FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

/x/ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1996

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.)
31700 Middlebelt Road Suite 145 Farmington Hills, Michigan (Address of Principal Executive Offices)	48334 (Zip Code)

Registrant's telephone number, including area code: (810) 932-3100

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 [X] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

15,372,008 shares of Common Stock, $.01 par value as of October 31, 1996

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 1996 AND DECEMBER 31, 1995

(IN THOUSANDS)

ASSETS	1996	1995
Investment in rental property, net	$538,590	$310,030
Cash and cash equivalents	9,705	121
Investment in Sun Home Services, Inc. ("SHS")	3,553	3,187
Other assets	9,557	11,766
Total assets	$561,405	$325,104
LIABILITIES AND EQUITY		
Liabilities:		
Debt	$180,000	$107,055
Accounts payable and accrued expenses	8,305	2,451
Deposits and other liabilities	7,550	6,123
Distributions payable	8,386	--
Total liabilities	204,241	115,629
Minority interests	69,486	31,882
Stockholders' equity:		
Preferred stock, $.01 par value, 10,000 shares authorized, none issued		
Common stock, $.01 par value, 100,000 shares authorized, 15,128 and 9,931 issued and outstanding in 1996 and 1995, respectively	151	99
Paid-in capital	320,819	193,575
Officers notes	(9,173)	(8,650)
Distributions in excess of accumulated earnings	(24,119)	(7,431)
Total stockholders' equity	287,678	177,593
Total liabilities and equity	$561,405	$325,104

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE PERIODS ENDED SEPTEMBER 30, 1996 AND 1995

(IN THOUSANDS)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30		FOR THE THREE MONTHS ENDED SEPTEMBER 30	
	1996	1995	1996	1995
Revenues:				
Rental income	$49,152	$31,374	$19,898	$11,510
Interest and other income	2,301	1,552	964	396
Total revenues	51,453	32,926	20,862	11,906
Expenses:				
Property operating and maintenance	11,204	7,297	4,721	2,714
Real estate taxes	3,987	2,164	1,721	768
General and administrative	2,407	1,879	882	644
Depreciation and amortization	10,530	6,911	4,020	2,488
Interest	7,944	4,377	3,240	1,767
Total expenses	36,072	22,628	14,584	8,381
Income before extraordinary item and minority interests	15,381	10,298	6,278	3,525
Extraordinary item, early extinguishment of debt	(6,896)	--	--	--
Income before minority interests	8,485	10,298	6,278	3,525
Less income allocated to minority interests:				
Preferred OP Units	1,043	--	626	--
Common OP Units	968	1,429	640	541
Net income	$ 6,474	$ 8,869	$ 5,012	$ 2,984
Earnings per share:				
Income before extraordinary item	$ .95	$ .91	$ .33	$.30
Extraordinary item	(.46)	--	--	--
Net income	$ .49	$ .91	$ .33	$ .30
Distributions declared per common share outstanding	$ 1.81	$ 1.335	$ .455	$ .445
Weighted average common shares outstanding	13,198	9,751	15,092	9,906

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

(IN THOUSANDS)

	1996	1995
Cash flows from operating activities:		
Net income	$ 6,474	$ 8,869
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	968	1,429
Extraordinary item, net of prepayment penalties	1,390	--
Depreciation and amortization costs	10,530	6,911
Deferred financing costs	195	419
(Increase) decrease in prepaid expenses and other assets	193	(1,746)
Increase in accounts payable and other liabilities	7,907	410
Net cash provided by operating activities	27,657	16,292
Cash flows from investing activities:		
Investment in rental properties	(198,700)	(35,408)
Investment in SHS	(366)	(4,166)
Investment in notes receivable	--	(242)
Net cash used in investing activities	(199,066)	(39,816)
Cash flows from financing activities:		
Distributions	(18,206)	(14,798)
Proceeds from borrowings	180,000	39,289
Repayments on borrowings	(107,055)	(4,794)
Net proceeds from sale of common stock	117,921	--
Retirement of Operating Partnership Units	--	(1,001)
Stock options and dividend reinvestment plan	8,333	969
Net cash provided by financing activities	180,993	19,665
Net increase (decrease) in cash and cash equivalents	9,584	(3,859)
Cash and cash equivalents, beginning of period	121	5,379
Cash and cash equivalents, end of period	$ 9,705	$ 1,520
Supplemental information:		
OP units issued for rental properties	$ 39,959	$ 15,444
Issuance of common stock for officer notes	$ 523	--
Debt assumed for rental properties	--	$ 11,907

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

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION:

These unaudited condensed consolidated financial statements of Sun Communities, Inc., a Maryland corporation (the "Company"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto of the Company as of December 31, 1995. The following notes to consolidated financial statements present interim disclosures as required by the SEC. 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 the prior period financial statements to conform with current period presentation.

2. RENTAL PROPERTY:

The following summarizes rental property (in thousands):

	September 30, 1996	December 31, 1995
Land	$ 59,048	$ 32,565
Property under development	5,612	2,075
Depreciable property	500,612	291,973
	565,272	326,613
Accumulated depreciation	(26,682)	(16,583)
Rental property, net	$ 538,590	$ 310,030

3. DEBT:

The following table sets forth certain information regarding debt at September 30, 1996 (in thousands):

Secured term loan, interest at LIBOR plus 1.50%, due November 1, 1997	$ 30,000
Senior notes, interest at 7.375%, due May 1, 2001	65,000
Senior notes, interest at 7.625%, due May 1, 2003	85,000
	$180,000

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION:

Effective May 1, 1996, the Company acquired the portfolio of Aspen Enterprises, Ltd. ("Aspen Properties") consisting of 25 communities for $226 million.

On a pro forma, unaudited basis, as if the Aspen Properties acquisition had occurred as of January 1, 1995, total revenues, income before extraordinary item, net income, earnings per common share and common OP unit before extraordinary item and net income per common share and common OP unit for the nine months ended September 30, 1996 would have been $61.8 million, $16.4 million, $9.5 million, $.97 and $.56, respectively, and total revenues, net income and net income per common share and common OP unit for the nine months ended September 30, 1995 would have been $54.9 million, $11.6 million, and $.72, respectively. Pro forma net income assumes the conversion of 1.9 million common OP Units into shares of the Company's common stock and the elimination of the allocation of earnings to Minority Interests. This conversion does not impact pro forma earnings per share since the allocation to a common OP Unit is equivalent to earnings allocated to a share of common stock.

The pro forma financial information is not necessarily indicative of what the actual results of operations of the Company would have been had such transactions actually occurred as of January 1, 1995, nor does it purport to represent the results of operations of the Company for future periods.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

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 Notes thereto. Capitalized terms are used as defined elsewhere in this Form 10-Q.

RESULTS OF OPERATIONS

Comparison of the Nine Months Ended September 30, 1996 and 1995

For the nine months ended September 30, 1996, net income before extraordinary item and minority interests increased by 49.4 percent from $10.3 million to $15.4 million, when compared to the nine months ended September 30, 1995. The increase was due to increased revenues of $18.5 million while expenses increased by $13.4 million.

Rental income increased by $17.8 million from $31.4 million to $49.2 million or 56.7 percent, due to acquisitions ($15.4 million), lease up of sites ($1.0 million) and increases in rents and other community revenues ($1.4 million).

Other income increased by $.7 million from $1.6 million to $2.3 million or 48.3 percent due primarily to increased interest income.

Property operating and maintenance increased by $3.9 million from $7.3 million to $11.2 million or 53.5 percent due primarily to acquisitions ($3.4 million).

Real estate taxes increased by $1.8 million from $2.2 million to $4.0 million or 84.2 percent due primarily to acquisitions ($1.6 million).

General and administrative expenses increased by $.5 million from $1.9 million to $2.4 million or 28.1 percent due primarily to increased staffing to manage the growth of the company. General and administrative expenses as a percentage of rental income declined from 6.0 percent to 4.9 percent of rental revenues as a result of economies of scale resulting from the company's growth.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by $12.3 million from $21.6 million to $33.9 million or 56.8 percent. EBITDA increased as a percentage of revenues from 65.6 percent to 65.8 percent.

Depreciation and amortization increased by $3.6 million from $6.9 million to $10.5 million or 52.4 percent due primarily to acquisitions.

Interest expense increased by $3.5 million from $4.4 million to $7.9 million or 81.5 percent due to increased debt outstanding.

The extraordinary item results from the early extinguishment of debt and includes prepayment penalties and related deferred financing costs.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Comparison of the Three Months Ended September 30, 1996 and 1995

Rental income increased by $8.4 million from $11.5 million to $19.9 million or 72.9 percent due to acquisitions ($7.8 million), lease up of sites ($.3 million) and increases in rents and other community revenues ($.3 million).

Property operating and maintenance increased by $2.0 million from $2.7 million to $4.7 million or 73.9 percent, due primarily to acquisitions ($1.8 million).

Real estate taxes increased by $.9 million from $.8 million to $1.7 million or 124.1 percent due primarily to acquisitions ($.8 million).

General and administrative expenses increased by $.3 million from $.6 million to $.9 million or 37.0 percent, due primarily to increased staffing to manage the growth of the company. General and administrative expenses as a percentage of rental revenues declined from 5.6 percent to 4.4 percent as a result of economies of scale resulting from the company's growth.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by $5.7 million from $7.8 million to $13.5 million or 74.0 percent. EBITDA decreased as a percentage of revenues from 65.3 percent to 64.9 percent.

Depreciation and amortization increased by $1.5 million from $2.5 million to $4.0 million or 61.6 percent due primarily to acquisitions.

Interest expense increased by $1.4 million from $1.8 million to $3.2 million or 83.4 percent due to increased debt outstanding.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the nine months ended September 30, 1996 and 1995. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 1995. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The table excludes the 1,244 sites where the Company's interest is in the form of a shared appreciation mortgage note.

	SAME PROPERTY		TOTAL PORTFOLIO	
	1996	1995	1996	1995
Property revenues, including other	$31,438	$29,009	$49,490	$31,658
Property operating expenses:				
Property operating and maintenance	7,205	6,870	11,204	7,297
Real estate taxes	2,275	2,006	3,987	2,164
Property operating expenses	9,480	8,876	15,191	9,461
Property EBITDA	$21,958	$20,133	$34,299	$22,197
Number of properties	46	46	77	52
Developed sites	14,730	14,574	27,517	16,810
Occupied sites	13,906	13,541	25,234	15,704
Occupancy %	94.4%	92.9%	91.7%	93.4%
Weighted average monthly rent per site	$ 241	$ 230	$ 249	$ 233
Sites available for development	1,966	1,750	3,461	2,199
Sites in development	462	109	662	169

On a same property basis, property revenues increased by $2.4 million from $29.0 million to $31.4 million, or 8.4 percent, due primarily to increases in rents and occupancy related charges including water and property tax pass throughs. Also contributing to revenue growth was the increase of 365 leased sites at September 30, 1996 compared to September 30, 1995.

Property operating expenses increased by $.6 million from $8.9 million to $9.5 million, or 6.8 percent, due to increased occupancies and costs and increases in assessments and millage by local taxing authorities. Property EBITDA increased by $1.8 million from $20.1 million to $21.9 million, or 9.1 percent.

Sites available for development in the total portfolio increased by 1,262 from 2,199 to 3,461 with 643 of those sites in development in our markets in Michigan, Indiana, Texas, and Missouri.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased by $9.6 million to $9.7 million at September 30, 1996 compared to $.1 million at December 31, 1995 primarily because cash provided by operating and financing activities exceeded cash used in investing activities.

Net cash provided by operating activities was $27.7 million for the nine months ended September 30, 1996 compared to $16.3 million for the same period in 1995. This increase was due primarily to increases in accounts payable and other liabilities.

Net cash used in investing activities was $199.1 million for the nine months ended September 30, 1996 compared to $39.8 million for the same period in 1995. This was primarily due to the acquisition of the 25 communities comprising the Aspen portfolio in 1996.

Net cash provided by financing activities was $180.9 million for the nine months ended September 30, 1996 compared to $19.7 million for the same period in 1995. The change was primarily due to increased net borrowings and proceeds from sale of common stock in 1996.

The Company expects to meet its short-term liquidity requirements generally through its working capital provided by operating activities and proceeds from the Company's Dividend Reinvestment Plan. The Company considers these sources to be adequate and anticipates they will continue to be adequate to meet operating requirements, capital improvements, investment in expansions, and payment of distributions by the Company in accordance with REIT requirements in both the short and long term.

The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities and property acquisitions through the issuance of equity or debt securities, or interests in the Operating Partnership. The Company can also meet these requirements by utilizing its $75 million line of credit which bears interest at LIBOR plus 1.50% and is due November 1, 1999.

At September 30, 1996, the Company's debt to total market capitalization approximated 26% (assuming conversion of all Common and Preferred OP Units to shares of common stock on a one-for-one basis), with a weighted average maturity of approximately 4.9 years and a weighted average interest rate of 7.4%.

Recurring capital expenditures approximated $1.9 million for the nine months ended September 30, 1996.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER

Funds from operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as "net income (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures." Industry analysts consider FFO to be an appropriate supplemental measure of the operating performance of an equity REIT primarily because the computation of FFO excludes historical cost depreciation as an expense and thereby facilitates the comparison of REITs which have different cost bases in their assets. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time, whereas real estate values have instead historically risen or fallen based upon market conditions. FFO does not represent cash flow from operations as defined by generally accepted accounting principles 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. NAREIT amended the definition of FFO, effective January 1, 1996, to exclude deferred finance costs and depreciation of corporate office assets from those items that are added back to net income in computing FFO. The following table restates FFO to give effect to the revised definition for the periods ended September 30, 1996 and 1995:

(in thousands)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30 1996	1995	FOR THE THREE MONTHS ENDED SEPTEMBER 30 1996	1995
Income before allocation to minority interests	$15,381	$10,298	$6,278	$3,525
Add depreciation and amortization, net of corporate office depreciation	10,475	6,866	4,000	2,473
Deduct distribution on preferred OP Units	(1,043)	--	(626)	--
Funds from operations	$24,813	$17,164	$9,652	$5,998
Weighted average shares and common OP units outstanding	15,049	11,333	17,018	11,712
FFO, per share/unit	$ 1.65	$ 1.51	$ .57	$ 0.51

PART II

ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On July 23, 1996, the Company held its Annual Meeting of Shareholders. The following matters were voted upon at the meeting:

(a) The election of two directors to serve until the 1999 Annual Meeting of Shareholders or until their respective successors shall be elected and shall qualify. The results of the election appear below:

NAME	VOTES FOR	VOTES AGAINST OR WITHHELD	ABSTENTIONS OR BROKER NON-VOTES
Gary A. Shiffman	11,143,933	0	3,766,695
Ronald R. Piasecki	11,143,933	0	3,766,695

(b) An amendment to the Company's 1993 Stock Option Plan to:

- (i) increase the number of shares of Common Stock issuable under this Plan.
- (ii) provide that the exercise price for all options must be no less than the fair market value of the Common Stock on the date of grant.
- (iii) increase the minimum restriction period on restricted shares.
- (iv) provide that the Company may not materially amend the Plan without prior shareholder approval.

VOTES FOR	VOTES AGAINST OR WITHHELD	ABSTENTIONS OR BROKER NON-VOTES
10,660,041	502,054	3,748,533

(c) An amendment to the 1993 Non-Employee Director Stock Option Plan to provide that each independent director who has continuously served the Company for the entire fiscal year shall automatically receive a non-qualified stock option to purchase a certain number of shares of Common Stock based on the Company's funds from operations results. The results of the election appear below:

VOTES FOR	VOTES AGAINST OR WITHHELD	ABSTENTIONS OR BROKER NON-VOTES
10,917,086	245,009	3,748,533

ITEM 5. - RATIOS OF EARNINGS TO FIXED CHARGES

The Company's ratios of earnings to fixed charges for the years December 31, 1991, 1992, 1993, 1994 and 1995, and the nine months ended September 30, 1996 were 0.95:1, 1.05:1, 1.05:1, 2.79:1, 3.03:1 and 2.53:1, respectively.

ITEM 6.(A) - EXHIBITS REQUIRED BY ITEM 601 OF REGULATION S-K

EXHIBIT NO.	DESCRIPTION
12.1	Ratios of Earnings to Fixed Charges

27 Financial Data Schedule

ITEM 6.(B) - REPORTS ON FORM 8-K

The Company filed the following reports on Form 8-K during the period covered by this Form 10-Q:

(a) Report on Form 8-K dated August 20, 1996, filed with the Securities and Exchange Commission on August 22, 1996, to report a proposal to merge with Chateau Properties, Inc.

SIGNATURES

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

Dated: November 14, 1996

SUN COMMUNITIES, INC.

BY: /s/ Gary A. Shiffman

Gary A. Shiffman, President

BY: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer and Secretary

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	FILED HEREWITH	PAGE NUMBER HEREIN
12.1	Ratio of Earnings to Fixed Charges	X	
27	Financial Data Schedule	X	

EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS

The ratio of earnings to fixed charges for the Company (including its predecessor-in-interest, Sundance Enterprises, Inc., the partnerships affiliated with Sundance Enterprises, Inc., and the Company's subsidiaries and majority-owned partnerships) presents the relationship of the Company's earnings to its fixed charges. "Earnings" as used in the computation, is based on net income (loss) from continuing operations (which includes a charge to income for depreciation and amortization expense) before income taxes, plus fixed charges. "Fixed charges" is comprised of (i) interest charges, whether expensed or capitalized, and (ii) amortization of loan costs and discounts or premiums relating to indebtedness of the Company and its subsidiaries and majority-owned partnerships, excluding in all cases items which would be or are eliminated in consolidation.

	9 MONTHS ENDED 9/30/96	YEAR ENDED DECEMBER 31, 1995	1994	1993	1992	1991
		(UNAUDITED, IN THOUSANDS)				
Earnings:						
Net income (loss)	$15,381*	$13,591	$ 8,924	$ 288	$ 272	$ (314)
Add fixed charges other than capitalized interest	7,944	6,420	4,894	5,280	5,522	5,825
	$23,325	$20,011	$13,818	$ 5,568	$ 5,794	$5,511
Fixed Charges:						
Interest expense	$ 7,944	$ 6,420	$ 4,894	$ 5,280	$ 5,522	$5,825
Preferred OP distribution	1,043	--	--	--	--	--
Capitalized interest	230	192	58	--	--	--
Total fixed charges	$ 9,217	$ 6,612	$ 4,952	$ 5,280	$ 5,522	$5,825
Ratio of Earnings to Fixed Charges:	2.53:1	3.03:1	2.79:1	1.05:1	1.05:1	0.95:1

* Before extraordinary item

5
1,000

9-MOS
DEC-31-1996
JAN-01-1996
SEP-30-1996
9,705
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0
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565,272
26,682
561,405
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180,000
151
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0
287,527
561,405
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51,453
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15,191
10,530
0
7,944
15,381
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15,381
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(6,896)
0
6,474
.95
.95

EPS excludes extraordinary loss of $.46 per share