Weighted average Common Shares/OP Units outstanding:		
Basic	<u>20,698</u>	<u>20,379</u>
Diluted	<u>20,698</u>	<u>20,436</u>
FFO per weighted average common share/OP Unit - Basic	<u>\$ 0.79</u>	<u>\$ 0.54</u>
FFO per weighted average common share/OP Unit - Diluted	<u>\$ 0.79</u>	<u>\$ 0.54</u>

The table below adjusts FFO to exclude equity loss from affiliate (Origen), in thousands.

	Three Months Ended March 31, 2008	
Net income (loss)	\$	(3,489)
Equity affiliate adjustment		4,830
Adjusted net income	\$	1,341
Depreciation and amortization		16,449
Benefit for state income taxes ⁽¹⁾		(389)
Gain on disposition of assets, net		(1,542)
Adjusted funds from operations (FFO)	\$	15,859
Adjusted FFO per weighted avg. common share/OP Unit - Diluted	\$	0.78

⁽¹⁾ The tax benefit for the three months ended March 31, 2009 and 2008 represents the reversal of a tax provision for potential taxes payable on the sale of company assets related to the enactment of the Michigan Business Tax. These taxes do not impact Funds from Operations and would be payable from prospective proceeds of such sales.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED**LIQUIDITY AND CAPITAL RESOURCES**

The Company's principal liquidity demands have historically been, and are expected to continue to be, distributions to the Company's stockholders and the unitholders of the Operating Partnership, capital improvements of properties, the purchase of new and pre-owned homes, property acquisitions, development and expansion of properties, and debt repayment.

The Company expects to meet its short-term liquidity requirements through working capital provided by operating activities and through borrowings on its lines of credit. The Company considers these resources to be adequate to meet all operating requirements, including recurring capital improvements, routinely amortizing debt and other normally recurring expenditures of a capital nature, payment of dividends to its stockholders to maintain qualification as a REIT in accordance with the Internal Revenue Code, and payment of distributions to the Operating Partnership's unitholders. Due to the limited amount of taxable income that the Company has reported for the past few years, dividend payments to shareholders and unitholders of the Operating Partnership have been largely discretionary rather than required to maintain qualification as a REIT.

From time to time, the Company evaluates acquisition opportunities that meet the Company's criteria for acquisition. Should such investment opportunities arise in 2009, the Company will finance the acquisitions through secured financing, the assumption of existing debt on the properties or the issuance of certain equity securities. The difficulty in obtaining financing in the current credit markets may make the acquisition of properties unlikely.

The Company has invested approximately \$3.6 million related to the acquisition of homes intended for its rental program during the three months ended March 31, 2009. Expenditures for 2009 will be dependent upon the condition of the markets for repossessions and new home sales, as well as rental homes. The Company has a \$10.0 million floor plan facility. The Company's ability to purchase homes for sale or rent may be limited by cash received from third party financing of its home sales, available floor plan financing and working capital available on its unsecured line of credit.

Cash and cash equivalents increased by \$0.4 million from \$6.2 million at December 31, 2008, to \$6.6 million at March 31, 2009. Net cash provided by operating activities from continuing operations increased by \$3.8 million from \$12.0 million for the three months ended March 31, 2008 to \$15.8 million for the three months ended March 31, 2009.

The Company's net cash flows provided by operating activities from continuing operations may be adversely impacted by, among other things: (a) the market and economic conditions in the Company's current markets generally, and specifically in metropolitan areas of the Company's current markets; (b) lower occupancy and rental rates of the Company's properties (the "Properties"); (c) increased operating costs, such as wage and benefit costs, insurance premiums, real estate taxes and utilities, that cannot be passed on to the Company's tenants; (d) decreased sales of manufactured homes and (e) current volatility in economic conditions and the financial markets. See "Risk Factors" in Item 1A of the Company's 2008 Annual Report.

The Company has an unsecured revolving line of credit facility with a maximum borrowing capacity of \$115.0 million, subject to certain borrowing base calculations. The outstanding balance on the line of credit at March 31, 2009 and December 31, 2008 was \$83.0 million and \$85.8 million, respectively. In addition, \$3.3 million of availability was used to back standby letters of credit as of March 31, 2009 and December 31, 2008. Borrowings under the line of credit bear an interest rate of LIBOR plus 165 basis points, or prime plus 40 basis points. The Company has the option to borrow at either rate. The weighted average interest rate on the outstanding borrowings was 2.20 percent as of March 31, 2009. The borrowings under the line of credit mature October 1, 2011, assuming an election of a one-year extension that is available at the Company's discretion. As of March 31, 2009, \$28.7 million was available to be drawn under the facility based on the calculation of the borrowing base. During 2009, the highest balance on the line of credit was \$97.6 million leaving \$17.4 million of available credit during this peak period. Although the unsecured revolving line of credit is a committed facility, the financial failure of one or more of the participating financial institutions may reduce the amount of available credit for use by the Company.

The line of credit facility contains various leverage, debt service coverage, net worth maintenance and other customary covenants all of which were complied with as of March 31, 2009. The most limiting covenants contained in the line of credit are the distribution coverage and debt service coverage ratios. The distribution coverage covenant requires that distributions be no more than 90 percent of FFO. The debt service coverage covenant requires a minimum ratio of 1.45:1. As of March 31, 2009, the distribution coverage was 81.9 percent and the debt service coverage was 1.70:1.

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

The sub-prime credit crisis and ensuing decline in credit availability have caused turmoil in US and foreign markets. Many industries with no direct involvement with sub-prime lending, securitizations, home building, or mortgages have suffered share price declines as economic uncertainty has derailed investor confidence. While many of the fundamentals of the Company, and manufactured housing industry, have been improving over recent years, the Company's share price has suffered. For the Company, the most relevant consequence of this financial turmoil is the uncertainty of the availability of new secured credit, floor plan financing, credit for refinancing properties, and the limited credit availability on its current unsecured line of credit. The Company believes this risk is somewhat mitigated because the Company has adequate working capital provided by operating activities as noted above and the Company has only limited debt maturities until July 2011. Specifically, the Company's debt maturities (excluding normal amortization payments and assuming the election of certain extension provisions which are at the discretion of the Company) for 2009 through 2012 are as follows:

2009	\$12.2 million
2010	\$0.8 million and any balance outstanding on the floor plan facility
2011	\$103.7 million and any balance outstanding on the unsecured line of credit
2012	\$18.4 million

The Company anticipates meeting its long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions, and Operating Partnership unit redemptions through the collateralization of its properties. The Company currently has 31 unencumbered properties with an estimated market value of \$217.6 million, 29 of which support the borrowing base for the Company's \$115.0 million unsecured line of credit. As of March 31, 2009, the borrowing base was in excess of \$115.0 million by \$14.7 million, which would allow the Company to remove properties from the borrowing base at its discretion for collateralization. From time to time, the Company may also issue shares of its capital stock or preferred stock, issue equity units in the Operating Partnership or sell selected assets. The ability of the Company to finance its long-term liquidity requirements in such a manner will be affected by numerous economic factors affecting the manufactured housing community industry at the time, including the availability and cost of mortgage debt, the financial condition of the Company, the operating history of the properties, the state of the debt and equity markets, and the general national, regional, and local economic conditions. If it were to become necessary for the Company to approach the credit markets, the current volatility in the credit markets could make borrowing more difficult to secure and more expensive. See "Risk Factors" in Item 1A of the Company's 2008 Annual Report. If the Company is unable to obtain additional debt or equity financing on acceptable terms, the Company's business, results of operations and financial condition would be adversely impacted.

As of March 31, 2009, the Company's debt to total market capitalization approximated 83.3 percent (assuming conversion of all Common Operating Partnership Units to shares of common stock). The debt has a weighted average maturity of approximately 5.6 years and a weighted average interest rate of 4.83 percent.

Capital expenditures for the three months ended March 31, 2009 and 2008 included recurring capital expenditures of \$1.3 million. The Company is committed to the continued upkeep of its Properties and therefore does not expect a significant decline in its recurring capital expenditures during 2009.

Net cash used for investing activities was \$2.9 million for the three months ended March 31, 2009, compared to \$3.2 million for the three months ended March 31, 2008. The difference is due to decreased investment in property of \$0.3 million and an increase from the principal repayment of an officer's note and another note receivable of \$2.8 million, offset by a \$2.8 million decrease in cash received from the disposition on land and other assets.

Net cash used for financing activities was \$12.4 million for the three months ended March 31, 2009, compared to \$9.2 million for the three months ended March 31, 2008. The difference is due to a \$7.6 million increase in proceeds received from secured borrowings, offset by an \$8.8 million net decrease in borrowings on the lines of credit, an increase in repayments on notes payable and other debt of \$1.9 million, and increased costs associated with transactions related to the Company's stock of \$0.1 million.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this filing that relate to prospective events or developments are deemed to be forward-looking statements. Words such as "believes," "forecasts," "anticipates," "intends," "plans," "expects," "may", "will" and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this filing. These risks and uncertainties may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward looking statements. Such risks and uncertainties include the national, regional and local economic climates, the ability to maintain rental rates and occupancy levels, competitive market forces, changes in market rates of interest, the ability of manufactured home buyers to obtain financing, the level of repossessions by manufactured home lenders and those risks and uncertainties referenced under the headings entitled "Risk Factors" contained in the Company's 2008 Annual Report, and the Company's filings with the SEC. The forward-looking statements contained in this Quarterly Report on Form 10-Q speak only as of the date hereof and the Company expressly disclaims any obligation to provide public updates, revisions or amendments to any forward-looking statements made herein to reflect changes in the Company's expectations of future events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The Company currently has five derivative contracts consisting of four interest rate swap agreements with a total notional amount of \$95.0 million, and an interest rate cap agreement with a notional amount of \$152.4 million. The first swap agreement fixes \$25.0 million of variable rate borrowings at 4.84 percent through July 2009; the second swap agreement fixes \$25.0 million of variable rate borrowings at 5.28 percent through July 2012. The third swap agreement, entered into in January 2009, fixes \$20.0 million of variable rate borrowings at 2.73 percent through January 2014. The fourth swap agreement, entered into in February 2009, fixes \$25.0 million of variable rate borrowing at 3.62 percent through February 2011 and is based upon 30-day LIBOR. The interest rate cap agreement had a cap rate of 9.9 percent, a notional amount of \$152.4 million and a termination date of April 28, 2009. In April 2009, the Company entered into a new interest cap agreement with a cap rate of 11.0 percent, a notional amount of \$152.4 million, and a termination date of May 1, 2012. Each of these derivative contracts is based upon 90-day LIBOR unless noted otherwise.

The Company's remaining variable rate debt totals \$194.4 million and \$216.5 million as of March 31, 2009 and 2008, respectively, which bear interest at prime, various LIBOR or Fannie Mae Discounted Mortgage Backed Securities ("DMBS") rates. If prime, LIBOR, or DMBS increased or decreased by 1.0 percent during the three months ended March 31, 2009 and 2008, the Company believes its interest expense would have increased or decreased by approximately \$0.5 million, based on the \$209.7 million and \$213.5 million average balances outstanding under the Company's variable rate debt facilities for the three months ended March 31, 2009 and 2008, respectively. A portion of the Company's variable debt is floating on DMBS rates. If the credit markets tighten and there are fewer, or no buyers, of this security, the interest rate may be negatively impacted resulting in higher interest expense.

ITEM 4. CONTROLS AND PROCEDURES

- (a) Under the supervision and with the participation of the Company's management, including the Chief Executive Officer, Gary A. Shiffman, and Chief Financial Officer, Karen J. Dearing, the Company evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this quarterly report, pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were effective to ensure that information the Company is required to disclose in its filings with the SEC under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and to ensure that information required to be disclosed by the Company in the reports that it files under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.
- (b) There have been no changes in the Company's internal control over financial reporting during the quarterly period ended March 31, 2009, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION**ITEM 1. Legal Proceedings**

See Note 18 of the Consolidated Financial Statements contained herein.

ITEM 1A. Risk Factors

You should review our Annual Report on Form 10-K for the year ended December 31, 2008, which contains a detailed description of risk factors that may materially affect our business, financial condition, or results of operations.

There are no material changes to the disclosure on these matters set forth in such Form 10-K.

ITEM 2. Unregistered Sale of Equity Securities and Use of Proceeds**Issuer Purchases of Equity Securities**

In November 2004, the Board of Directors authorized the Company to repurchase up to 1,000,000 shares of its common stock. The Company has 400,000 common shares remaining in the repurchase program. No common shares were repurchased during 2009.

Recent Sales of Unregistered Securities

In March 2009, the Operating Partnership issued 110,444 Common OP Units to Water Oak, Ltd. which were immediately converted to common stock.

All of the above partnership units and shares of common stock were issued in private placements in reliance on Section 4(2) of the Securities Act of 1933, as amended, including Regulation D promulgated there under. No underwriters were used in connection with any of such issuances.

ITEM 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the first quarter ended March 31, 2009.

ITEM 6. Exhibits

Exhibit No.	Description
10.1	Letter Agreement dated April 20, 2009, by and among Sun Secured Financing LLC, Aspen – Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership, Sun Communities finance, LLC, Sun Holly Forest LLC, Sun Saddle Oak LLC and PNC ARCS LLC.
10.2	Second Amendment to Amended and Restated Master Credit Facility dated April 28, 2009 by and among Sun Secured Financing LLC, Aspen – Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership, Sun Communities finance, LLC, Sun Holly Forest LLC, Sun Saddle Oak LLC and PNC ARCS LLC.
10.3	Interest Rate Cap Security, Pledge and Assignment Agreement dated April 28, 2009 by and among Sun Secured Financing LLC, Aspen – Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership, Sun Communities finance, LLC, Sun Holly Forest LLC, Sun Saddle Oak LLC and PNC ARCS LLC.
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

SUN COMMUNITIES, INC.

Dated: May 8, 2009

By: /s/ Karen J. Dearing
Karen J. Dearing, Chief Financial
Officer and Secretary
(Duly authorized officer and principal
financial officer)

April 20, 2009

PNC ARCS LLC
26901 Agoura Road
Suite 200
Calabasas Hills, California 91301
Attention: Loan Administration Department

Fannie Mae
3939 Wisconsin Avenue, N.W.
Washington, DC 20016
Attention: Vice President for Multi-Family
Asset Management

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Master Credit Facility Agreement, dated April 28, 2004, as amended (the "Credit Facility Agreement") between Sun Secured Financing LLC, Aspen-Fort Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership, Sun Communities Finance, LLC, Sun Holly Forest LLC and Sun Saddle Oak LLC as Borrower, and PNC ARCS, LLC, successor in interest to ARCS Commercial Mortgage Co, L.P., as Lender, and assigned by the Lender to Fannie Mae. Unless otherwise defined, all capitalized terms in this correspondence have the meaning set forth in the Credit Facility Agreement.

Pursuant to a letter dated October 30, 2008, the Borrower exercised its right under the Credit Facility Agreement to extend the Original Variable Facility Termination Date and Variable Facility Termination Date for a period ending on the date ten (10) years after the Initial Closing Date, meaning April 28, 2014. Through email correspondence dated April 17, 2009, Lender and Fannie Mae have informed Borrower that for the extension period commencing April 29, 2009 and ending April 28, 2014, the Variable Facility Fee is 200 basis points per annum, and claim they are entitled to reset the Variable Facility Fee pursuant to the terms of the Loan Documents. Conversely, the Borrower has asserted that Lender and Fannie Mae do not have the right to change the Variable Facility Fee in connection with the extension.

Notwithstanding the difference of opinion concerning the right of Lender and Fannie Mae to change the Variable Facility Fee, the Borrower, Lender and Fannie Mae intend to proceed with the closing of the extension transaction, and set the Variable Facility Fee at 200 basis points per annum. However, Lender and Fannie Mae have agreed that by (i) closing and completing the extension transaction, (ii) executing and delivering all documents in connection therewith, (iii) accepting any Rate Setting Form or other documentation that calls for the payment of a Variable Facility Fee equal to 200 basis points per annum, and (iv) paying a Variable Facility Fee of 200 basis points per annum (each, an "Extension Action"), none of the Borrower, Lender or Fannie Mae will have waived or prejudiced any of its rights, claims and/or defenses relating to the amount of the Variable Facility Fee (except any right of Lender or Fannie Mae to claim any such Extension Action constituted a waiver of Borrower's rights, claims or defenses), including, without limitation, Borrower's right to assert in any court proceeding or otherwise, that the Variable Facility Fee charged or set by Lender in connection with the extension transaction is incorrect and not consistent with or permitted by the Credit Facility Agreement.

Please execute this letter agreement in the place provided below to confirm the agreement of Lender and Fannie Mae to the terms hereof. This letter agreement may be executed in any number of counterparts, each of which constitutes an original, and all of which, taken together, constitute one and the same agreement. Facsimile and electronic copies of signatures to this agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.

SUN SECURED FINANCING LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its sole member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

ASPEN – FT. COLLINS LIMITED PARTNERSHIP,
a Michigan limited partnership

By: Sun GP L.L.C., a Michigan limited liability company, its general partner

By: Sun Communities, Inc., a Maryland
Corporation, its manager

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

[Signatures Continue on the Following Page]

Additional Signature Page to Letter Agreement

SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP,
a Michigan limited partnership

By: Sun Secured Financing GP, Inc.,
a Michigan corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

SUN COMMUNITIES FINANCE, LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

SUN HOLLY FOREST LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

[Signatures Continue on the Following Page]

Additional Signature Page to Letter Agreement

SUN SADDLE OAK LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

ACCEPTED AND AGREED TO:

PNC ARCS LLC

By: /s/ Holli Leon
Holli Leon, Executive Vice President

FANNIE MAE

By: /s/ Susanne C. Hiegel
Susanne C. Hiegel

Its: Vice President

**SECOND AMENDMENT TO AMENDED AND RESTATED
MASTER CREDIT FACILITY AGREEMENT**

THIS SECOND AMENDMENT TO AMENDED AND RESTATED MASTER CREDIT FACILITY AGREEMENT (the "**Amendment**") is made as of the 28th day of April, 2009, by and among (i) SUN SECURED FINANCING LLC, a Michigan limited liability company, ASPEN-FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership, SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership, SUN COMMUNITIES FINANCE, LLC, a Michigan limited liability company, SUN HOLLY FOREST LLC, a Michigan limited liability company, and SUN SADDLE OAK LLC, a Michigan limited liability company (individually and collectively, "**Borrower**") and (ii) PNC ARCS LLC, a Delaware limited liability company, successor-in-interest to ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("**Lender**").

RECITALS

A. Borrower and Lender are parties to that certain Amended and Restated Master Credit Facility Agreement, dated as of April 28, 2004 (as amended, modified, supplemented or restated from time to time, the "**Master Agreement**").

B. All of Lender's right, title and interest in the Master Agreement and the Loan Documents executed in connection with the Master Agreement or the transactions contemplated by the Master Agreement have been assigned to Fannie Mae pursuant to those certain Assignments of Amended and Restated Master Credit Facility Agreement and other Loan Documents, dated as of May 29, 2004 and April 28, 2004 (the "**Assignments**"). Fannie Mae has not assumed any of the obligations of Lender under the Master Agreement or the Loan Documents as a result of the Assignment. Fannie Mae has designated Lender as the servicer of the Advances contemplated by the Master Agreement.

C. As of the date hereof, the total outstanding Variable Facility Commitment is \$152,362,500.00. Borrower desires to extend the Variable Facility Termination Date and the Original Variable Facility Termination Date for a period of five years from the date hereof.

D. The parties are executing this Amendment pursuant to the Master Agreement to reflect Borrower's election to extend the Variable Facility Termination Date and the Original Variable Facility Termination Date pursuant to Section 1.07 of the Master Agreement.

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises and agreements contained in this Amendment and the Master Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agree as follows:

Section 1. Extension of Variable Facility Termination Date. Pursuant to Section 1.07 of the Master Agreement, the Variable Facility Termination Date and the Original Variable Facility Termination Date are hereby extended to May 1, 2014. The definitions of "Original Variable Facility Termination Date" and the "Variable Facility Termination Date" are hereby replaced in its entirety by the following new definitions:

"**Original Variable Facility Termination Date**" means May 1, 2014.

"**Variable Facility Termination Date**" means May 1, 2014.

Section 2. **Variable Facility Fee.** The definition of "Variable Facility Fee" is hereby replaced in its entirety by the following new definition:

"**Variable Facility Fee**" means (i) 200 basis points per annum for any Variable Advance (x) Outstanding as of April 28, 2009 or (y) repaid and redrawn (as permitted under the Master Agreement) from the Variable Facility Commitment in effect on April 28, 2009 (which amount is \$152,362,500.00); and (ii) for any Variable Advance drawn from any portion of the Variable Facility Commitment increased under Article 4, the number of basis points per annum determined at the time of such increase by Lender as the Variable Facility Fee for such Variable Advance (which shall be based on the amount then being charged by Lender to other borrowers of comparable financial condition as Borrower (taking into account the financial condition of Sun to the extent and in a similar manner as the financial condition of Sun was taken into account in the original underwriting of the Credit Facility) on credit facilities secured by manufactured housing properties having similar characteristics regarding leverage, geographic diversity, recourse and other material terms as reasonably determined by Lender).

Section 3. **Standby Fee.** The definition of "Standby Fee" is hereby replaced in its entirety by the following new definition:

"**Standby Fee**" means, (A) for any month during the period from April 28, 2009 to May 1, 2010, an amount equal to the product obtained by multiplying: (i) 1/12, by (ii) 500 basis points, by (iii) the Unused Capacity for such month, and (B) for any month during the period from May 1, 2010 to May 1, 2014, an amount equal to the product obtained by multiplying: (i) 1/12, by (ii) 100 basis points, by (iii) the Unused Capacity for such month. Borrower and Lender acknowledge that the Unused Capacity is currently zero. As of the date hereof, no Standby Fee is due and payable by Borrower hereunder.

Section 4. **Capitalized Terms.** All capitalized terms used in this Amendment which are not specifically defined herein shall have the respective meanings set forth in the Master Agreement.

Section 5. **Full Force and Effect.** Except as expressly modified by this Amendment, all terms and conditions of the Master Agreement shall continue in full force and effect. This Amendment is subject to, and incorporates the terms of, that certain Letter Agreement, dated April 20, 2009, among Borrower, Lender and Fannie Mae.

Section 6. **Counterparts.** This Amendment may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

BORROWER:

SUN SECURED FINANCING LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its sole member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

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a Michigan limited partnership

By: Sun GP L.L.C., a Michigan limited liability company, its general partner

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By: Sun Secured Financing GP, Inc.,
a Michigan corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

SUN COMMUNITIES FINANCE, LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

SUN HOLLY FOREST LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

SUN SADDLE OAK LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

LENDER:

PNC ARCS LLC, a Delaware limited liability
company, successor-in-interest to ARCS
COMMERCIAL MORTGAGE CO., L.P.,
a California limited partnership

By: /s/ Tim White
Name: Tim White
Title: President

This INTEREST RATE CAP SECURITY, PLEDGE AND ASSIGNMENT AGREEMENT (this "**Agreement**"), dated as of April 28, 2009, is by and among (a) SUN SECURED FINANCING LLC, a Michigan limited liability company, ASPEN-FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership, SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership, SUN COMMUNITIES FINANCE, LLC, a Michigan limited liability company, SUN HOLLY FOREST LLC, a Michigan limited liability company, and SUN SADDLE OAK LLC, a Michigan limited liability company (individually and collectively, the "**Grantor**"), and (b) PNC ARCS LLC, a Delaware limited liability company, successor-in-interest to ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership ("**Lender**").

RECITALS:

A. Grantor and Lender are party to that certain Amended and Restated Master Credit Facility Agreement dated as of April 28, 2004 (such agreement, as the same may be amended, supplemented or otherwise modified or amended and restated, from time to time, the "**Master Agreement**"), pursuant to which Lender has agreed to provide Loans in accordance with and subject to the terms of the Master Agreement. As set forth in Section 1.2 of this Agreement, all capitalized terms not otherwise defined herein shall have their respective meanings set forth in the Master Agreement.

B. As permitted by the Master Agreement, the Grantor has made arrangements for the acquisition of a Cap or Caps pursuant to certain documents attached as **Exhibit A** to this Agreement (the "**Cap Documents**").

C. As security for the Grantor's obligations under the Master Agreement and the Note, the Grantor and the Lender are entering into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor and the Lender agree as follows:

1. Incorporation of Recitals; Definitions; Interpretation; Reference Materials.

1.1 **Incorporation of Recitals.** The recitals set forth in this Agreement are, by this reference, incorporated into and deemed a part of this Agreement.

1.2 **Definitions.** Capitalized terms used in this Agreement shall have the meanings given to those terms in this Agreement. Capitalized terms used in this Agreement and not defined in this Agreement, but defined in the Master Agreement, shall have the meanings given to those terms in the Master Agreement.

1.3 **Interpretation.** Words importing any gender include all genders. The singular form of any word used in this Agreement shall include the plural, and vice versa, unless the context otherwise requires. Words importing persons include natural persons, firms, associations, partnerships and corporations. The parties hereto acknowledge that each party and their respective counsel have participated in the drafting and revision of this Agreement. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Agreement or any statement or supplement or exhibit hereto.

1.4 **Reference Materials.** Sections mentioned by number only are the respective sections of this Agreement so numbered. Reference to "this section" or "this subsection" shall refer to the particular section or subsection in which such reference appears. Any captions, titles or headings preceding the text of any section and any table of contents or index attached to this Agreement are solely for convenience of reference and shall not constitute part of this Agreement or affect its meaning, construction or effect.

2. Collateral and Obligations; Further Assurances.

2.1 Security Interest in Collateral. To secure the Grantor's obligations under the Master Agreement, the Note and the other Loan Documents (the "Obligations"), the Grantor hereby assigns, pledges and grants a security interest to the Lender in and to all of the Grantor's right, title and interest in and to the following (collectively, the "Collateral"):

- i. the Cap and the Cap Documents;
- ii. any and all moneys (collectively, "Payments") payable to the Grantor, from time to time, pursuant to the Cap Documents by the counterparty under the Cap Documents (the "Counterparty");
- iii. all rights of the Grantor under any of the foregoing, including all rights of the Grantor to the Payments, contract rights and general intangibles now existing or hereafter arising with respect to any or all of the foregoing;
- iv. all rights, liens and security interests or guarantees now existing or hereafter granted by the Counterparty or any other person to secure or guaranty payment of the Payments due pursuant to the Cap Documents;
- v. all documents, writings, books, files, records and other documents arising from or relating to any of the foregoing, whether now existing or hereafter arising;
- vi. all extensions, renewals and replacements of the foregoing; and
- vii. all cash and non-cash proceeds and products of any of the foregoing, including, without limitation, interest, dividends, cash, instruments 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 the other Collateral.

3. Delivery of Cap Documents.

3.1 Acquisition of Cap; Delivery of Cap Documents. The Grantor has, on or before the date of this Agreement, executed and delivered the Cap Documents to the Counterparty and has delivered to the Lender fully executed originals of such Cap Documents. True, complete and correct copies of the Cap Documents and all amendments thereto, fully executed by all parties, are attached as Exhibit A hereto. The Grantor hereby represents and warrants to the Lender that there is no additional security for or any other arrangements or agreements relating to the Cap Documents.

3.2 Obligations Remain Absolute. Nothing contained herein shall relieve the Grantor of its primary obligation to pay all amounts due in respect of its obligations under the Master Agreement, the Note or the Other Loan Documents.

4. Representations and Warranties.

4.1 Representations and Warranties of the Grantor. The Grantor represents and warrants to the Lender on the Closing Date that:

(i) it has all requisite power and authority to enter into this Agreement and to carry out its obligations under this Agreement; the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of the Grantor; this Agreement has been duly executed and delivered by it and is the valid and binding obligation of the Grantor, enforceable against it in accordance with its terms; and

(ii) it is the legal and beneficial owner of, and has good and marketable title to (and full right and authority to assign), the Collateral, free and clear of all Liens.

5. Maintenance, Administration of Cap.

5.1 Compliance with Reimbursement Agreement. The Grantor agrees to comply with the provisions of the Master Agreement related to obtaining and maintaining at all applicable times a Cap which satisfies the requirements of the Master Agreement.

5.2 Event of Default. Upon the occurrence and during the continuance of any "Event of Default" under the Master Agreement, the Lender shall have and may exercise the same rights, powers, and remedies with respect to the Collateral that the Grantor may exercise, which rights, powers, and remedies are incorporated herein by this reference for all purposes. In furtherance and not in limitation of the foregoing, the Lender shall have all rights, remedies and recourses with respect to the Collateral granted in the Master Agreement and any other instrument executed in connection therewith, or existing at common law or equity (including specifically those granted by the Uniform Commercial Code as adopted in the District of Columbia), the right of offset, the right to sell the Collateral at public or private sale, and the right to receive distributions to Grantor, and such rights and remedies (i) shall be cumulative and concurrent, (ii) may be pursued separately, successively or concurrently against the Grantor and any other party obligated under the Obligations, or against the Collateral, or any other security for the Obligations, at the sole discretion of the Lender, (iii) may be exercised as often as occasion therefor shall arise, it being agreed by Grantor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse, and (iv) are intended to be and shall be, non-exclusive.

If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Obligations, the Grantor shall remain liable for any deficiency (subject to the applicable non-recourse provisions of the Master Agreement).

Upon the occurrence and continuance of an "Event of Default" under the Master Agreement, in case of any sale by the Lender of any of the Collateral, which may be elected at the option and in the complete discretion of the Lender, the Collateral so sold may be retained by the Lender until the selling price is paid by the purchaser, but the Lender shall not incur any liability in case of failure of the purchaser to take up and pay for the Collateral so sold. In case of any such failure, such Collateral so sold may be again similarly sold. After deducting all costs or expenses of every kind (including, without limitation, the reasonable attorneys' fees and legal expenses incurred by the Lender), the Lender shall apply the residue of the proceeds of any sale or sales in such manner as the Lender may deem advisable.

6. Miscellaneous Provisions.

6.1 Termination. This Agreement shall terminate upon the date which is ninety-one (91) days after the date on which all amounts due under the Master Agreement, the Note and the other Loan Documents have been paid in full, provided that during such ninety-one (91) day period no Act of Bankruptcy (as defined below) shall have occurred. "Act of Bankruptcy" means the filing of a petition in bankruptcy or other commencement of a bankruptcy or similar proceeding by or against the Grantor under any applicable bankruptcy, insolvency, reorganization or similar law now in effect or any such proceeding by or against the Grantor under any applicable bankruptcy, insolvency, reorganization or similar law in effect after the date of this Agreement. Upon termination of this Agreement, all Collateral shall be reassigned to the Grantor without recourse, representation or warranty.

6.2 Attorney-In-Fact. Without limiting any rights or powers granted by this Agreement to the Lender, upon the occurrence and during the continuance of any "Event of Default" under the Master Agreement, the Lender is hereby appointed the attorney-in-fact of the Grantor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Lender shall have the right and power to receive, endorse and collect all checks made payable to the order of the Grantor representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

6.3 Further Assurances. At any time and from time to time, at the expense of the Grantor, the Grantor shall promptly execute and deliver to Lender all further instruments and documents, and take all further action, that may be necessary or desirable, or that Lender may request, in order to carry out the intent and purposes of this Agreement or to enable Lender to exercise and enforce its rights and remedies under this Agreement all at the sole expense of the Grantor and so long as the obligations of the Grantor are not materially increased or the rights of Grantor are not materially decreased thereby.

6.4 Expenses. The Grantor agrees to pay to Lender all reasonable out-of-pocket expenses (including reasonable expenses for legal services of every kind) of, or incident to, the preservation of rights under or enforcement of any of the provisions of this Agreement or performance by Lender of any obligations of the Grantor in respect of the Collateral which Grantor has failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in Collateral and defending or asserting rights and claims of Lender in respect thereof, by litigation or otherwise, including expenses of insurance, and all such expenses shall be Obligations hereby secured.

6.5 No Deemed Waiver. No failure on the part of Lender or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by Lender or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

6.6 Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties to this Agreement with respect to the subject matter of this Agreement. This Agreement may not be amended, changed, waived or modified except by a writing executed by each party hereto.

6.7 Successors and Assigns. This Agreement shall inure to the benefit of, and be enforceable by, the Grantor and Lender and their respective successors and permitted assigns, and nothing herein expressed or implied shall be construed to give any other person any legal or equitable rights under this Agreement.

6.8 Notices. The provisions of Section 17.08 of the Master Agreement (entitled "Notices") are hereby incorporated into this Agreement by this reference to the fullest extent as if the text of such provisions were set forth in their entirety herein.

6.9 Governing Law. The provisions of Section 17.06 of the Master Agreement (entitled "Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial") are hereby incorporated into this Agreement by this reference to the fullest extent as if the text of such provisions were set forth in their entirety herein.

6.10 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

6.11 Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

6.12 Grantor's Liability. Grantor's liability and the liability of any general partner of Grantor hereunder shall be limited to the extent provided in Section 15.01 of the Master Agreement (entitled "Personal Liability of the Borrower").

[Remainder of page intentionally left blank.]

Grantor

SUN SECURED FINANCING LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its sole member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

ASPEN – FT. COLLINS LIMITED PARTNERSHIP,
a Michigan limited partnership

By: Sun GP L.L.C., a Michigan limited liability company, its general partner

By: Sun Communities, Inc., a Maryland
Corporation, its manager

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP,
a Michigan limited partnership

By: Sun Secured Financing GP, Inc.,
a Michigan corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

SUN COMMUNITIES FINANCE, LLC,
a Michigan limited liability company

By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

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By: Sun Communities Operating Limited Partnership,
a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

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Name: Jonathan M. Colman
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a Michigan limited partnership, its managing member

By: Sun Communities, Inc., a Maryland
Corporation, its general partner

By: /s/ Jonathan M. Colman
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

LENDER:

PNC ARCS LLC,
a Delaware limited liability company

By: /s/ Tim White
Name: Tim White
Title: President

EXHIBIT A

Cap Documents

(See Attached)

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Gary A. Shiffman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 8, 2009

/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Karen J. Dearing, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 8, 2009

/s/ Karen J. Dearing
Karen J. Dearing, Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
(Adopted Under Section 906 of the Sarbanes-Oxley Act of 2002)

The undersigned officers, Gary A. Shiffman and Karen J. Dearing, hereby certify that to the best of their knowledge: (a) this Quarterly Report on Form 10-Q of Sun Communities, Inc., for the quarter ended March 31, 2009, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (b) the information contained in this Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Signature	Date
<u>/s/ Gary A. Shiffman</u> Gary A. Shiffman, Chief Executive Officer	May 8, 2009
<u>/s/ Karen J. Dearing</u> Karen J. Dearing, Chief Financial Officer	May 8, 2009

A signed original of this written statement required by Section 906 has been provided to Sun Communities, Inc. and will be retained by Sun Communities, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.