UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2007.

OR

o 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	38-2730780
(State of Incorporation)	(I.R.S. Employer Identification No.)
27777 Franklin Rd. Suite 200 Southfield, Michigan	48034
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (248) 208-2500

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 [ ]

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

Large accelerated filer [ ]   Accelerated filer [X]   Non-accelerated filer [ ]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes[ ] No [X]

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:

Number of shares of Common Stock, $.01 par value per share, outstanding
as of June 30, 2007: 18,234,163

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2007 AND DECEMBER 31, 2006
(amounts in thousands)

	(Unaudited) June 30, 2007	December 31, 2006
ASSETS		
Investment property, net	$ 1,144,745	$ 1,161,649
Cash and cash equivalents	2,814	3,183
Inventory of manufactured homes	8,330	12,082
Investment in affiliate	29,667	29,319
Notes and other receivables	34,344	41,407
Other assets	42,439	42,099
Total assets	$ 1,262,339	$ 1,289,739
LIABILITIES		
Debt	$ 1,105,319	$ 1,080,450
Lines of credit	56,136	86,400
Other liabilities	33,475	31,301
Total liabilities	1,194,930	1,198,151
Minority interest	8,212	12,391
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, 10,000 shares authorized, none issued	$ —	$ —
Common stock, $.01 par value, 90,000 shares authorized, 20,130 and 20,028 issued in 2007 and 2006, respectively	201	200
Additional paid-in capital	457,268	452,882
Officer's notes	(8,913)	(9,083)
Accumulated comprehensive earnings	1,222	820
Distributions in excess of accumulated earnings	(326,981)	(302,022)
Treasury stock, at cost, 1,802 shares in 2007 and 2006	(63,600)	(63,600)
Total stockholders' equity	59,197	79,197
Total liabilities and stockholders' equity	$ 1,262,339	$ 1,289,739

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE PERIODS ENDED JUNE 30, 2007 AND 2006
(amounts in thousands except for per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	**2006**	**2007**	**2006**
REVENUES				
Income from real property	$ 46,420	$ 45,587	$ 95,662	$ 93,660
Revenue from home sales	6,205	7,291	12,355	10,547
Rental home revenue	4,432	3,630	8,560	6,566
Ancillary revenues, net	88	31	351	300
Interest	667	844	1,456	1,672
Other income	(344)	991	(94)	1,460
Total revenues	57,468	58,374	118,290	114,205
COSTS AND EXPENSES				
Property operating and maintenance	11,693	11,714	23,415	23,099
Real estate taxes	4,097	3,903	8,195	7,797
Cost of home sales	4,832	5,806	9,756	8,203
Rental home operating and maintenance	3,035	2,295	5,864	4,494
General and administrative - real property	3,787	4,269	8,197	9,399
General and administrative - home sales and rentals	1,320	1,687	2,978	3,274
Depreciation and amortization	15,582	14,785	30,932	29,763
Interest	15,212	15,250	30,381	29,975
Interest on mandatorily redeemable debt	892	986	1,809	2,075
Total expenses	60,450	60,695	121,527	118,079
Equity income from affiliate	541	386	848	667
Loss from operations	(2,441)	(1,935)	(2,389)	(3,207)
Less loss allocated to minority interest	(278)	(226)	(272)	(341)
Loss before cumulative effect of change in accounting principle	(2,163)	(1,709)	(2,117)	(2,866)
Cumulative effect of change in accounting principle	—	—	—	289
Net loss	$ (2,163)	$ (1,709)	$ (2,117)	$ (2,577)
Weighted average common shares outstanding:				
Basic	17,923	17,615	17,882	17,574
Diluted	17,923	17,615	17,882	17,574
Basic and diluted earnings (loss) per share:				
Loss before cumulative effect of change in accounting principle	$ (0.12)	$ (0.10)	$ (0.12)	$ (0.17)
Cumulative effect of change in accounting principle	—	—	—	0.02
Net loss	$ (0.12)	$ (0.10)	$ (0.12)	$ (0.15)

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE PERIODS ENDED JUNE 30, 2007 AND 2006
(amounts in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	**2006**	**2007**	**2006**
Net loss	$ (2,163)	$ (1,709)	$ (2,117)	$ (2,577)
Unrealized gain on interest rate swaps	656	578	402	1,422
Comprehensive loss	$ (1,507)	$ (1,131)	$ (1,715)	$ (1,155)

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2007
(amounts in thousands)
(unaudited)

	Common Stock	Additional Paid-in Capital	Officer's Notes	Accumulated Comprehensive Earnings	Distributions in Excess of Accumulated Earnings	Treasury Stock	Total Equity
Balance, December 31, 2006	$ 200	$ 452,882	$ (9,083)	$ 820	$ (302,022)	$ (63,600)	$ 79,197
Issuance of common stock, net	1	3,094	—	—	(3,392)	—	(297)
Exercise of stock options	—	38	—	—	—	—	38
Stock-based compensation - amortization and forfeitures	—	1,254	—	—	42	—	1,296
Repayment of officer's notes	—	—	170	—	—	—	170
Net loss	—	—	—	—	(2,117)	—	(2,117)
Unrealized gain on interest rate swaps	—	—	—	402	—	—	402
Cash distributions declared of $1.26 per share	—	—	—	—	(19,492)	—	(19,492)
Balance, June 30, 2007	$ 201	$ 457,268	$ (8,913)	$ 1,222	$ (326,981)	$ (63,600)	$ 59,197

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(amounts in thousands)
(unaudited)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,117)	$ (2,577)
Adjustments to reconcile net loss to cash provided by operating activities:		
Loss allocated to minority interests	(272)	(341)
Loss (gain) on valuation of derivative instruments	(250)	22
Stock compensation expense, net of cumulative effect of change in accounting principle	1,354	1,995
Depreciation and amortization	32,490	31,325
Amortization of deferred financing costs	720	872
Distributions from affiliate	500	150
Equity income from affiliate	(848)	(667)
Increase in notes receivable from sale of homes	(5,153)	(2,273)
Decrease (increase) in inventory, other assets and other receivables, net	(155)	2,070
Increase in accounts payable and other liabilities	2,116	20
Net cash provided by operating activities	28,385	30,596
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in rental properties	(12,257)	(35,471)
Decrease in notes receivable and officer's notes	12,897	153
Net cash provided by (used in) investing activities	640	(35,318)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of common stock and OP units	(1,259)	(1,332)
Proceeds from option exercise	38	1,630
Borrowings on lines of credit	43,402	92,634
Repayments on lines of credit	(73,666)	(46,700)
Payments to retire preferred operating partnership units	(4,500)	(8,175)
Payments to redeem notes payable and other debt	(8,177)	(8,327)
Proceeds from notes payable and other debt	37,500	—
Payments for deferred financing costs	(341)	(255)
Distributions	(22,391)	(25,477)
Net cash provided by (used in) financing activities	(29,394)	3,998
Net decrease in cash and cash equivalents	(369)	(724)
Cash and cash equivalents, beginning of period	3,183	5,880
Cash and cash equivalents, end of period	$ 2,814	$ 5,156
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 29,881	$ 29,664
Cash paid for interest on mandatorily redeemable debt	$ 1,781	$ 2,062
Noncash investing and financing activities:		
Debt assumed for rental properties	$ —	$ 4,500
Unrealized gain on interest rate swaps	$ 402	$ 1,422

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

1. Basis of Presentation:

These unaudited consolidated financial statements of Sun Communities, Inc., a Maryland corporation, (the "Company") and all majority-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 Annual Report on Form 10-K for the year ended December 31, 2006. 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 prior periods' financial statements in order to conform to current period presentation.

2. Investment Property:

The following summarizes investment property (amounts in thousands):

	(Unaudited) June 30, 2007	December 31, 2006
Land	$ 117,565	$ 117,563
Land improvements and buildings	1,179,334	1,175,045
Rental homes and improvements	157,632	151,843
Furniture, fixtures, and equipment	36,724	37,229
Land held for future development	31,082	31,082
	1,522,337	1,512,762
Less accumulated depreciation	(377,592)	(351,113)
Investment property, net	$ 1,144,745	$ 1,161,649

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

3. **Notes and Other Receivables:**

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

	June 30, 2007	December 31, 2006
Mortgage note receivable, with a weighted average interest rate of 7.92% at December 31, 2006, collateralized by a manufactured home community.	$ —	$ 13,532
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 7.1% and 13.5 years and 6.7% and 13.7 years at June 30, 2007, and December 31, 2006, respectively.	26,494	20,537
Other receivables, net of allowance for losses of $0.1 and $0.3 million at June 30, 2007, and December 31, 2006, respectively.	7,850	7,338
	$ 34,344	$ 41,407

On March 1, 2007, the $13.5 million mortgage note receivable was repaid by the borrower.

The installment loans on manufactured homes totaling $26.5 and $20.5 million at June 30, 2007 and December 31, 2006, respectively, are presented net of allowance for losses of $0.2 million for each period.

Officer's notes, presented as a reduction to stockholders' equity in the balance sheet, are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively. The notes become due in three installments on each of December 31, 2008, 2009 and 2010. The following table sets forth certain information regarding officer's notes as of June 30, 2007, and December 31, 2006 (in thousands except for shares and units):

	At June 30, 2007			At December 31, 2006		
		Secured by			Secured by	
Promissory Notes	Outstanding Principal Balance	Common Stock	Common OP Units	Outstanding Principal Balance	Common Stock	Common OP Units
Secured - $1.3 million	$ 1,030	63,377		$ 1,050	64,586	—
Secured - $6.6 million	5,233	140,726	101,240	5,332	143,409	103,170
Secured - $1.0 million	810	74,920	—	826	76,348	—
Unsecured - $1.0 million	810	—	—	826	—	—
Unsecured - $1.3 million	1,030	—	—	1,049	—	—
	$ 8,913	279,023	101,240	$ 9,083	284,343	103,170

3. **Notes and Other Receivables, continued:**

The officer's personal liability on the secured promissory notes is limited to all accrued interest on such notes plus fifty percent (50%) 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 unsecured notes are fully recourse to the officer.

The reduction in the aggregate principal balance of these notes was $0.2 million for the six months ended June 30, 2007 and 2006.

4. **Investment in Affiliate:**

Origen Financial, Inc. ("Origen") is a real estate investment trust in the business of originating, acquiring and servicing manufactured home loans. In October 2003, the Company purchased 5,000,000 shares of common stock of Origen for $50 million. In December of 2006, the Company recognized an $18.0 million impairment of the carrying value of its equity investment in Origen. The Company owns approximately 19% of Origen at June 30, 2007, and its investment is accounted for using the equity method of accounting. Equity earnings recorded through June 30, 2007, reflect the Company's estimate of its portion of the anticipated earnings of Origen for the periods ending June 30, 2007, and the Company's adjustments for estimates made in prior quarters based on the actual reported results of Origen for such prior quarters.

5. **Debt:**

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

	June 30, 2007	December 31, 2006
Collateralized term loans - CMBS, 4.93-5.32%, due July 1, 2011-2016	$ 489,505	$ 492,749
Collateralized term loans - FNMA, of which $77.4M is variable, due April 28, 2014 and January 1, 2015, at the Company's option, interest at 4.51 - 5.23% at June 30, 2007, and 4.51-5.24% at December 31, 2006.	383,485	385,299
Preferred OP units, redeemable at various dates through January 2, 2014, average interest at 7.2% at June 30, 2007, and 6.9% at December 31, 2006.	49,447	53,947
Mortgage notes, other, maturing at various dates through May 1, 2017, average interest at 6.1% at June 30, 2007, and 6.2% at December 31, 2006.	182,882	148,455
	$ 1,105,319	$ 1,080,450

The collateralized term loans totaling $873.0 million at June 30, 2007, are secured by 87 properties comprising approximately 31,091 sites representing approximately $587.4 million of net book value. The mortgage notes totaling $182.9 million at June 30, 2007, are collateralized by 16 communities comprising approximately 5,867 sites representing approximately $172.4 million of net book value.

5. Debt, continued:

The Company has an unsecured revolving line of credit with a maximum borrowing capacity of $115 million bearing interest at LIBOR + 1.65% (6.99% at June 30, 2007). The outstanding balance on the line of credit at June 30, 2007, was $55.6 million. In addition, $3.4 million of availability was used to back standby letters of credit leaving a maximum of $56.0 million available to be drawn under the facility.

In March of 2006, SHS closed on a $40.0 million floor plan facility that allows for draws on new and pre-owned home purchases and on the Company's portfolio of rental homes. At June 30, 2007, the outstanding balance was $0.5 million.

In January of 2007, the Company completed financings of $17.5 million and $20.0 million at interest rates of 5.842 percent and 5.825 percent, respectively. The loans are secured by two properties and have interest only payments for a term of 10 years. The proceeds from both financings were used to pay down the Company's revolving line of credit.

In February of 2007, the Company redeemed $4.5 million of Preferred OP units.

During the quarter the Company extended $15.8 million of debt with an original maturity date of April 1, 2007. The transaction extended the maturity date of the debt until April 1, 2012, and reduced the spread over LIBOR by 0.25 percent. As part of the transaction the Company paid down the principal balance of the debt by $1.0 million.

At June 30, 2007, the total of maturities and amortization of debt during the next five years, are approximately as follows: 2008 – $11.5 million; 2009 - $29.9 million; 2010 - $21.5 million, 2011 - $18.1 million; 2012 - $130.1 million and $894.2 million thereafter.

The most restrictive of these debt agreements place limitations on secured and unsecured borrowings and contain minimum debt service coverage, leverage, distribution and net worth requirements. At June 30, 2007, and December 31, 2006, the Company was in compliance with all covenants.

6. Share-Based Compensation:

During the quarter the Company issued 10,500 director options under its 2004 Non-Employee Director Option Plan. The weighted average fair value of the options issued is estimated on the date of grant using the Binomial (lattice) option pricing model, with the following weighted average assumptions used for the grants for the period indicated:

	May 2007 award
Estimated fair value per share of options granted:	$ 2.66
Assumptions:	
Annualized dividend yield	8.43 %
Common stock price volatility	17.24 %
Risk-free rate of return	4.76 %
Expected option term (in years)	7.3

6. Share-Based Compensation, continued:

The following table summarizes the Director option activity for the six months ended June 30, 2007:

	Number of shares	Weighted Average Exercise Price (per common share)	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in 000's)
Options outstanding at January 1, 2007	79,500	$ 34.22		
Granted	10,500	$ 29.91		
Exercised	—			
Canceled	—			
Options outstanding at June 30, 2007	90,000	$ 33.71	4.3	$ 265
Options vested and expected to vest	90,000	$ 33.71	4.3	$ 265
Options exercisable at June 30, 2007	72,000	$ 34.30	3.1	$ 217

7. Other Income (Loss):

The components of other income (loss) are as follows for the periods ended June 30, 2007 and 2006 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Brokerage commissions	$ 170	$ 336	$ 373	$ 669
Disposal of assets	(471)	60	(469)	92
Lawsuit settlement	—	416	—	416
Other	(43)	179	2	283
	$ (344)	$ 991	$ (94)	$ 1,460

8. Segment Reporting (amounts in thousands):

The consolidated operations of the Company can be segmented into home sales and home rentals, and real property operations segments. Following is a presentation of selected financial information:

	Three months ended June 30, 2007			Six months ended June 30, 2007		
	Real Property Operations	Home Sales and Home Rentals	Consolidated	Real Property Operations	Home Sales and Home Rentals	Consolidated
Revenues	$ 46,420 (2)	$ 10,637	$ 57,057	$ 95,662 (2)	$ 20,915	$ 116,577
Operating expenses/Cost of sales	15,790	7,867	23,657	31,610	15,620	47,230
Net operating income (1)/Gross profit	30,630	2,770	33,400	64,052	5,295	69,347
Adjustments to arrive at net income (loss):						
Other revenues	393	18	411	1,402	311	1,713
General and administrative	(3,787)	(1,320)	(5,107)	(8,197)	(2,978)	(11,175)
Depreciation and amortization	(11,408)	(4,174)	(15,582)	(22,812)	(8,120)	(30,932)
Interest expense	(16,064)	(40)	(16,104)	(32,116)	(74)	(32,190)
Equity income from affiliate	541	—	541	848	—	848
Loss allocated to minority interest	278	—	278	272	—	272
Net income (loss)	$ 583	$ (2,746)	$ (2,163)	$ 3,449	$ (5,566)	$ (2,117)

	Three months ended June 30, 2006			Six months ended June 30, 2006		
	Real Property Operations	Home Sales and Home Rentals	Consolidated	Real Property Operations	Home Sales and Home Rentals	Consolidated
Revenues	$ 45,587 (2)	$ 10,921	$ 56,508	$ 93,660 (2)	$ 17,113	$ 110,773
Operating expenses/Cost of sales	15,617	8,101	23,718	30,896	12,697	43,593
Net operating income (1)/Gross profit	29,970	2,820	32,790	62,764	4,416	67,180
Adjustments to arrive at net income (loss):						
Other revenues	1,584	282	1,866	2,877	555	3,432
General and administrative	(4,269)	(1,687)	(5,956)	(9,399)	(3,274)	(12,673)
Depreciation and amortization	(11,297)	(3,488)	(14,785)	(22,800)	(6,963)	(29,763)
Interest expense	(16,037)	(199)	(16,236)	(31,841)	(209)	(32,050)
Equity income from affiliate	386	—	386	667	—	667
Loss allocated to minority interest	226	—	226	341	—	341
Income (loss) before cumulative effect of change in accounting principle	$ 563	$ (2,272)	$ (1,709)	$ 2,609	$ (5,475)	$ (2,866)
Cumulative effect of change in accounting principle	—	—	—	289	—	289
Net income (loss)	$ 563	$ (2,272)	$ (1,709)	$ 2,898	$ (5,475)	$ (2,577)

(1) Investors in and analysts following the real estate industry utilize net operating income ("NOI") as a supplemental performance measure. NOI is derived from revenues (determined in accordance with GAAP) minus property operating expenses and real estate taxes (determined in accordance with GAAP). NOI does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity; nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. The Company believes that net income is the most directly comparable GAAP measurement to net operating income. Net income includes interest and depreciation and amortization which 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. The Company believes that net operating income is helpful to investors 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 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.

(2) Seasonal recreational vehicle revenue is included in Property Operations revenues and is approximately $5.3 million annually. This seasonal revenue is recognized approximately 53% in the first quarter, 7% in both the second and third quarters and 33% in the fourth quarter of each fiscal year.

8. Segment Reporting (amounts in thousands), continued:

Selected balance sheet data	June 30, 2007			December 31, 2006		
	Real Property Operations	Home Sales and Home Rentals	Consolidated	Real Property Operations	Home Sales and Home Rentals	Consolidated
Identifiable assets:						
Investment property, net	$ 1,015,865	$ 128,880	$ 1,144,745	$ 1,031,771	$ 129,878	$ 1,161,649
Cash and cash equivalents	2,732	82	2,814	3,457	(274)	3,183
Inventory of manufactured homes	—	8,330	8,330	—	12,082	12,082
Investment in affiliate	29,667	—	29,667	29,319	—	29,319
Notes and other receivables	32,293	2,051	34,344	40,583	824	41,407
Other assets	40,665	1,774	42,439	40,921	1,178	42,099
Total assets	$ 1,121,222	$ 141,117	$ 1,262,339	$ 1,146,051	$ 143,688	$ 1,289,739

9. Derivative Instruments and Hedging Activities:

The Company has entered into four derivative contracts consisting of three interest rate swap agreements and an interest rate cap agreement. 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 and to cap the maximum interest rate on its variable rate borrowings. The Company does not enter into derivative instruments for speculative purposes.

The swap agreements were effective April 2003, and have the effect of fixing interest rates relative to a collateralized term loan due to Fannie Mae. One swap matures in July 2009, with an effective fixed rate of 4.84 percent. A second swap matures in July 2012, with an effective fixed rate of 5.28 percent. The third swap matures in July 2007, with an effective fixed rate of 3.88 percent. The third swap is effective as long as 90-day LIBOR is 7 percent or lower. The three swaps have an aggregate notional amount of $75.0 million. The interest rate cap agreement has a cap rate of 9.99 percent, a notional amount of $152.4 million and a termination date of April 28, 2009. Each of the Company's derivative contracts is based upon 90-day LIBOR. Subsequent to quarter end, one of the interest rate swaps matured and was not replaced.

The Company has designated the first two swaps and the interest rate cap as cash flow hedges for accounting purposes. The changes in the value of these hedges are reflected in accumulated other comprehensive income (loss) on the balance sheet. These three hedges were highly effective and had minimal effect on income. The third swap does not qualify as a hedge for accounting purposes and, accordingly, the entire change in valuation, whether positive or negative, is reflected as a component of interest expense. The valuation adjustment decreased interest expense by $0.2 million and $0.02 million for the three months ended June 30, 2007 and 2006, respectively. The valuation adjustment decreased interest expense by $0.3 million and increased interest expense by $0.02 million for the six months ended June 30, 2007 and 2006, respectively.

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires all derivative instruments to be carried at fair value on the balance sheet, the Company has recorded an asset of $1.2 million and $0.6 million as of June 30, 2007, and December 31, 2006, respectively.

9. Derivative Instruments and Hedging Activities, continued:

These valuation adjustments will only be realized if the Company terminates the swaps prior to maturity. This is not the intent of the Company and, therefore, the net of valuation adjustments through the various maturity dates will approximate zero.

10. 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. 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. SHS, the Company’s taxable REIT subsidiary, is subject to U.S. federal income taxes.

On January 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation 48, “Accounting for Uncertainty in Income Taxes” (FIN 48). The Company previously had accounted for tax contingencies in accordance with Statement of Financial Accounting Standards 5, “Accounting for Contingencies”. As required by FIN 48, which clarifies FASB Statement No. 109, “Accounting for Income Taxes”, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied FIN 48 to all tax positions for which the statute of limitations remained open. As a result of the adoption of FIN 48, the Company did not recognize any increase in the liability for unrecognized tax benefits, which would have been accounted for as a decrease to the January 1, 2007 balance of retained earnings. At January 1, 2007, the Company had no unrecognized tax benefits. There have been no material changes to the unrecognized tax benefits during the first half of 2007, nor are any expected within the next six months.

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 2002. Neither the IRS nor any state or local tax jurisdictions have commenced examinations of any income tax returns.

The Company’s policy is to report penalties and tax-related interest expense as a component of income tax expense. As of the date of adoption, no interest or penalty associated with any unrecognized tax benefit was accrued, nor was any interest or penalty recognized during the quarter.

11. Earnings (Loss) Per Share (in thousands):

For the periods ended June 30, 2007 and 2006:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Loss used for basic and diluted loss per share computation:				
Net loss	$ (2,163)	$ (1,709)	$ (2,117)	$ (2,577)
Weighted average shares used for basic loss per share	17,923	17,615	17,882	17,574
Dilutive securities:				
Stock options and other	—	—	—	—
Diluted weighted average shares	17,923	17,615	17,882	17,574

Diluted earnings per share reflect the potential dilution that would occur if dilutive securities were exercised or converted into common stock. The calculation of both basic and diluted earnings per share for the three and six month periods ending June 30, 2007 and 2006 is based upon weighted average shares prior to dilution, as the effect of including potentially dilutive securities in the calculation during this period would be anti-dilutive.

The Company also has the following potentially convertible securities which, if converted, may impact dilution:

Convertible Securities	Number of units issued	Conversion Features
Series A Preferred OP Units	1,325,275	Convertible to common stock at $68 per share/unit. Mandatorily redeemable on January 2, 2014

12. 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 and two directors of Sun Communities, Inc. 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.

As announced on February 27, 2006, the U.S. Securities and Exchange Commission (the "SEC") completed its inquiry regarding the Company's accounting for its SunChamp investment during 2000, 2001 and 2002, and the Company and the SEC entered into an agreed-upon Administrative Order (the "Order"). The Order required that the Company cease and desist from violations of certain non intent-based provisions of the federal securities laws, without admitting or denying any such violations.

On February 27, 2006, the SEC filed a civil action against the Company's Chief Executive Officer, Chief Financial Officer and a former controller in the United States District Court for the Eastern District of Michigan alleging various claims generally consistent with the SEC's findings set forth in the Order. This action is currently in the discovery stage. The Company continues to indemnify such employees for all costs and expenses incurred in connection with such civil action.

The Company is involved in various other legal proceedings arising in the ordinary course of business. All such proceedings, taken together, are not expected to have a material adverse impact on our results of operations or financial condition.

13. Recent Accounting Pronouncements:

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 establishes a common definition for fair value to be applied to US GAAP guidance requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS No. 157 on its consolidated financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115" (SFAS 159). This statement permits, but does not require, entities to measure certain financial instruments and other assets and liabilities at fair value on an instrument-by-instrument basis. Unrealized gains and loses on items for which the fair value option has been elected should be recognized in earnings at each subsequent reporting date. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not believe SFAS 159 will have a material impact on its results from operations or financial position.

ITEM 2. 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 the notes thereto. Capitalized terms are used as defined elsewhere in this Form 10-Q.

SIGNIFICANT ACCOUNTING POLICIES

The Company had 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 the Company's significant accounting policies are described fully in the Company's 2006 Annual Report filed with the Securities and Exchange Commission on Form 10-K. During the six months ended June 30, 2007, there have been no material changes to the Company's significant accounting policies that impacted the Company's financial condition or results of operations.

RESULTS OF OPERATIONS

Comparison of the three months ended June 30, 2007 and 2006

For the three months ended June 30, 2007, loss from operations increased by $(0.5) million from a loss of $(1.9) million to a loss of $(2.4) million, when compared to the three months ended June 30, 2006. The increased loss was due to decreased revenues of $(0.9) million, offset by decreased expenses of $0.2 million and increased equity income from affiliate of $0.2 million as described in more detail below.

Income from real property increased by $0.8 million from $45.6 million to $46.4 million, or 1.8 percent, primarily due to rent increases.

Revenue from home sales decreased by $1.1 million from $7.3 million to $6.2 million, or 15.1 percent. The Company sold 201 manufactured homes during the three months ended June 30, 2007, as compared to 160 sales during the same period in 2006. New homes sales in the Florida market declined and consumer demand continued to shift to pre-owned homes, resulting in a decrease in average sales price of 32.3 percent for the three months ended June 30, 2007 as compared to the same period in 2006. The decrease in average sales price was partially offset by additional revenue resulting from the increase in the number of homes sold.

Rental home revenue increased by $0.8 million from $3.6 million to $4.4 million, or 22.2 percent. The number of tenants in the Company's rental program increased from 4,600 at June 30, 2006, to 5,026 at June 30, 2007, resulting in additional revenue of approximately $0.5 million. The remainder of the increase resulted from an increase in the average rental rate per home from $665 per month at June 30, 2006, to $708 per month at June 30, 2007.

Ancillary revenues, net increased by approximately $0.1 million due primarily to an increase in commissions from the sale of various insurance policies to residents.

Interest income decreased by $0.1 million from $0.8 million to $0.7 million, or 12.5 percent, due primarily to the payoff of interest earning notes by the borrowers.

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

RESULTS OF OPERATIONS, continued:

Other income decreased by $1.3 million from $1.0 million to a loss of $(0.3) million due to a decrease in proceeds from lawsuit settlement ($0.4 million), an increase in losses on disposition of assets ($0.5 million), decreased brokerage commissions ($0.2 million) and a decrease in other miscellaneous operating income ($0.2 million).

Property operating and maintenance expenses for the second quarter of 2007 remained unchanged as compared to the same period in 2006. An increase in legal fees of $0.1 million was offset by a decrease in repair and maintenance costs.

Real estate taxes increased by $0.2 million due to increases in assessments and tax rates.

Cost of home sales decreased by $1.0 million from $5.8 million to $4.8 million, or 17.2 percent due primarily to the increase in the number of pre-owned homes sold and decrease in the number of new homes sold. The Company sold 201 manufactured homes during the three months ended June 30, 2007, of which only 9 percent were new homes, as compared to 160 sales during the same period in 2006 of which 27 percent were new homes. Gross profit margins increased from 20.4 percent in 2006 to 22.1 percent in 2007.

Rental home operating and maintenance expense increased by $0.7 million from $2.3 million to $3.0 million, or 30.4 percent due primarily to an increase in the number of tenants in the Company's rental program. Additional information regarding the Company's rental program is contained in the table below.

General and administrative expenses for real property decreased by $0.5 million, from $4.3 million to $3.8 million, due primarily to a decrease in recognition of expenses related to share-based compensation awards.

General and administrative expenses for home sales and rentals decreased by $0.4 million from $1.7 million to $1.3 million due primarily to decreases in payroll and benefit related expenses.

Depreciation and amortization increased by $0.8 million from $14.8 million to $15.6 million, or 5.4 percent, due primarily to an increase in the total rental home portfolio.

Interest expense, including interest on mandatorily redeemable debt, decreased by $0.1 million from $16.2 million to $16.1 million, or 0.6 percent due to the retirement of preferred operating partnership units.

Comparison of the six months ended June 30, 2007 and 2006

For the six months ended June 30, 2007, loss from operations decreased by $0.8 million to a loss of $(2.4) million, from a loss of $(3.2) million for the same period in 2006. Increased revenues of $4.1 million and increased equity income from affiliate of $0.1 million were partially offset by increased expenses of $3.4 million as described in more detail below.

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

RESULTS OF OPERATIONS, continued:

Income from real property increased by $2.0 million from $93.7 million to $95.7 million, or 2.1 percent, primarily due to rent increases.

Revenues from home sales increased by $1.8 million, from $10.5 million to $12.3 million, or 17.1 percent. The Company sold 386 manufactured homes during the six months ended June 30, 2007 as compared to 231 sales during the same period in 2006. The increased demand for pre-owned homes rather than new homes has resulted in a decrease in average sales price of 29.9 percent; however revenue from the increase in the number of homes sold more than offset the decline in sales prices per home.

Rental home revenues increased by $2.0 million from $6.6 million in 2006 to $8.6 million in 2007. The number of tenants in the Company's rental program increased from 4,600 at June 30, 2006 to 5,026 at June 30, 2007, resulting in additional revenue of approximately $1.2 million for the six months ended June 30, 2007. The remainder of the increase resulted from an increase in the six month average rental rate per home from $665 per month at June 30, 2006 to $708 per month at June 30, 2007.

Ancillary revenues, net increased by approximately $0.1 million due primarily to an increase in commissions from the sale of various insurance policies to residents.

Interest income decreased by $0.2 million from $1.7 million to $1.5 million, or 11.8 percent, due primarily to the payoff of interest earning notes by the borrowers.

Other income decreased by $1.6 million from income of $1.5 million to a loss of $(0.1) million, due to a decrease in brokerage commissions ($0.3 million), an increase in losses associated with disposition of miscellaneous assets ($0.6 million), a decrease in proceeds from lawsuit settlement ($0.4 million) and a decrease in other miscellaneous operating income ($0.3 million).

Property operating and maintenance expenses increased by $0.3 million, from $23.1 million to $23.4 million, or 1.3 percent. The increase was due to increases in payroll and benefits ($0.1 million), legal costs ($0.1 million) and property insurance ($0.1 million).

Real estate taxes increased by $0.4 million from $7.8 million to $8.2 million, or 5.1 percent, due to increases in assessments and tax rates.

Cost of home sales increased by $1.6 million from $8.2 million to $9.8 million, or 19.5 percent. The increase was due primarily to the increase in the number of homes sold. The Company sold 386 manufactured homes during the first half of 2007, as compared to 231 sales during the same period in 2006. Gross profit margins decreased from 22.2 percent in 2006 to 21.0 percent in 2007 due to increased sales of pre-owned homes at lower margins.

Rental home operating and maintenance expense increased by $1.4 million from $4.5 million to $5.9 million, or 31.1 percent due primarily to an increase in the number of tenants in the Company's rental program and the associated costs for refurbishment of rental homes. Additional information regarding the Company's rental program is contained in the table below.

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

RESULTS OF OPERATIONS, continued:

General and administrative expenses for rental property decreased by $1.2 million from $9.4 million to $8.2 million, or 12.8 percent, due to a decrease in recognition of expenses related to share-based compensation awards ($0.7 million) and a decrease in professional and consulting fees ($0.5 million).

General and administrative expenses for home sales and rentals decreased by $0.3 million from $3.3 million to $3.0 million, or 9.1 percent, due primarily to a decrease in payroll and benefit related expenses.

Depreciation and amortization increased by $1.1 million from $29.8 million to $30.9 million, or 3.7 percent, due primarily to an increase in the total rental home portfolio.

Interest expense, including interest on mandatorily redeemable debt, increased by $0.1 million from $32.1 million to $32.2 million, or 0.3 percent due to an increase in average debt balances.

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

RESULTS OF OPERATIONS, continued:

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the six months ended June 30, 2007 and 2006. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2006, and June 30, 2007. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented.

	Same Property		Total Portfolio	
	2007	2006	2007	2006
	(in thousands)		(in thousands)	
Income from real property	$ 92,099	$ 90,113	$ 95,662	$ 93,660
Property operating expenses:				
Property operating and maintenance	18,468 (4)	18,299 (4)	23,415	23,099
Real estate taxes	8,149	7,749	8,195	7,797
Property operating expenses	26,617	26,048	31,610	30,896
Real property net operating income (1)	$ 65,482	$ 64,065	$ 64,052	$ 62,764
Number of properties				
	135	135	136	136
Developed sites	47,468	47,456	47,610	47,598
Occupied sites	37,957 (2)	38,577 (2)	37,984 (2)	38,604 (2)
Occupancy %	82.9% (3)	84.4% (3)	82.7% (3)	84.2% (3)
Weighted average monthly rent per site	$ 376 (3)	$ 363 (3)	$ 376 (3)	$ 362 (3)
Sites available for development	6,307	6,328	6,805	6,826
Sites planned for development in next year	15	11	15	11

(1) See Note (1) following Footnote # 8, Segment Reporting

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

(3) Occupancy % and weighted average rent relates to manufactured housing sites, excluding recreational vehicle sites.

(4) Amounts are reported net of water and sewer utility revenues.

On a same property basis, real property net operating income increased by $1.4 million from $64.1 million for the six months ended June 30, 2006, to $65.5 million for the six months ended June 30, 2007, or 2.2 percent. Income from real property increased by $2.0 million from $90.1 million to $92.1 million, or 2.2 percent, due primarily to increases in rents. Property operating expenses increased by $0.6 million from $26.0 million to $26.6 million, or 2.2 percent, due to increases in real estate taxes ($0.4 million), payroll and health benefit costs ($0.1 million), and other ($0.2 million), partially offset by a decrease in utility costs ($0.1 million).

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

RESULTS OF OPERATIONS, continued:

Rental Program

The following tables reflect additional information regarding the Company's rental program for the periods ended and as of June 30, 2007 and 2006:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Rental home revenue	$ 4,432	$ 3,630	$ 8,560	$ 6,566
Site rent included in Income from real property	5,385	4,696	10,450	8,882
Rental program revenue	9,817	8,326	19,010	15,448
Expenses				
Payroll and commissions	587	460	1,080	914
Repairs and refurbishment	1,636	1,034	3,068	1,991
Taxes and insurance	589	624	1,170	1,218
Other	223	177	546	371
Rental program operating and maintenance	3,035	2,295	5,864	4,494
Net operating income (1)	$ 6,782	$ 6,031	$ 13,146	$ 10,954

(1) See Note (1) following Footnote # 8, Segment Reporting

Occupied rental homes information (in thousands except for *):

	2007	2006
Number of occupied rentals, end of period*	5,026	4,600
Cost of occupied rental homes	$ 148,786	$ 135,301
Weighted average monthly rental rate*	$ 708	$ 665

Net operating income from the rental program increased $0.8 million from $6.0 million in the second quarter of 2006 to $6.8 million in the second quarter of 2007 as a result of a $1.5 million increase in revenue offset by a $0.7 million increase in expenses. Revenues increased due to an increase in the weighted average monthly rental rate and an increase in the number of leased rental homes. Expenses were also impacted by the increase in the number of leased rental homes.

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

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 its working capital provided by operating activities and through its $155.0 million 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, pay dividends to its stockholders to maintain qualification as a REIT in accordance with the Internal Revenue Code and make distributions to the Operating Partnership's unitholders.

The Company continuously seeks acquisition opportunities that meet the Company's criteria for acquisition. Should such investment opportunities arise in 2007, the Company will finance the acquisitions though the temporary use of its line of credit until permanent secured financing can be arranged, through the assumption of existing debt on the properties or the issuance of certain equity securities.

The Company has also invested approximately $5.8 million during the six months ended June 30, 2007, in homes primarily intended for its rental program. Expenditures for the remainder of 2007 will be dependent upon the condition of the markets for repossessions and new home sales, as well as the demand for rental homes.

Cash and cash equivalents decreased by $0.4 million from $3.2 million at December 31, 2006, to $2.8 million at June 30, 2007. Net cash provided by operating activities decreased by $2.2 million to $28.4 million for the six months ended June 30, 2007, from $30.6 million for the six months ended June 30, 2006.

The Company's net cash flows provided by operating activities 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, including insurance premiums, real estate taxes and utilities, that cannot be passed on to the Company's tenants; and (d) decreased sales of manufactured homes. See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

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

LIQUIDITY AND CAPITAL RESOURCES, continued:

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. From time to time, the Company may also issue shares of its capital 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 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. See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. If the Company is unable obtain additional debt or equity financing on acceptable terms, the Company's business, results of operations and financial condition will be adversely impacted.

At June 30, 2007, the Company's debt to total market capitalization approximated 64.7 percent (assuming conversion of all Common Operating Partnership Units to shares of common stock). The debt has a weighted average maturity of approximately 6.9 years and a weighted average interest rate of 5.4 percent.

Capital expenditures for the six months ended June 30, 2007 and 2006 included recurring capital expenditures of $3.0 million and $3.3 million, respectively.

Net cash provided by investing activities was $0.6 million for the six months ended June 30, 2007, compared to $(35.3) million cash used in investing activities for the six months ended June 30, 2006. The increase of $35.9 million was due to a $12.7 million decrease in notes receivable and officers' notes, and decreased investment in rental property of $23.2 million.

Net cash used in financing activities was $(29.4) million for the six months ended June 30, 2007, compared to $4.0 million of cash provided by financing activities for the six months ended June 30, 2006. The difference is primarily due to a $76.2 million increase in net repayments on lines of credit, a decrease in net proceeds from option exercises and the issuance of common stock and Operating Partnership Units, net, of $1.5 million, and increased payments for deferred financing costs of $0.1 million, offset by an increase in net proceeds from notes payable and other debt of $37.6 million, a $3.7 million decrease in payments to retire preferred operating partnership units, and decreased distributions of $3.1 million.

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

SUPPLEMENTAL MEASURE:

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 sales of depreciable operating property, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure that management believes is a useful supplemental measure of the Company's operating performance. Management generally considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates and operating costs, providing perspective not readily apparent from net income. Management believes that the use of FFO has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful.

Because FFO excludes significant economic components of net income including depreciation and amortization, FFO should be used as an adjunct to net income 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 to FFO and calculates FFO data for both basic and diluted purposes for the periods ended June 30, 2007 and 2006 (in thousands):

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

SUPPLEMENTAL MEASURE, continued:

RECONCILIATION OF NET LOSS TO FUNDS FROM OPERATIONS
FOR THE PERIODS ENDED JUNE 30, 2007 AND 2006
(Amounts in thousands, except per share/OP unit amounts) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	**2006**	**2007**	**2006**
Net loss	$ (2,163)	$ (1,709)	$ (2,117)	$ (2,577)
Adjustments:				
Depreciation and amortization	15,803	15,002	31,375	30,590
Valuation adjustment[1]	(129)	(22)	(251)	21
(Gain) loss on disposition of assets, net	471	102	469	70
Loss allocated to minority interest	(278)	(226)	(272)	(341)
Funds from operations (FFO)	$ 13,704	$ 13,147	$ 29,204	$ 27,763
Weighted average common shares/OP Units outstanding:				
Basic	20,225	19,937	20,184	19,897
Diluted	20,345	20,116	20,312	20,092
FFO per weighted average common share/OP Unit - Basic	$ 0.68	$ 0.66	$ 1.45	$ 1.40
FFO per weighted average common share/OP Unit - Diluted	$ 0.68	$ 0.65	$ 1.44	$ 1.38

(1) The Company entered into three interest rate swaps and an interest rate cap agreement. The valuation adjustment reflects the theoretical noncash profit and loss were those hedging transactions terminated at the balance sheet date. As the Company has no expectation of terminating the transactions prior to maturity, the net of these noncash valuation adjustments will be zero at the various maturities. As any imperfection related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments reflect volatility that would distort the comparative measurement of FFO and on a net basis approximate zero. Accordingly, the valuation adjustments are excluded from FFO. The valuation adjustment is included in interest expense.

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

Safe Harbor Statement

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 Annual Report on Form 10-K for the year ended December 31, 2006, and the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained in this 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 DISCLOSURE 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's variable rate debt totals $152.8 million and $217.0 million as of June 30, 2007 and 2006, respectively, which bears interest at various Prime and LIBOR/DMBS rates. If Prime or LIBOR/DMBS increased or decreased by 1.00 percent during the six months ended June 30, 2007 and 2006, the Company believes its interest expense would have increased or decreased by approximately $0.8 million and $1.0 million based on the $152.0 million and $194.0 million average balance outstanding under the Company's variable rate debt facilities for the six months ended June 30, 2007 and 2006, respectively.

The Company has entered into three separate interest rate swap agreements and an interest rate cap agreement. One of the swap agreements fixes $25 million of variable rate borrowings at 4.84 percent through July 2009, another of the swap agreements fixes $25 million of variable rate borrowings at 5.28 percent through July 2012 and the third swap agreement, which matures in July 2007, fixes $25 million of variable rate borrowings and has an effective fixed rate of 3.88 percent. The interest rate cap agreement has a cap rate of 9.99 percent, a notional amount of $152.4 million and a termination date of April 28, 2009. Each of the Company's derivative contracts is based upon 90-day LIBOR. Subsequent to quarter end, one of the interest rate swaps matured and was not replaced.

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, Jeffrey P. Jorissen, 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 were effective to ensure that information the Company is required to disclose in its filings with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission'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 June 30, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

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

On May 23, 2007, the Company held its Annual Meeting of Shareholders. At the meeting, two directors were elected to serve until the 2010 Annual Meeting of Shareholders or until their respective successors are elected and are qualified. The results of the election appear below:

Nominees	For	% of Shares Voting	Against	Withheld	% of Shares Voting
Clunet R. Lewis	13,962,740	98.42	0	224,552	1.58
Arthur A. Weiss	13,979,303	98.53	0	207,989	1.47

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

See the attached Exhibit Index.

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: August 6, 2007

By: /s/Jeffrey P. Jorissen
Jeffrey P. Jorissen, Chief Financial Officer and Secretary
(Duly authorized officer and principal financial officer)

SUN COMMUNITIES, INC.
EXHIBIT INDEX

Exhibit No	**Description**
10.1	First Amendment to Amended and Restated Master Credit Facility Agreement dated May 31, 2007 by and among (i) Sun Secured Financing LLC, Aspen-Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership, Sun Communities Finance, LLC, Sun Holly Forest LLC and Sun Saddle Oak LLC, and (ii) ARCS Commercial Mortgage Co., L.P.
10.2	Fourth Amendment to Credit Agreement dated June 1, 2007 by and among Sun Communities Operating Limited Partnership, Sun Communities, Inc., LaSalle Bank Midwest National Association, the Huntington National Bank, KeyBank National Association, National City Bank of the Midwest and Sovereign Bank.
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

FIRST AMENDMENT TO AMENDED AND RESTATED MASTER CREDIT FACILITY AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED MASTER CREDIT FACILITY AGREEMENT (the "**Amendment**") is made as of the 31st day of May, 2007, 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) 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 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. The parties are executing this Amendment pursuant to the Master Agreement to reflect Borrower's election to extend 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 Original Variable Facility Termination Date.** Pursuant to Section 1.07 of the Master Agreement, the Original Variable Facility Termination Date is hereby extended to April 28, 2009. The definition of "Original Variable Facility Termination Date" is hereby replaced in its entirety by the following new definition:

"Original Variable Facility Termination Date" means April 28, 2009, unless extended pursuant to Section 1.07.

Section 2. **<u>Capitalized Terms</u>.** 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 3. **<u>Full Force and Effect</u>.** Except as expressly modified by this Amendment, all terms and conditions of the Master Agreement shall continue in full force and effect.

Section 4. **<u>Counterparts</u>.** 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.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as an instrument under seal as of the day and year first above written.

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:______________________________
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:______________________________
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:______________________________
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:______________________________
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:______________________________
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:______________________________
Name: Jonathan M. Colman
Title: Executive Vice President – Acquisitions

LENDER:

ARCS COMMERCIAL MORTGAGE CO., L. P., a California limited partnership

By: ACMC Realty, Inc., a California Corporation, its General Partner

By:________________________
Name: Timothy L. White
Title: Chief Operating Office

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT dated as of June 1, 2007 (this "Amendment"), is entered into among SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership (the "Company"), SUN COMMUNITIES, INC., a Maryland corporation (the "REIT"), the financial institutions that are parties hereto (together with their respective successors and assigns, the "Lenders"), LASALLE BANK MIDWEST NATIONAL ASSOCIATION, formerly known as Standard Federal Bank National Association (in its individual capacity, "LaSalle"), as administrative agent for the Lenders, THE HUNTINGTON NATIONAL BANK, as documentation agent for the Lenders, and KEYBANK NATIONAL ASSOCIATION, as syndication agent for the Lenders.

WHEREAS, the Company, the REIT, LaSalle and all of the Lenders are parties to that certain Credit Agreement, dated as of September 30, 2004 which was amended by a First Amendment to Credit Agreement, a Second Amendment to Credit Agreement and a Third Amendment to Credit Agreement of various dates (as so amended, the "Credit Agreement") and various other Loan Documents (as defined in the Credit Agreement); and

WHEREAS, the parties desire to further amend the Credit Agreement in certain respects, as hereinafter set forth.

NOW THEREFORE, for valuable consideration; the receipt and sufficiency of which are hereby acknowledged, each of the undersigned agree as follows:

1. The definition of "Agent Fee Letter" as set forth in Section 1.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

Agent Fee Letter means the Fee letter dated as of August 5, 2004 between the Company and the Administrative Agent, as amended by the Fee letter dated as of June 1, 2007 between the Company and the Administrative Agent.

2. The definition of "Applicable Margin" as set forth in Section 1.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

Applicable Margin means, for any day, the rate per annum set forth below opposite the level (the "Level") then in effect, it being understood that the Applicable Margin for (i) LIBOR Loans shall be the percentage set forth under the column "LIBOR Margin", (ii) Base Rate Loans shall be the percentage set forth under the column "Base Rate Margin" and (iii) the L/C Fee shall be the percentage set forth under the column "L/C Fee Rate":

Level	Total Leverage Ratio	LIBOR Margin	Base Rate Margin	L/C Fee Rate
I	Less than 0.40:1	1.125%	0%	1.125%
II	Greater than or equal to 0.40:1 but less than 0.50:1	1.25%	0%	1.25%
III	Greater than or equal to 0.50:1 but less than 0.60:1	1.50%	0.15%	1.50%
IV	Greater than or equal to 0.60:1	1.65%	0.40%	1.65%

The LIBOR Margin, the Base Rate Margin and the L/C Fee Rate shall be adjusted, to the extent applicable, on the fifth (5th) Business Day after the Company provides or is required to provide the annual and quarterly financial statements and other information pursuant to Section 10.1.1 or 10.1.2, as applicable, and the related Compliance Certificate, pursuant to Section 10.1.3. Notwithstanding anything contained in this paragraph to the contrary, (a) if the Company fails to deliver such financial statements and Compliance Certificate in accordance with the provisions of Section 10.1.1, 10.1.2 and 10.1.3, the LIBOR Margin, the Base Rate Margin and the L/C Fee Rate shall be based upon Level IV above beginning on the date such financial statements and Compliance Certificate were required to be delivered until the fifth (5th) Business Day after such financial statements and Compliance Certificate are actually delivered, whereupon the Applicable Margin shall be determined by the then current Level; and (b) no reduction to any Applicable Margin shall become effective at any time when an Event of Default or Unmatured Event of Default has occurred and is continuing.

3. The definition of "Change of Control" as set forth in Section 1.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

Change of Control means that the Shiffman Parties, collectively, shall have sold more than ten percent (10%) of the interests owned by the Shiffman Parties as of April 1, 2007 in the Capital Securities of the Company and the REIT (such interests are described on Schedule A attached hereto and made a part hereof) to any Person other than a Shiffman Party.

4. The definition of "Computation Period" as set forth in Section 1.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

Computation Period means each period of four consecutive Fiscal Quarters ending on the last day of a Fiscal Quarter, provided, however, that for purposes of computing EBITDA and Net Operating Income, all rental increases that became effective during the Computation Period shall be deemed to have become effective on the first day of such Computation Period and remained in effect through and including the last day of such Computation Period, regardless of the date during such Computation Period on which such rental increases actually became effective.

5. The definition of “Debt” as set forth in Section 1.1 of the Credit Agreement is hereby amended by adding the following sentence at the end thereof: “Notwithstanding anything contained herein to the contrary, trust preferred securities and/or preferred stock issued by the REIT, the Company and/or their consolidated Subsidiaries shall be excluded from the definitions of Debt, provided that each such trust preferred securities or preferred stock., as the case may be, (i) is subordinate in right of payment to the Obligations and (ii) has a stated maturity date that is no earlier than the Termination Date.”

6. The definition of “Fixed Charges” as set forth in Section 1.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

Fixed Charges means cash Interest Expense, capitalized interest, scheduled amortization payments, and preferred dividends (if any). Notwithstanding the above, neither prepayment penalty fees, other costs associated with prepayment of indebtedness, nor regularly scheduled balloon payments will be included in Fixed Charges.

7. The definition of “Termination Date” as set forth in Section 1.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

Termination Date means (a) October 1, 2010 or (b) if Company has timely exercised its option to extend the Termination Date pursuant to Section 6.6, October 1, 2011 or (c) such earlier date on which the Commitments terminate pursuant to Section 6 or 13.

8. Section 1.1 of the Credit Agreement is hereby amended by adding a new definition thereto, reading as follows:

Shiffman Parties means Gary A. Shiffman, the immediate family members of Gary A. Shiffman, the Milton M. Shiffman Spouse’s Marital Trust, the 1997 Shiffman Charitable Remainder Unitrust, AS-SUN LLC, GSH-SUN LLC, Shiffman Equities LLC, GAS-SUN LLC, any trust or other entity established for estate planning purposes for any one or more of the foregoing, and any other Person owned or controlled by any one or more of the foregoing.

9. Section 5.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

5.1 Non-Use Fee. The Company agrees to pay to the Administrative Agent for the account of each Lender, in accordance with such Lender's Pro Rata Share, a non-use fee (the "Non-Use Fee"): (a) for the period from the Effective Date to May 31, 2007, at the per annum rate of 0.20% of the daily unused amount of the Revolving Commitment and (b) for the period from June 1, 2007 to the Termination Date, at the per annum rate of 0.175% of the daily unused amount of the Revolving Commitment. For purposes of calculating usage under this Section, the Revolving Commitment shall be deemed used to the extent of Revolving Outstandings, excluding the outstanding amount of any Swing Line Loans. Such Non-Use Fee shall be payable in arrears on the last day of each calendar quarter and on the Termination Date for any period then ending for which such Non-Use Fee shall not have previously been paid, provided, however that the Non-Use Fee shall not be payable for the period prior to the date which is six (6) months after the Effective Date. The Non-

Use Fee shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

10. Section 6.6.1 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

6.6.1 The Company's Option to Extend. Provided that no Unmatured Event of Default or Event of Default has occurred and is continuing, upon written notice to the Administrative Agent (which shall promptly notify the Lenders), the Company may, extend the Termination Date to October 1, 2011, provided, however, (a) that such written notice shall be received by the Administrative Agent not more than 120 days and not less than 90 days prior to the Termination Date and (b) such written notice shall be accompanied by a nonrefundable extension fee in an amount equal to 0.125% of the Revolving Commitment from which the Administrative Agent shall promptly pay over to each Lender its Pro Rata Share of such extension fee.

11. Section 11.3 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

11.3 Restricted Payments. Commencing on the earlier of (Y) the second Fiscal Quarter of 2005 or (Z) the Fiscal Quarter next following the date that the Company's cash position is less than $10,000,000.00, not pay or declare Distributions that in the aggregate exceed (a) ninety percent (90%) of the Funds From Operations of the Company individually and combined with the REIT (without duplication), respectively, in any four consecutive calendar quarters, (b) the amount necessary to maintain the REIT's status as a real estate investment trust under Section 856 of the Code, or (c) the amount necessary for the REIT to avoid the payment of any federal income or excise tax, whichever of (a), (b) or (c) is greatest; provided, however that the percentage set forth in clause (a) shall be ninety-two percent (92%) for any four consecutive calendar quarters ending in calendar year 2007 and calendar year 2008.

12. Section 11.4 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

11.4 Mergers, Consolidations, Sales. Not, and not permit any other Loan Party to, (a) be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any Capital Securities of any class of, or any partnership or joint venture interest in, any other Person, (b) sell, transfer, convey or lease all or any substantial part of its assets or Capital Securities (including the sale of Capital Securities of any Subsidiary) except for sales of inventory in the ordinary course of business, or (c) sell or assign with or without recourse any receivables, except for (i) any such merger, consolidation, sale, transfer, conveyance, lease or assignment of or by any Wholly-Owned Subsidiary into the Company or into any other domestic Wholly-Owned Subsidiary; (ii) any such purchase or other acquisition by the Company or any domestic Wholly-Owned Subsidiary of the assets or Capital Securities of any Wholly-Owned Subsidiary; (iii) sales and dispositions of assets (including the Capital Securities of Subsidiaries) for at least fair market value (as determined by the Board of Directors of the Company); (iv) any merger, consolidation, sale, transfer, conveyance, lease, assignment or other transaction described in Section 11.4(a) hereof that does not result in a Change of Control; (v) any sale, transfer, conveyance, lease, assignment or other transaction concerning Capital Securities described in Section 11.4(b) hereof that does not result in a Change of Control; and (vi) any Acquisition by the Company or any Wholly-Owned Subsidiary where:

- the property, business or division acquired are for use, or the Person acquired is engaged, in the businesses engaged in by the Loan Parties on the Effective Date;

- immediately before and after giving effect to such Acquisition, no Event of Default or Unmatured Event of Default shall exist;

- immediately after giving effect to such Acquisition, the Company is in pro forma compliance with all the financial ratios and restrictions set forth in Section 11.13;

- in the case of the Acquisition of any Person, the Board of Directors of such Person has approved such Acquisition;

- not less than ten Business Days prior to such Acquisition, the Administrative Agent shall have received an acquisition summary with respect to the Person and/or business or division to be acquired, and the Company's calculation of pro forma EBITDA relating thereto; and

(F) the Administrative Agent and Required Lenders shall have approved the Company's computation of pro forma EBITDA, provided that if the Administrative Agent and Required Lenders shall not have notified the Company that they disapprove such computation of pro forma EBITDA within 5 Business Days after they have received such computation, then they shall be deemed to have approved such computation.

13. Section 11.13.1 of the Credit Agreement is hereby deleted in its entirety.

14. Section 11.13.2 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

11.13.2 Adjusted EBITDA to Fixed Charge Ratio. Not permit the ratio of Adjusted EBITDA to Fixed Charge for any Computation Period to be less than (a) 1.40 to 1 during any Computation period ending prior to April 1, 2007 or (b) 1.45 to 1 during any Computation period ending after March 31, 2007.

15 Except as specifically modified or amended by the terms of this Amendment, all other terms and provisions of the Credit Agreement and the other Loan Documents are incorporated by reference herein, and in all respects, shall continue in full force and effect. The Borrower and the REIT, by execution of this Amendment, hereby reaffirm, assume and bind themselves to all of the obligations, duties, rights, covenants, terms and conditions that are contained in the Credit Agreement and the other Loan Documents. Each of the Guarantors, by execution of this Amendment, hereby reaffirms, assumes and binds itself to all of the obligations, duties, rights, covenants, terms and conditions that are contained in its respective Guaranty.

16. To induce LaSalle and the Lenders to enter into this Amendment, the Company and the REIT each hereby certify, represent and warrant to LaSalle and the Lenders that:

(a) Organization. The Company and the REIT are each duly organized, existing and in good standing under the laws of its State of organization, with full and adequate power to carry on and conduct its business as presently conducted. The Company and the REIT are each duly licensed or qualified in all foreign jurisdictions wherein the nature of its activities require such qualification or licensing. The organizational documents and authorizing resolutions of the Company and the REIT have not been changed or amended since the most recent date that copies thereof were delivered to the Lenders. The exact legal name of the Company and the REIT are each is as set forth in the first paragraph of this Amendment.

(b) Authorization. The Company and the REIT are each duly authorized to execute and deliver this Amendment, the Company is and will continue to be duly authorized to borrow monies under the Loan Documents, as amended hereby, and each of the Company and the REIT is and will continue to be duly authorized to perform its obligations under the Loan Documents, as amended hereby.

(c) No Conflicts. The execution and delivery of this Amendment and the performance by the Company and the REIT of their obligations under the Loan Documents, as amended hereby, do not and will not conflict with any provision of law or of the organizational documents of the Company or the REIT or of any agreement binding upon any of the Company or the REIT.

(d) Validity and Binding Effect. The Loan Documents, as amended hereby, are legal, valid and binding obligations of the Company and the REIT, enforceable against each of them in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

(e) Compliance with Credit Agreement. The representations and warranties set forth in the Credit Agreement, as amended hereby, are true and correct with the same effect as if such representations and warranties had been made on the date hereof.

(f) No Event of Default. As of the date hereof, no Event of Default and no Unmatured Event of Default under the Loan Documents, as amended hereby, has occurred or is continuing.

17. Each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", or words of like import, and each reference to the Credit Agreement in any and all instruments or documents delivered in connection therewith, shall be deemed to refer to the Credit Agreement, as amended hereby.

18. The Company shall pay all costs and expenses in connection with the preparation of this Amendment and other related loan documents, including, without limitation, reasonable attorneys' fees and time charges of attorneys who may be employees of LaSalle or any affiliate or parent of LaSalle. The Company shall pay any and all stamp and other taxes, UCC search fees, filing fees and other costs and expenses in connection with the execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder, and agrees to save the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such costs and expenses.

19. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Receipt of an executed signature page to this Amendment by facsimile or other electronic transmission shall constitute effective delivery thereof.

The parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the date first set forth above

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP, a Michigan limited partnership

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

By:____________________________
Jeffrey P. Jorissen
Title: Executive Vice President
and Chief Financial Officer

SUN COMMUNITIES, INC. , a Maryland corporation

By: ____________________________
Jeffrey P. Jorissen
Title: Executive Vice President and
Chief Financial Office

LASALLE BANK MIDWEST NATIONAL ASSOCIATION,
as Administrative Agent, as Issuing Lender and as a Lender

By: ___________________________________
Scott M. McLean
Title: Vice President

THE HUNTINGTON NATIONAL BANK, as Documentation Agent and as a Lender

By: ___________________________________
Daniel LeFevre
Title: Vice President

KEYBANK NATIONAL ASSOCIATION, as Syndication Agent and as a Lender

By: ___________________________________
Jane E. McGrath
Title: Vice President

NATIONAL CITY BANK OF THE MIDWEST, as a Lender

By: ___________________________________
Thomas R. McLean
Title: Senior Vice President

SOVEREIGN BANK, as a Lender

By: ___________________________________
T Gregory Donohue
Title: Vice President ___________________________________

ACKNOWLEDGEMENT AND CONSENT OF GUARANTORS

Each of the undersigned Guarantors hereby acknowledges and consents to the foregoing Fourth Amendment to Credit Agreement and agrees and confirms that its Guaranty continues as a guaranty of all of the Borrower’s obligations under said Credit Agreement, as so amended.

SUN COMMUNITIES, INC., a Maryland corporation, as general partner of Sun Communities Operating Limited Partnership, a Michigan limited partnership, (A) the sole member of River Ridge Investments LLC, a Michigan limited liability company, the general partner of Sun River Ridge Limited Partnership, a Michigan limited partnership, (B) the sole member and manger of Sun Financial LLC, a Michigan limited liability company, and (C) the sole member of Sun Communities Mezzanine Lender LLC, a Michigan limited liability company, the general partner of Sun Communities Texas Mezzanine Lender Limited Partnership, a Michigan limited partnership.

SUN TEXAS QRS, INC., a Michigan corporation, general partner of (A) Sun Communities Texas Limited partnership, a Michigan limited partnership, (B) Sun Oakcrest Limited Partnership, a Michigan limited partnership, (C) Sun Saddle Brook Limited Partnership, a Michigan limited partnership, and (D) Sun Financial Texas Limited Partnership, a Michigan limited partnership.

By:____

Jeffrey P. Jorissen, Executive Vice President and Chief Financial Officer of Sun Communities, Inc. and Chief Financial Officer of Sun Texas QRS, Inc.

SUN COMMUNITIES, INC.,
a Maryland corporation

By:____________________________

Jeffrey P. Jorissen, Executive Vice President and Chief Financial Office

Exhibit 31.1

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: August 6, 2007

/s/ Gary A. Shiffman
Gary A. Shiffman, Chief Executive Officer

Exhibit 31.2

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

I, Jeffrey P. Jorissen, 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: August 6, 2007

/s/ Jeffrey P. Jorissen
Jeffrey P. Jorissen, Chief Financial Officer

Exhibit 32.0

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 Jeffrey P. Jorissen, 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, 2007, 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**
/s/ Gary A. Shiffman Gary A. Shiffman, Chief Executive Officer	August 6, 2007
/s/ Jeffrey P. Jorissen Jeffrey P. Jorissen, Chief Financial Officer	August 6, 2007

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.