UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-12616

SUN COMMUNITIES, INC.
(Exact name of registrant as specified in its charter)

STATE OF MARYLAND	38-2730780
State of Incorporation	I.R.S. Employer I.D. No.

31700 MIDDLEBELT ROAD
SUITE 145
FARMINGTON HILLS, MICHIGAN 48334
(248) 932-3100
(Address of principal executive offices and telephone number)

Securities Registered Pursuant to Section 12(b) of the Act:
COMMON STOCK, PAR VALUE $.01 PER SHARE

Securities Registered Pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[X]

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
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Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes X No
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As of June 30, 2002, the aggregate market value of the Registrant's stock held by non-affiliates was approximately $696,000,000. As of March 3, 2003, the aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant was approximately $581,000,000. As of March 3, 2003, there were 18,107,102 shares of the Registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's definitive Proxy Statement to be filed for its 2003 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

As used in this report, "Company", "Us", "We", "Our" and similar terms means Sun Communities, Inc., a Maryland corporation, and one or more of its subsidiaries (including the Operating Partnership (as defined below)).

PART I

ITEM 1. BUSINESS

GENERAL

We are a self-administered and self-managed real estate investment trust, or REIT. We own, operate, develop and finance manufactured housing communities concentrated in the midwestern and southeastern United States. We are a fully integrated real estate company which, together with our affiliates and predecessors, have been in the business of acquiring, operating and expanding manufactured housing communities since 1975. As of December 31, 2002, we owned and operated a portfolio of 129 properties located in seventeen states (the "Properties"), including 117 manufactured housing communities, five recreational vehicle communities, and seven properties containing both manufactured housing and recreational vehicle sites. As of December 31, 2002, the Properties contained an aggregate of 43,959 developed sites comprised of 38,832 developed manufactured home sites and 5,127 recreational vehicle sites and an additional 7,642 manufactured home sites suitable for development. In order to enhance property performance and cash flow, the Company, through Sun Home Services, Inc., a Michigan corporation ("SHS"), actively markets and sells new and used manufactured homes for placement in the Properties.

Our executive and principal property management office is located at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334 and our telephone number is (248) 932-3100. We have regional property management offices located in Austin, Texas, Dayton, Ohio, Grand Rapids, Michigan, Elkhart, Indiana and Orlando, Florida, and we employed an aggregate of 564 people as of December 31, 2002.

Our website address is www.suncommunities.com and we make available, free of charge, on or through our website all of our periodic reports, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as soon as reasonably practicable after we file such reports with the Securities and Exchange Commission.

RECENT DEVELOPMENTS

Acquisitions. During 2002, we acquired three communities in Texas for approximately $48.6 million in cash, Preferred OP Units ("POP Units"), and assumption of debt. These communities currently comprise approximately 930 developed sites and an additional 538 sites available for development.

SunChamp. In December 2002, we purchased the ownership interest of Champion Enterprises in SunChamp LLC, a joint venture to develop eleven new communities in Texas, North Carolina, Ohio and Indiana, for approximately $6.2 million, payable pursuant to a 7-year promissory note (a) bearing interest at 3.46% per annum, (b) requiring no principal or interest payments until maturity (other than a one-time prepayment of interest in the amount of approximately $270,000 at closing), and (c) providing that all payment obligations are subordinate in all respects to the return of the members' equity (including the gross book value of the acquired equity) plus a preferred return. As a result of this acquisition, we currently own approximately a 59% equity interest in SunChamp. In addition, in September 2002, we acquired the senior lender's entire right, title and interest in and to SunChamp's construction

loan for a purchase price equal to 89% of the outstanding indebtedness thereof, which constitutes a discount of approximately $5.8 million.

Origen. We currently own approximately a 30% equity interest in Origen Financial, L.L.C. ("Origen") (a financial services company that provides and services loans used by consumers to finance the purchase of manufactured homes). Origen's business has been negatively impacted by the current condition of the manufactured housing finance industry, illustrated by the bankruptcy filings of Oakwood Homes Corporation and Conseco, Inc. in late 2002. In particular, Origen's business has suffered as a result of the general economic recession, excessive amounts of repossession inventory, declining recovery rates in the repossession market and the deteriorating asset-backed securitization market. While we believe that Origen can still become a profitable national lender in its industry, we wrote-off our remaining equity investment in Origen (approximately $13.6 million) in the fourth quarter of 2002. We reached this decision based on our assessment of Origen's existing market conditions and prospects as well as a "worst-case" scenario prepared by Origen's management for 2003. We believe our equity investment in Origen is impaired from a financial reporting perspective and should be written off.

We, along with two other participants, provide a secured credit facility to Origen bearing interest at a per annum rate equal to LIBOR plus 700 basis points, with a minimum interest rate of 11% and a maximum interest rate of 15%. Although this credit facility was due in December 2002, Origen did not have sufficient liquidity to repay this facility when due, primarily as a result of its inability to sell its loan portfolio in the deteriorating asset-backed securitization market. Accordingly, this credit facility was renewed and extended in December 2002. The facility has been increased to $58.0 million, consisting of a $48.0 million line of credit and a $10.0 million term loan, and is due December 31, 2003, extendable automatically to December 31, 2004 upon the occurrence of certain events. Our participation in this credit facility has increased from $20.0 million to $35.5 million, of which $18.0 million is subordinate in all respects to the first $40.0 million funded under the facility by the three participants. We do not believe that our advances to Origen are impaired at this time because Origen had substantial reserves and positive equity at December 31, 2002. We will continually evaluate the realizability of our advances to Origen in accordance with applicable accounting standards. See, "Factors That May Affect Future Results -- Our advances to Origen subject us to certain risks."

STRUCTURE OF THE COMPANY

Structured as an umbrella partnership REIT, or UPREIT, Sun Communities Operating Limited Partnership, a Michigan limited partnership (the "Operating Partnership"), is the entity through which we conduct substantially all of our operations, and which owns, either directly or indirectly through subsidiaries, all of our assets (the subsidiaries, collectively with the Operating Partnership, the "Subsidiaries"). This UPREIT structure enables us to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs, and to acquire manufactured housing communities in transactions that defer some or all of the sellers' tax consequences. We are the sole general partner of, and, as of December 31, 2002, held approximately 87.6% of the interests (not including preferred limited partnership interests) in, the Operating Partnership. The Subsidiaries also include SHS, which provides manufactured home sales and other services to current and prospective tenants of the Properties. Along with several other subsidiaries, SHS wholly owns Sun Water Oak Golf, Inc., which was organized to own and

operate the golf course, restaurant and related facilities located on the Water Oak Property that was acquired in December 1993, and SUI TRS, Inc., which was organized to hold our investment in Origen. See "Factors that May Affect Future Results -- Some of our directors and officers may have conflicts of interest with respect to certain related party transactions and other business interests."

THE MANUFACTURED HOUSING COMMUNITY INDUSTRY

A manufactured housing community is a residential subdivision designed and improved with sites for the placement of manufactured homes and related improvements and amenities. Manufactured homes are detached, single-family homes which are produced off-site by manufacturers and installed on sites within the community. Manufactured homes are available in a wide array of designs, providing owners with a level of customization generally unavailable in other forms of multifamily housing.

Modern manufactured housing communities, such as the Properties, contain improvements similar to other garden-style residential developments, including centralized entrances, paved streets, curbs and gutters, and parkways. In addition, these communities also often provide a number of amenities, such as a clubhouse, a swimming pool, shuffleboard courts, tennis courts, laundry facilities and cable television service.

The owner of each home on our Properties leases the site on which the home is located. We own the underlying land, utility connections, streets, lighting, driveways, common area amenities and other capital improvements and are responsible for enforcement of community guidelines and maintenance. Some of the Properties provide water and sewer service through public or private utilities, while others provide these services to residents from on-site facilities. Each owner within our Properties is responsible for the maintenance of his or her home and leased site. As a result, capital expenditure needs tend to be less significant, relative to multi-family rental apartment complexes.

PROPERTY MANAGEMENT

Our property management strategy emphasizes intensive, hands-on management by dedicated, on-site district and community managers. We believe that this on-site focus enables us to continually monitor and address tenant concerns, the performance of competitive properties and local market conditions. Of the 564 Company employees, 491 are located on-site as property managers, support staff, or maintenance personnel.

Our community managers are overseen by Brian W. Fannon, Chief Operating Officer, who has 33 years of property management experience, four Vice Presidents of Operations and seventeen Regional Vice Presidents. In addition, the Regional Vice Presidents are responsible for semi-annual market surveys of competitive communities, interaction with local manufactured home dealers and regular property inspections.

Each district or community manager performs regular inspections in order to continually monitor the Property's physical condition and provides managers with the opportunity to understand and effectively address tenant concerns. In addition to a district or community manager, each district or property has an on-site maintenance personnel and management support staff. We hold periodic training sessions for all property management personnel to ensure that management policies are implemented effectively and professionally.

HOME SALES

SHS offers manufactured home sales services to tenants and prospective tenants of our Properties. Since tenants often purchase a home already on-site within a community, such services enhance occupancy and property performance. Additionally, because many of the homes on the Properties are sold through SHS, better control of home quality in our communities can be maintained than if sales services were conducted solely through third-party brokers.

REGULATIONS AND INSURANCE

General. Manufactured housing community properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, clubhouses and other common areas. We believe that each Property has the necessary operating permits and approvals.

Americans with Disabilities Act ("ADA"). The Properties and any newly acquired manufactured housing communities must comply with the ADA. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that public facilities such as clubhouses, pools and recreation areas be made accessible to people with disabilities. Compliance with ADA requirements could require removal of access barriers and other capital improvements at our Properties. Noncompliance could result in imposition of fines or an award of damages to private litigants. We do not believe the ADA will have a material adverse impact on our results of operations. If required property improvements involve a greater expenditure than we currently anticipate, or if the improvements must be made on a more accelerated basis than we anticipate, our ability to make expected distributions could be adversely affected. We believe that our competitors face similar costs to comply with the requirements of the ADA.

Insurance. Our management believes that the Properties are covered by adequate fire, flood, property and business interruption insurance provided by reputable companies with commercially reasonable deductibles and limits. We maintain a blanket policy that covers all of our Properties. We have obtained title insurance insuring fee title to the Properties in an aggregate amount which we believe to be adequate.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Our prospects are subject to certain uncertainties and risks. Our future results could differ materially from current results, and our actual results could differ materially from those projected in forward-looking statements as a result of certain risk factors. These risk factors include, but are not limited to, those set forth below, other one-time events, and important factors disclosed previously and from time to time in other Company filings with the Securities and Exchange Commission. This report contains certain forward-looking statements.

REAL ESTATE RISKS

General economic conditions and the concentration of our properties in Michigan and Florida may affect our ability to generate sufficient revenue.

The market and economic conditions in our current markets generally, and specifically in metropolitan areas of our current markets, may significantly affect manufactured home occupancy or rental rates. Occupancy and rental rates, in turn, may significantly affect our revenues, and if our communities do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay or refinance our debt obligations could be adversely affected. We derived significant amounts of rental income for the period ended December 31, 2002 from properties located in Michigan and Florida. As of December 31, 2002, 44 of our 129 Properties, or approximately 34%, are located in Michigan, and 20 or approximately 16%, are located in Florida. As a result of the geographic concentration of our Properties in Michigan and Florida, we are exposed to the risks of downturns in the local economy or other local real estate market conditions which could adversely affect occupancy rates, rental rates and property values of properties in these markets. The following factors, among others, may adversely affect the revenues generated by our communities:

- the national and local economic climate which may be adversely impacted by, among other factors, plant closings and industry slowdowns;
- local real estate market conditions such as the oversupply of manufactured housing sites or a reduction in demand for manufactured housing sites in an area;
- the rental market which may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates;
- the perceptions by prospective tenants of the safety, convenience and attractiveness of the Properties and the neighborhoods where they are located;
- zoning or other regulatory restrictions;
- competition from other available manufactured housing sites and alternative forms of housing (such as apartment buildings and site-built single-family homes);
- our ability to provide adequate management, maintenance and insurance;
- increased operating costs, including insurance premiums, real estate taxes and utilities; or
- the enactment of rent control laws.

Our income would also be adversely affected if tenants were unable to pay rent or if sites were unable to be rented on favorable terms. If we were unable to promptly relet or renew the leases for a significant number of the sites, or if the rental rates upon such renewal or reletting were significantly lower than expected rates, then our business and results of operations could be adversely affected. In addition, certain expenditures associated with each equity investment (such as real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from the investment. Furthermore, real estate investments are relatively illiquid and, therefore, will tend to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions.

Competition affects occupancy levels and rents which could adversely affect our revenues.

All of our Properties are located in developed areas that include other manufactured housing community properties. The number of competitive manufactured housing community properties in a particular area could have a material adverse effect on our ability to lease sites and on rents charged at our Properties or at any newly acquired properties. We may be competing with others with greater resources and whose officers and directors have more experience than our officers and directors. In addition, other forms of multi-family residential properties, such as private and federally funded or assisted multi-family housing projects and single-family housing, provide housing alternatives to potential tenants of manufactured housing communities.

Our ability to sell manufactured homes may be affected by various factors, which may in turn adversely affect our profitability.

SHS is in the manufactured home sales market offering manufactured home sales services to tenants and prospective tenants of our communities. The market for the sale of manufactured homes may be adversely affected by the following factors:

- downturns in economic conditions which adversely impact the housing market;

- an oversupply of, or a reduced demand for, manufactured homes;

- the difficulty facing potential purchasers in obtaining affordable financing as a result of heightened lending criteria; and

- an increase in the rate of manufactured home repossessions which provide aggressively priced competition to new manufactured home sales.

Any of the above listed factors could adversely impact our rate of manufactured home sales, which would result in a decrease in profitability.

Increases in taxes and regulatory compliance costs may reduce our revenue.

Costs resulting from changes in real estate tax laws generally may be passed through to tenants and will not affect us. Increases in income, service or other taxes, however, generally are not passed through to tenants under leases and may adversely affect our funds from operations and our ability to pay or refinance our debt. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures, which would adversely affect our business and results of operations.

We may not be able to integrate or finance our development activities.

We are engaged in the construction and development of new communities, and intend to continue in the development and construction business in the future. Our development and construction business may be exposed to the following risks which are in addition to those risks associated with the ownership and operation of established manufactured housing communities:

- we may not be able to obtain financing with favorable terms for community development which may make us unable to proceed with the development;

- we may be unable to obtain, or face delays in obtaining, necessary zoning, building and other governmental permits and authorizations, which could result in increased costs and delays, and even require us to abandon development of the community entirely if we are unable to obtain such permits or authorizations;

- we may abandon development opportunities that we have already begun to explore and as a result we may not recover expenses already incurred in connection with exploring such development opportunities;

- we may be unable to complete construction and lease-up of a community on schedule resulting in increased debt service expense and construction costs;

- we may incur construction and development costs for a community which exceed our original estimates due to increased materials, labor or other costs, which could make completion of the community uneconomical and we may not be able to increase rents to compensate for the increase in development costs which may impact our profitability;

- we may be unable to secure long-term financing on completion of development resulting in increased debt service and lower profitability; and

- occupancy rates and rents at a newly developed community may fluctuate depending on several factors, including market and economic conditions, which may result in the community not being profitable.

If any of the above occurred, our business and results of operations could be adversely affected.

We may not be able to integrate or finance our acquisitions and our acquisitions may not perform as expected.

We acquire and intend to continue to acquire manufactured housing communities on a select basis. The success and profitability of our acquisition activities are subject to the risks of the acquired community failing to perform as expected based on our analyses of our investment in the community, and our underestimation of the costs of repositioning, redeveloping or expanding the acquired community.

Rent control legislation may harm our ability to increase rents.

State and local rent control laws in certain jurisdictions may limit our ability to increase rents and to recover increases in operating expenses and the costs of capital improvements. Enactment of such laws has been considered from time to time in other jurisdictions. Certain Properties are located, and we may purchase additional properties, in markets that are either subject to rent control or in which rent-limiting legislation exists or may be enacted.

We may be subject to environmental liability.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate is liable for the costs of removal or remediation of certain hazardous substances on, under or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous substances. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property, to borrow using such property as collateral or to develop such property. Persons who arrange for the disposal or treatment of hazardous substances also may be liable for the costs of removal or remediation of such substances at a disposal or treatment facility owned or operated by another person. In addition, certain environmental laws impose liability for the management and disposal of asbestos-containing materials and for the release of such materials into the air. These laws may provide for third parties to seek recovery from owners or operators of real properties for personal injury associated with asbestos-containing materials. In connection with the ownership, operation, management, and development of real properties, we may be considered an owner or operator of such properties and, therefore, are potentially liable for removal or remediation costs, and also may be liable for governmental fines and injuries to persons and property. When we arrange for the treatment or disposal of hazardous substances at landfills or other facilities owned by other persons, we may be liable for the removal or remediation costs at such facilities.

All of the Properties have been subject to a Phase I or similar environmental audit (which involves general inspections without soil sampling or ground water analysis) completed by independent environmental consultants. These environmental audits have not revealed any significant environmental liability that would have a material adverse effect on our business. These audits cannot reflect conditions arising after the studies were completed, and no assurances can be given that existing environmental studies reveal all environmental liabilities, that any prior owner or operator of a property or neighboring owner or operator did not create any material environmental condition not known to us, or that a material environmental condition does not otherwise exist as to any one or more Properties.

Losses in excess of our insurance coverage or uninsured losses could adversely affect our cash flow.

We maintain comprehensive liability, fire, flood (where appropriate), extended coverage, and rental loss insurance on the Properties with policy specifications, limits, and deductibles which are customarily carried for similar properties. As a result of market conditions in the insurance industry, we recently decided to carry a large deductible on our liability insurance. We expect our exposure under our liability insurance to be limited and we expect losses to be less than the premium saved by implementing this program. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, riots, or acts

of war. In the event an uninsured loss occurs, we could lose both our investment in and anticipated profits and cash flow from the affected property. Any loss would adversely affect our ability to repay our debt. In the year 2000, our former insurance carrier filed bankruptcy, and as a result some or all of the outstanding and incurred, but not yet reported, claims against our policy may not be covered which would require us to cover the loss directly. We expect our maximum exposure associated with this insurance carrier's bankruptcy to be immaterial and therefore, no reserve has been provided in the financial statements.

FINANCING AND INVESTMENT RISKS

Our significant amount of debt could limit our operational flexibility or otherwise adversely affect our financial condition.

We have a significant amount of debt. As of December 31, 2002, we had approximately $667 million of total debt outstanding, consisting of approximately $270 million in collateralized debt, and approximately $397 million in unsecured debt. Included in the collateralized debt outstanding is $254 million of indebtedness that is collateralized by mortgage liens on 35 of the Properties (the "Mortgage Debt"). In addition, as of December 31, 2002, we had entered into two capitalized lease obligations for an aggregate of $16.4 million. Each capitalized lease obligation involves a lease for a manufactured housing community providing that we will lease the community for a certain number of years and then have the option to purchase the community at or prior to the end of the lease term. In each case, if we fail to exercise our purchase right, the landlord has the right to require us to buy the property at the same price for which we had the purchase option. If we fail to meet our obligations under the Mortgage Debt, the lender would be entitled to foreclose on all or some of the Properties securing such debt. If we fail to satisfy our lease obligations or an obligation to purchase the property, the landlord/seller would be entitled to evict us from the property. In each event, this could have a material adverse effect on us and our ability to make expected distributions, and could threaten our continued viability.

We are subject to the risks normally associated with debt financing, including the following risks:

- our cash flow may be insufficient to meet required payments of principal and interest, or require us to dedicate a substantial portion of our cash flow to pay our debt and the interest associated with our debt rather than to other areas of our business;

- our existing indebtedness may limit our operating flexibility due to financial and other restrictive covenants, including restrictions on incurring additional debt;

- it may be more difficult for us to obtain additional financing in the future for our operations, working capital requirements, capital expenditures, debt service or other general requirements;

- we may be more vulnerable in the event of adverse economic and industry conditions or a downturn in our business; and

- we may be placed at a competitive disadvantage compared to our competitors that have less debt.

If any of the above risks occurred, our financial condition and results of operations could be materially adversely affected.

Our advances to Origen subject us to certain risks.

Currently, we (together with one unaffiliated lender and one lender affiliated with Gary A. Shiffman, our Chief Executive Officer) provide financing to Origen. The financing provided to Origen consists of a $48.0 million standby line of credit and a $10.0 million term loan, each bearing interest at a per annum rate equal to 700 basis points over LIBOR, with a minimum interest rate of 11% and a maximum interest rate of 15%. This credit facility matures December 31, 2003 but is extendable automatically to December 31, 2004 upon the occurrence of certain events. This credit facility is collateralized by a security interest in Origen's assets, which is subordinate in all respects to all institutional indebtedness of Origen, and a guaranty and pledge of assets by Bingham Financial Services Corporation.

Under the terms of a participation agreement we entered into with the other lenders, we are obligated to loan up to $35.5 million to Origen under the credit facility (of which approximately $33.6 million was advanced as of December 31, 2002) and the other lenders are required to loan up to $22.5 million to Origen under the credit facility and we jointly administer the credit facility. Under the participation agreement, we are entitled to 43.75% of the first $40.0 million of proceeds from Origen upon repayment of the credit facility and $18.0 million of our advances to Origen are subordinate in all respects to the first $40.0 million of proceeds from Origen upon repayment of the credit facility.

Origen's business has been negatively impacted by the current condition of the manufactured housing finance industry, illustrated by the bankruptcy filings of Oakwood Homes Corporation and Conseco, Inc. in the fourth quarter of 2002. In particular, Origen's business has suffered as a result of the general economic recession, excessive amounts of repossession inventory, declining recovery rates in the repossession market and the deteriorating asset-backed securitization market. Origen's principal source of liquidity is its securitization program through which its loans are sold into the asset-backed securities market. Although Origen has successfully accessed this market in the past, Origen is currently unable to access the asset-backed securities market on favorable terms and Origen may not be able to access this market on terms attractive to Origen in the future. If Origen cannot sell its loans in the asset-backed securities market on favorable terms and Origen is unable to secure alternative sources of funding, its business, financial condition and liquidity will be materially adversely affected.

Although we do not believe that our advances to Origen are impaired at this time, we will continually evaluate the realizability of our advances to Origen in accordance with applicable accounting standards and we may be required to write-off all or a portion of our advances to Origen in the future. If we write-off all or a portion of our advances to Origen in the future, our results of operations and financial condition could be materially and adversely affected.

In addition, the Origen credit facility subjects us to all of the risks of being a lender. These risks include the risks relating to borrower delinquency and default and the adequacy of the collateral for such loans. Because this credit facility is subordinated to certain senior debt of Origen, in the event Origen is unable to meet its obligations under the senior debt facility, our

right to receive amounts owed to us under our credit facility will be suspended pending payment of the amounts owing under the senior debt facility. Because the security interest securing Origen's obligations under the credit facility is subordinate to the security interest of certain senior debt of Origen, in the event of a bankruptcy of Origen, our right to access Origen's assets to satisfy the amounts outstanding under the credit facility would be subject to the senior lender's prior rights to the same collateral. Moreover, if we choose to advance additional funds to Origen beyond the $58.0 million credit facility and the other participation lenders do not participate in such additional advances, these secondary advances will be subordinate to any senior debt of Origen and subordinate to all indebtedness of Origen in which all participation lenders have participated.

The financial condition and solvency of our borrowers and the market value of our properties may adversely affect our investments in real estate, installment and other loans.

As of December 31, 2002, we had an investment of approximately $38.4 million in real estate loans to several entities and Properties, some of which are secured by a first lien on the underlying property, and others which are unsecured loans subordinate to the primary lender. Also, as of December 31, 2002, we had outstanding approximately $11.6 million in installment loans to owners of manufactured homes. These installment loans are collateralized by the manufactured homes. We may invest in additional mortgages and installment loans in the future. As of December 31, 2002, we had advances of approximately $33.6 million to Origen under a $58.0 million credit facility. By virtue of our investment in the mortgages and the loans, we are subject to the following risks of such investment:

- the borrowers may not be able to make debt service payments or pay principal when due;

- the value of property securing the mortgages and loans may be less than the amounts owed; and

- interest rates payable on the mortgages and loans may be lower than our cost of funds.

If any of the above occurred, our business and results of operations could be adversely affected.

TAX RISKS

We may suffer adverse tax consequences and be unable to attract capital if we fail to qualify as a REIT.

We believe that since our taxable year ended December 31, 1994, we have been organized and operated, and intend to continue to operate, so as to qualify for taxation as a REIT under the Internal Revenue Code. Although we believe that we have been and will continue to be organized and have operated and will continue to operate so as to qualify for taxation as a REIT, we cannot assure you that we have been or will continue to be organized or operated in a manner to so qualify or remain so qualified.

Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Code provisions for

which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. In addition, frequent changes occur in the area of REIT taxation, which require the Company continually to monitor its tax status. In one recent change, Congress modified the asset test applicable to REITs and the Code now provides that for taxable years beginning after December 31, 2000, REITs may own more than ten percent of the voting power and value of securities of a taxable REIT subsidiary ("TRS"). A corporation is treated as a TRS if a REIT owns stock in the corporation and the REIT and the corporation jointly elect such treatment. Effective July 1, 2001, we made a TRS election for SHS. During the period from January 1, 2001 through June 30, 2001, we believe that SHS met certain grandfather rules permitting REITs indirectly to own more than ten percent of the value of a corporation, without violating any REIT asset tests. Nevertheless, we cannot assure you that the Internal Revenue Service would not determine that SHS failed to meet one or more of the highly technical grandfather rules during this period.

Jaffe, Raitt, Heuer & Weiss, P.C. has delivered an opinion to us to the effect that, based on various assumptions and qualifications set forth in the opinion, Sun Communities, Inc. has been organized and has operated in conformity with the requirements for qualification as a REIT under the Code for its taxable years ended December 31, 1994 through December 31, 2002. The opinion is expressed as of its date and Jaffe, Raitt, Heuer & Weiss, P.C. has no obligation to advise us of any change in applicable law or of any change in matters stated, represented or assumed after the date of such opinion. Furthermore, we cannot assure you that the Internal Revenue Service would not decide differently from the views expressed in counsel's opinion and such opinion represents only the best judgment of counsel and is not binding on the Internal Revenue Service or the courts.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Moreover, unless entitled to relief under certain statutory provisions, we also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. This treatment would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability to us for the years involved. In addition, distributions to stockholders would no longer be required to be made. Even if we qualify for and maintain our REIT status, we will be subject to certain federal, state and local taxes on our property and certain of our operations.

We intend for the Operating Partnership to qualify as a partnership, but we cannot guarantee that it will qualify.

We believe that the Operating Partnership has been organized as a partnership and will qualify for treatment as such under the Code. However, if the Operating Partnership is deemed to be a "publicly traded partnership," it will be treated as a corporation instead of a partnership for federal income tax purposes unless at least 90% of its income is qualifying income as defined in the Internal Revenue Code. The income requirements applicable to REITs and the definition of "qualifying income" for purposes of this 90% test are similar in most respects. Qualifying income for the 90% test generally includes passive income, such as specified types of real property rents, dividends and interest. We believe that the Operating Partnership would meet this 90% test, but we cannot guarantee that it would. If the Operating Partnership were to be taxed as a corporation, it would incur substantial tax liabilities, we would fail to qualify as a REIT for federal income tax purposes, and our ability to raise additional capital could be significantly impaired.

Our ability to accumulate cash is restricted due to certain REIT distribution requirements.

In order to qualify as a REIT, we must distribute to our stockholders at least 90% of our REIT taxable income (calculated without any deduction for dividends paid and excluding net capital gain) and to avoid federal income taxation, our distributions must not be less than 100% of our REIT taxable income, including capital gains. As a result of the distribution requirements, we do not expect to accumulate significant amounts of cash. Accordingly, these distributions could significantly reduce the cash available to us in subsequent periods to fund our operations and future growth.

BUSINESS RISKS

Some of our directors and officers may have conflicts of interest with respect to certain related party transactions and other business interests.

Ownership of SHS. Gary A. Shiffman, the President, Chief Executive Officer and Chairman of the Board of Directors of the Company, and the Estate of Milton M. Shiffman (former Chairman of the Board), are the owners of all of the outstanding common stock of SHS, and as such are entitled to 5% of the cash flow from the operating activities of SHS (we own 100% of the non-voting preferred stock which entitles us to 95% of such cash flow). Arthur A. Weiss, one of our directors, is also a personal representative of the Estate.

For certain tax reasons, we made our equity investment in Origen through SUI TRS, Inc., a taxable REIT subsidiary ("TRS"), which is wholly owned by SHS. We contributed $15.0 million to SHS in connection with the Origen investment and, as the holder of all of the non-voting preferred stock of SHS, we are entitled to 95% of the cash flow from the operating activities of SHS, including the operating activities of the TRS, and effectively an approximate 30% interest in Origen. As part of the $5.0 million investment in Origen by Mr. Shiffman and members of his family, Mr. Shiffman and the Estate contributed approximately $790,000 to SHS as part of the investment in Origen by TRS, and, as the holders of all of the voting common stock of SHS, they are entitled to 5% of the cash flow from the operating activities of SHS, including the operating activities of the TRS, and effectively an approximate 1.6% indirect interest in Origen. The balance of the Shiffman family's $5.0 million investment in Origen was made through a separate family owned entity which holds 8.4% of the Shiffman family's aggregate 10% interest.

Thus, in all transactions involving SHS, Mr. Shiffman and Mr. Weiss may have a conflict of interest with respect to their respective obligations as an officer and/or director of the Company and Mr. Shiffman's right and the Estate's right to receive a portion of the cash flow from the operating activities of SHS. The following are the current transactions and agreements involving SHS which may present a conflict of interest for Mr. Shiffman and Mr. Weiss:

- the agreement between SHS and us for sales, brokerage, and leasing services;

- the intercompany loans from the Operating Partnership to SHS;

- the investment in Origen by SUI TRS, Inc., a wholly owned subsidiary of SHS; and

- the ownership and operation of SHS's other subsidiaries, including Sun Water Oak Golf, Inc.

The failure to negotiate these and other transactions or agreements involving SHS on an arm's length basis, or to enforce the material terms of any agreement or arrangement between SHS and us could have an adverse effect on us.

Tax Consequences Upon Sale of Properties. Gary A. Shiffman holds limited partnership interests in the Operating Partnership which were received in connection with the contribution of 24 properties from partnerships previously affiliated with him (the "Sun Partnerships"). Prior to any redemption of these limited partnership interests for our common stock, Mr. Shiffman will have tax consequences different from those of us and our public stockholders on the sale of any of the Sun Partnerships. Therefore, Mr. Shiffman and the Company may have different objectives regarding the appropriate pricing and timing of any sale of those properties.

Lease of Executive Offices. On November 1, 2002, we leased approximately 31,300 rentable square feet of office space from American Center LLC and we expect to relocate our principal executive offices to this office space in the second quarter of 2003. Gary A. Shiffman, together with certain family members, indirectly owns approximately a 21% equity interest in American Center LLC. This lease is for an initial term of five years and we have the right to extend the lease for an additional five year term. The annual base rent under this lease begins at $19.25 per square foot (gross) for the first lease year and increases $0.50 per square foot for each successive year of the initial term. Mr. Shiffman may have a conflict of interest with respect to his obligations as an officer and/or director of the Company and his ownership interest in American Center.

We rely on key management.

We are dependent on the efforts of our executive officers, particularly Gary A. Shiffman, Jeffrey P. Jorissen, Brian W. Fannon and Jonathan M. Colman (together, the "Senior Officers"). While we believe that we could find replacements for these key personnel, the loss of their services could have a temporary adverse effect on our operations. We do not currently maintain or contemplate obtaining any "key-man" life insurance on the Senior Officers.

In addition, upon the death or disability of Mr. Shiffman, we could lose the right to appoint a Manager of Origen or otherwise vote our interests in Origen, which could adversely affect our investment in Origen.

Certain provisions in our governing documents may make it difficult for a third-party to acquire us.

9.8% Ownership Limit. In order to qualify and maintain our qualification as a REIT, not more than 50% of the outstanding shares of our capital stock may be owned, directly or indirectly, by five or fewer individuals. Thus, ownership of more than 9.8% of our outstanding shares of common stock by any single stockholder has been restricted,

with certain exceptions, for the purpose of maintaining our qualification as a REIT under the Internal Revenue Code. Such restrictions in our charter do not apply to Gary Shiffman, the Estate of Milton M. Shiffman and Robert B. Bayer, a former director and officer of the Company.

The 9.8% ownership limit, as well as our ability to issue additional shares of common stock or shares of other stock (which may have rights and preferences over the common stock), may discourage a change of control of the Company and may also: (1) deter tender offers for the common stock, which offers may be advantageous to stockholders; and (2) limit the opportunity for stockholders to receive a premium for their common stock that might otherwise exist if an investor were attempting to assemble a block of common stock in excess of 9.8% of the outstanding shares of the Company or otherwise effect a change of control of the Company.

Staggered Board. Our Board of Directors has been divided into three classes of directors. The term of one class will expire each year. Directors for each class will be chosen for a three-year term upon the expiration of such class's term, and the directors in the other two classes will continue in office. The staggered terms for directors may affect the stockholders' ability to change control of the Company even if a change in control were in the stockholders' interest.

Preferred Stock. Our charter authorizes the Board of Directors to issue up to 10,000,000 shares of preferred stock and to establish the preferences and rights (including the right to vote and the right to convert into shares of common stock) of any shares issued. The power to issue preferred stock could have the effect of delaying or preventing a change in control of the Company even if a change in control were in the stockholders' interest.

Rights Plan. We adopted a stockholders' rights plan in 1998 that provides our stockholders (other than a stockholder attempting to acquire a 15% or greater interest in the Company) with the right to purchase stock in the Company at a discount in the event any person attempts to acquire a 15% or greater interest in the Company. Because this plan could make it more expensive for a person to acquire a controlling interest in the Company, it could have the effect of delaying or preventing a change in control of the Company even if a change in control were in the stockholders' interest.

Changes in our investment and financing policies may be made without stockholder approval.

Our investment and financing policies, and our policies with respect to certain other activities, including our growth, debt, capitalization, distributions, REIT status, and operating policies, are determined by our Board of Directors. Although the Board of Directors has no present intention to do so, these policies may be amended or revised from time to time at the discretion of the Board of Directors without notice to or a vote of our stockholders. Accordingly, stockholders may not have control over changes in our policies and changes in our policies may not fully serve the interests of all stockholders.

Substantial sales of our common stock could cause our stock price to fall.

Sales of a substantial number of shares of our common stock, or the perception that such sales could occur, could adversely affect prevailing market prices for shares. As of December 31, 2002, up to 3,259,601 shares of our common stock may be issued in the future to the limited partners of the Operating Partnership in exchange for their Common or Preferred OP Units. The

limited partners may sell such shares pursuant to registration rights or an available exemption from registration. Also, Water Oak, Ltd., a former owner of one of the Properties, will be issued Common OP Units with a value of approximately $1,000,000 annually through 2007. In 2008 and 2009, Water Oak, Ltd. will be issued Common OP Units with a value of approximately $1,200,000. In addition, as of December 31, 2002, options to purchase 975,767 shares of our common stock were outstanding under our 1993 Employee Stock Option Plan, our 1993 Non-Employee Director Stock Option Plan and our Long-Term Incentive Plan (the "Plans") and an additional 150,519 shares have been reserved for issuance pursuant to the Plans. No prediction can be made regarding the effect that future sales of shares of our common stock will have on the market price of shares.

An increase in interest rates may have an adverse effect on the price of our common stock.

One of the factors that may influence the price of our common stock in the public market will be the annual distributions to stockholders relative to the prevailing market price of the common stock. An increase in market interest rates may tend to make the common stock less attractive relative to other investments, which could adversely affect the market price of our common stock.

ITEM 2. PROPERTIES

General. As of December 31, 2002, the Properties consisted of 117 manufactured housing communities, five recreational vehicle communities, and seven properties containing both manufactured housing and recreational vehicle sites located in seventeen states concentrated in the midwestern and southeastern United States. As of December 31, 2002, the Properties contained 43,959 developed sites comprised of 38,832 developed manufactured home sites and 5,127 recreational vehicle sites and an additional 7,642 manufactured home sites suitable for development. Most of the Properties include amenities oriented towards family and retirement living. Of the 129 Properties, 60 have more than 300 developed manufactured home sites, with the largest having 913 developed manufactured home sites.

As of December 31, 2002, the Properties had an occupancy rate of 92.4 percent in stabilized communities and 64.8 percent in development communities and the aggregate occupancy rate was 90 percent excluding recreational vehicle sites. Since January 1, 2002, the Properties have averaged an aggregate annual turnover of homes (where the home is moved out of the community) of approximately 3.8 percent and an average annual turnover of residents (where the home is sold and remains within the community, typically without interruption of rental income) of approximately 7.1 percent.

We believe that our Properties' high amenity levels contribute to low turnover and generally high occupancy rates. All of the Properties provide residents with attractive amenities with most offering a clubhouse, a swimming pool, laundry facilities and cable television service. Many Properties offer additional amenities such as sauna/whirlpool spas, tennis, shuffleboard and basketball courts and/or exercise rooms.

We have tried to concentrate our communities within certain geographic areas in order to achieve economies of scale in management and operation. The Properties are principally concentrated in the midwestern and southeastern United States. We believe that geographic diversification will help insulate the portfolio from regional economic influences and we are interested in expanding our operations in the western United States.

The following table sets forth certain information relating to the properties owned as of December 31, 2002:

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/02	OCCUPANCY AS OF 12/31/00(1)	OCCUPANCY AS OF 12/31/01(1)	OCCUPANCY AS OF 12/31/02(1)
MIDWEST				
MICHIGAN				
Academy/West Pointe Canton, MI	441	99%	98%	98%
Allendale Meadows Mobile Village Allendale, MI	352	98%	96%	93%
Alpine Meadows Mobile Village Grand Rapids, MI	403	99%	96%	96%
Bedford Hills Mobile Village Battle Creek, MI	339	98%	98%	95%
Brentwood Mobile Village Kentwood, MI	195	99%	99%	96%
Byron Center Mobile Village Byron Center, MI	143	99%	98%	98%
Candlewick Court Manufactured Housing Community Owosso, MI	211	95%	97%	97%
College Park Estates Manufactured Housing Community Canton, MI	230	100%	95%	92%
Continental Estates Manufactured Housing Community Davison, MI	385	84%	84%	79%
Continental North Manufactured Housing Community Davison, MI	474	88%	89%	84%
Country Acres Mobile Village Cadillac, MI	182	96%	96%	95%
Country Meadows Mobile Village Flat Rock, MI	577	100%	99%	98%
Countryside Village Manufactured Housing Community Perry, MI	359	96%	98%	96%
Creekwood Meadows Mobile Home Park Burton, MI	336	96%	88%	85%
Cutler Estates Mobile Village Grand Rapids, MI	259	98%	97%	96%
Davison East Manufactured Housing Community Davison, MI	190	89%	80%	88%
Fisherman's Cove Manufactured Housing Community Flint, MI	162	99%	95%	94%
Grand Mobile Estates Grand Rapids, MI	230	99%	93%	95%
Hamlin Manufactured Housing Community (5) Webberville, MI	170	100%	99%	85%(5)
Kensington Meadows Mobile Home Park Lansing, MI	290	97%	98%	92%
Kings Court Mobile Village Traverse City, MI	639	98%	100%	98%

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/02	OCCUPANCY AS OF 12/31/00(1)	OCCUPANCY AS OF 12/31/01(1)	OCCUPANCY AS OF 12/31/02(1)
Knollwood Estates Allendale, MI	161	(3)	97%	94%
Lafayette Place Metro Detroit, MI	254	98%	97%	98%
Lincoln Estates Mobile Home Park Holland, MI	191	99%	96%,	95%
Maple Grove Estates Manufactured Housing Community Dorr, MI	46	100%	100%	98%
Meadow Lake Estates Manufactured Housing Community White Lake, MI	425	100%	100%	97%
Meadowbrook Estates Manufactured Housing Community Monroe, MI	453	99%	98%	97%
Meadowstream Village Manufactured Housing Community Sodus, MI	159	98%	97%	95%
Parkwood Manufactured Housing Community Grand Blanc, MI	249	93%	90%	86%
Presidential Estates Mobile Village Hudsonville, MI	364	98%	99%	95%
Richmond Place Metro Detroit, MI	117	99%	97%	100%
River Haven Village Grand Haven, MI	721	(3)	78%	79%
Scio Farms Estates Ann Arbor, MI	913	100%	99%	99%
Sherman Oaks Manufactured Housing Community Jackson, MI	366	99%	97%	94%
St. Clair Place Metro Detroit, MI	100	99%	100%	99%
Sunset Ridge (9) Portland Township, MI	144	(3)	13%(9)	45%(9)
Timberline Estates Manufactured Housing Community Grand Rapids, MI	296	100%	96%	94%
Town & Country Mobile Village Traverse City, MI	192	99%	99%	99%
Village Trails Howard City, MI	100	77%	77%	80%
White Lake Mobile Home Village (5) White Lake, MI	315	100%	85%(5)	96%
White Oak Estates Mt. Morris, MI	480	85%	88%	86%
Windham Hills Estates (5) Jackson, MI	402	88%	91%	82%(5)
Woodhaven Place Metro Detroit, MI	220	99%	100%	98%
MICHIGAN TOTAL	13,235	96%	94%	92%
INDIANA				
Brookside Mobile Home Village Goshen, IN	570	93%	93%	88%
Carrington Pointe Ft. Wayne, IN	320	89%	81%	81%
Clear Water Mobile Village South Bend, IN	227	95%	90%	86%
Cobus Green Mobile Home Park Elkhart, IN	386	94%	87%	81%

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/02	OCCUPANCY AS OF 12/31/00(1)	OCCUPANCY AS OF 12/31/01(1)	OCCUPANCY AS OF 12/31/02(1)
Deerfield Run Manufactured Home Community (5) Anderson, IN	175	75%(5)	60%(5)	73%(5)
Four Seasons Mobile Home Park Elkhart, IN	218	96%	98%	95%
Holiday Mobile Home Village Elkhart, IN	326	99%	97%	95%
Liberty Farms Communities Valparaiso, IN	220	100%	98%	99%
Maplewood Mobile Home Park Lawrence, IN	207	94%	91%	97%
Meadows Mobile Home Park Nappanee, IN	330	95%	89%	85%
Pebble Creek(9) (10) Greenwood, IN	258	(10)	(10)	76%(9)
Pine Hills Mobile Home Subdivision Middlebury, IN	130	91%	96%	95%
Roxbury Park Goshen, IN	398	(3)	92%	94%
Timberbrook Mobile Home Park Bristol, IN	567	90%	90%	84%
Valley Brook Mobile Home Park Indianapolis, IN	799	95%	95%	88%
West Glen Village Mobile Home Park Indianapolis, IN	552	99%	98%	96%
Woodlake Estates (5) Ft. Wayne, IN	338	67% (5)	69%(5)	72%(5)
Woods Edge Mobile Village (5) West Lafayette, IN	598	93%(5)	84%(5)	74%(5)
INDIANA TOTAL	6,619	92%	90%	86%
OTHER				
Apple Creek Manufactured Home Community and Self Storage Cincinnati, OH	176	98%	91%	94%
Autumn Ridge Mobile Home Park Ankeny, IA	413	100%	99%	98%
Bell Crossing Manufactured Home Community (5) Clarksville, TN	239	84%	53%(5)	41%(5)
Boulder Ridge (5) Pflugerville, TX	527	98%	98%	85%(5)
Branch Creek Estates Austin, TX	392	99%	100%	98%
Byrne Hill Village Manufactured Home Community Toledo, OH	236	97%	97%	96%
Candlelight Village Mobile Home Park Chicago Heights, IL	309	96%	98%	95%
Casa del Valle (8) Alamo, TX	408	100%	100%	100%
Catalina Mobile Home Park Middletown, OH	462	90%	83%	83%
Chisholm Point Estates Pflugerville, TX	416	99%	98%	94%
Comal Farms(9) (10) New Braunfels, TX	349	(10)	(10)	43%(9)
Creekside(9) (10) Reidsville, NC	47	(10)	(10)	66%(9)

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/02	OCCUPANCY AS OF 12/31/00(1)	OCCUPANCY AS OF 12/31/01(1)	OCCUPANCY AS OF 12/31/02(1)
Desert View Village (9) West Wendover, NV	93	6%(9)	25%(9)	40%(9)
Eagle Crest (9) Firestone, CO	151	(3)	84%(9)	97%(9)
East Fork(9) (10) Batavia, OH	160	(10)	(10)	88%(9)
Edwardsville Mobile Home Park Edwardsville, KS	634	97%	97%	92%
Forest Meadows Philomath, OR	76	88%	83%	92%
Glen Laurel(9) (10) Concord, NC	262	(10)	(10)	18%(9)
High Pointe Frederica, DE	411	95%	93%	95%
Kenwood RV and Mobile Home Plaza (8) LaFeria, TX	289	100%	100%	100%
Meadowbrook(9) (10) Charlotte, NC	177	(10)	(10)	80%(9)
North Point Estates (9) Pueblo, CO	108	(3)	38%(9)	50%(9)
Oak Crest(9) Austin, TX	335	(4)	(4)	84%(9)
Oakwood Village (5) Dayton, OH	511	78%(5)	73%(5)	74%(5)
Orchard Lake Manufactured Home Community Cincinnati, OH	147	98%	97%	97%
Paradise Park Chicago Heights, IL	277	99%	96%	91%
Pecan Branch (9) Williamson County, TX	69	(3)	67%(9)	74%(9)
Pheasant Ridge Manor Township, PA	553	(4)	(4)	99%
Pin Oak Parc Mobile Home Park O'Fallon, MO	502	98%	99%	97%
Pine Ridge Mobile Home Park Petersburg, VA	245	98%	98%	95%
River Ridge (9) Austin, TX	337	(4)	(4)	89%(9)
Saddle Brook (9) Austin, TX	258	(4)	(4)	39%(9)
Sea Air (8) Rehoboth Beach, DE	527	100%	99%	100%
Snow to Sun (8) Weslaco, TX	493	99%	100%	99%
Southfork Mobile Home Park Belton, MO	477	96%	95%	90%
Stonebridge(9) (10) San Antonio, TX	206	(10)	(10)	83%(9)
Summit Ridge(9) (10) Converse, TX	127	(10)	(10)	91%(9)
Sunset Ridge(9) (10) Kyle TX	173	(10)	(10)	71%(9)
Sun Villa Estates Reno, NV	324	100%	100%	99%
Timber Ridge Mobile Home Park Ft. Collins, CO	585	98%	99%	98%
Westbrook Village (7) Toledo, OH	344	98%	99%	97%

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/02	OCCUPANCY AS OF 12/31/00(1)	OCCUPANCY AS OF 12/31/01(1)	OCCUPANCY AS OF 12/31/02(1)
Westbrook Senior Village Toledo, OH	112	(3)	94%	99%
Willowbrook Place (7) Toledo, OH	266	99%	98%	98%
Woodlake Trails(9) (10) San Antonio, TX	133	(10)	(10)	44%(9)
Woodland Park Estates Eugene, OR	399	99%	98%	94%
Woodside Terrace Manufactured Home Community Holland, OH	439	96%	98%	96%
Worthington Arms Mobile Home Park Delaware, OH	224	99%	99%	96%
OTHER TOTAL	14,398	95%	93%	86%
SOUTHEAST				
FLORIDA				
Arbor Terrace RV Park Bradenton, FL	402	(6)	(6)	(6)
Ariana Village Mobile Home Park Lakeland, FL	208	85%	86%	88%
Bonita Lake Resort Bonita Springs, FL	167	(6)	(6)	(6)
Buttonwood Bay (8) Sebring, FL	941	(3)	100%	100%
Gold Coaster Manufactured Home Community (8) Florida City, FL	546	100%	100%	98%
Groves RV Resort Lee County, FL	306	(6)	(6)	(6)
Holly Forest Estates Holly Hill, FL	402	100%	100%	100%
Indian Creek Park (8) Ft. Myers Beach, Fl	1,546	100%	100%	100%
Island Lakes Mobile Home Park Merritt Island, FL	301	100%	100%	100%
Kings Lake Mobile Home Park Debary, FL.	245	96%	99%	100%
Lake Juliana Landings Mobile Home Park Auburndale, FL	287	71%	74%	77%
Lake San Marino RV Park Naples, FL	415	(6)	(6)	(6)
Leesburg Landing Lake County, FL	96	68%	68%	69%
Meadowbrook Village Mobile Home Park Tampa, Fl,	257	98%	99%	99%
Orange Tree Village Mobile Home Park Orange City, FL	246	99%	100%	100%
Royal Country Mobile Home Park Miami, FL	864	100%	99%	100%
Saddle Oak Club Mobile Home Park Ocala Fl,	376	99%	100%	100%
Siesta Bay RV Park Ft. Myers Beach, FL	850	(6)	(6)	(6)
Silver Star Mobile Village Orlando, FL	408	96%	98%	99%
Water Oak Country Club Estates/Water Oak Mobile Home Park Lady Lake, FL,	844	100%	100%	100%
Florida Total	9,707	94%	96%	97%

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/02	OCCUPANCY AS OF 12/31/00(1)	OCCUPANCY AS OF 12/31/01(1)	OCCUPANCY AS OF 12/31/02(1)
TOTAL/AVERAGE	43,959	95%	93%	90%
TOTAL STABILIZED COMMUNITIES	40,407	95%	94%	92%
TOTAL DEVELOPMENT COMMUNITIES	3,552	6%	45%	65%

(1) Occupancy percentage relates to manufactured housing sites, excluding recreational vehicle sites.

(2) Acquired in 2000.

(3) Acquired in 2001.

(4) Acquired in 2002.

(5) Occupancy in these properties reflects the fact that these communities are in their initial lease-up phase following an expansion.

(6) This Property contains only recreational vehicle sites.

(7) The Company leases this Property. The Company has the option and intends to purchase the Property upon the expiration of the lease. If the Company does not exercise its option to purchase, the lessor has the right to cause the Company to purchase the Property at the expiration of the lease at the then outstanding lease obligation.

(8) This Property contains recreational vehicle sites.

(9) Occupancy in these properties reflects the fact that these communities are newly developed from the ground up.

(10) This Property is owned by an affiliate of Sunchamp LLC, an entity in which the Company owns approximately a 59% equity interest as of December 31, 2002. Prior to 2002, the Company held a minority interest in Sunchamp LLC and, therefore, did not treat this Property as a Property owned by the Company. As a result, the Company did not report any information in respect of this Property for such periods.

Leases. The typical lease we enter into with a tenant for the rental of a site is month-to-month or year-to-year, renewable upon the consent of both parties, or, in some instances, as provided by statute. In some cases, leases are for one-year terms, with up to ten renewal options exercisable by the tenant, with rent adjusted for increases in the consumer price index. These leases are cancelable for non-payment of rent, violation of community rules and regulations or other specified defaults. During the past five years, on average 3.1 percent of the homes in our communities have been removed by their owners and eight percent of the homes have been sold by their owners to a new owner who then assumes rental obligations as a community resident. The small percentage of homes removed from our communities is impacted by the $3,000 to $8,000 cost to move a home. The above experience can be summarized as follows: the average resident remains in our communities for approximately nine years, while the average home, which gives rise to the rental stream, remains in our communities for approximately thirty-two years. See "Regulations and Insurance."

ITEM 3. LEGAL PROCEEDINGS

On March 21, 2003, the Company received an unfiled complaint by T.J. Holdings, LLC ("TJ Holdings"), a member of Sun/Forest, LLC ("Sun/Forest") (which, in turn, owns an equity interest in SunChamp LLC), against the Company, SunChamp LLC, certain other affiliates of the Company and two directors of Sun Communities, Inc. The unfiled 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. We believe the unfiled complaint and the claims threatened therein have no merit and, if this complaint is ultimately filed, we intend to defend it vigorously.

We are 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.

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

No matters were submitted to a vote of the Company's security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

Our common stock has been listed on the New York Stock Exchange ("NYSE") since December 8, 1993 under the symbol "SUI." On March 3, 2003, the closing sales price of the common stock was $34.73 and the common stock was held by approximately 650 holders of record. The following table sets forth the high and low closing sales prices per share for the common stock for the periods indicated as reported by the NYSE and the distributions paid by the Company with respect to each such period.

	High	Low	Distribution
FISCAL YEAR ENDED DECEMBER 31, 2001			
First Quarter of 2001	34.69	30.80	.53
Second Quarter of 2001	35.50	31.60	.55
Third Quarter of 2001	36.85	34.73	.55
Fourth Quarter of 2001	38.55	36.00	.55
FISCAL YEAR ENDED DECEMBER 31, 2002			
First Quarter of 2002	40.19	36.73	.55
Second Quarter of 2002	42.60	39.00	.58
Third Quarter of 2002	41.93	33.50	.58
Fourth Quarter of 2002	37.00	32.25	.58

RECENT SALES OF UNREGISTERED SECURITIES

On January 2, 2002, the Operating Partnership issued 100,000 Series B-2 Preferred Units at par of $45.00 to Bay Area Limited Partnership and assumed approximately $6,812,500 of debt, in exchange for property with a net agreed upon value of $15,000,000 (the "Series B-2 Units"). Holders of the Series B-2 Units may require the Operating Partnership to redeem all of the outstanding Series B-2 Units within the ninety (90) day period following the fifth anniversary of the Series B-2 Unit issuance date, the death of Bay Area's president, or the occurrence of a change of control as defined in the Operating Partnership's limited partnership agreement, but in no event may the Series B-2 Unit holders require the redemption of the Series B-2 Units prior to January 31, 2007. The redemption price is $45.00 per Series B-2 Unit redeemed. In addition, holders of the Series B-2 Units may convert such units into Common OP Units at a conversion price of $45 per unit within the ninety (90) day period following the third anniversary of the Series B-2 Unit issuance date.

On December 1, 2002, the Operating Partnership issued 55,200 Series B-3 Preferred Units to ten members of Woodside Terrace, LTD, paid approximately $1,000,000 in cash and assumed approximately $2,230,000 of debt, which was immediately retired, in exchange for property with a net agreed upon value of $8,750,000. Holders of the Series B-3 Units may redeem the Series B-3 Units (a) within the ninety (90) day period following each of the fifth, sixth, seventh, eighth, ninth and tenth anniversaries of the issuance date, (b) in the event of the death of a holder, and (c) at any time after the tenth anniversary. The redemption price is $100 per Series B-3 Unit. The Operating Partnership has the right to redeem the Series B-3 Units at any time after the tenth anniversary.

On January 2, 2003, the Operating Partnership issued 41,700 Series B-3 Preferred Units to the members of Willowbrook Co., Ltd, paid approximately $860,000 in cash and assumed approximately $1,570,000 of debt, which was immediately retired, in exchange for property with a net agreed upon value of $6,600,000. Holders of the Series B-3 Units may redeem the Series B-3 Units (a) within the ninety (90) day period following each of the fifth, sixth, seventh, eighth, ninth and tenth anniversaries of the issuance date, (b) in the event of the death of a holder, and (c) at any time after the tenth anniversary. The redemption price is $100 per Series B-3 Unit. The Operating Partnership has the right to redeem the Series B-3 Units at any time after the tenth anniversary.

In 2002, the Company issued an aggregate of 83,892 shares of its common stock upon conversion of an aggregate of 83,892 OP Units.

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

EQUITY COMPENSATION PLAN INFORMATION

The following table reflects information about the securities authorized for issuance under the Company's equity compensation plans as of December 31, 2002.

	(a)	(b)	(c)
PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a))
Equity compensation plans approved by shareholders	858,388	$27.92	150,519
Equity compensation plans not approved by shareholders (1)	117,379	$32.75	0
TOTAL	975,767	$28.50	150,519

(1) On May 29, 1997, the Company established a Long Term Incentive Plan (the "LTIP") pursuant to which all full-time salaried and full-time commission only employees of the Company, excluding the Company's officers, were entitled to receive options to purchase

shares of the Company's common stock at $32.75 per share (i.e., the average of the highest and lowest selling prices for the common stock on May 29, 1997), on January 31, 2002. In accordance with the terms of the LTIP, (a) the Company granted the eligible participants options to purchase 167,918 shares of common stock; and (b) each eligible participant received an option to purchase a number of shares of common stock equal to the product of 167,918 and the quotient derived by dividing such participant's total compensation during the period beginning on January 1, 1997 and ending on December 31, 2001 (the "Award Period") by the aggregate compensation of all of the eligible participants during the Award Period.

ITEM 6. SELECTED FINANCIAL DATA

SUN COMMUNITIES, INC.

	YEAR ENDED DECEMBER 31,				
	2002	2001(c)	2000(c)	1999(c)	1998(c)
	(In thousands except for per share and other data)				
OPERATING DATA:					
Revenues:					
Income from property	$ 151,612	$ 138,687	$ 132,129	$ 125,137	$ 114,077
Other income	10,684	14,401	13,498	7,804	3,837
Total revenues	162,296	153,088	145,627	132,941	117,914
Expenses:					
Property operating and maintenance	33,387	28,972	28,408	27,122	25,484
Real estate taxes	10,542	9,492	9,083	8,850	8,699
Property management	2,502	2,746	2,934	2,638	2,269
General and administrative	5,220	4,627	4,079	3,682	3,339
Depreciation and amortization	38,525	33,320	30,487	28,388	24,819
Interest	32,375	31,016	29,651	27,289	23,987
Total expenses	122,551	110,173	104,642	97,969	88,597
Income before equity income (loss) from affiliates, minority interests, discontinued operations, and gain from property dispositions, net	39,745	42,915	40,985	34,972	29,317
Equity income (loss) from affiliates	(16,627)(a)	131	607	1,726	2,147
Income before minority interests, discontinued operations, and gain from property dispositions, net	23,118	43,046	41,592	36,698	31,464
Income allocated to minority interests	9,806	13,346	13,022	8,359	5,966
Income from continuing operations	13,312	29,700	28,570	28,339	25,498
Income (loss) from discontinued operations	280	(65)	(77)	(79)	(57)
Gain from property dispositions, net	--	4,275	4,801	829	655 (b)
Net income	$ 13,592	$ 33,910	$ 33,294	$ 29,089	$ 26,096
Basic earnings per share:					
Continuing operations	$ 0.75	$ 1.96	$ 1.92	$ 1.69	$ 1.55
Discontinued operations	0.02	--	--	--	--
Net Income	$ 0.77	$ 1.96	$ 1.92	$ 1.69	$ 1.55
Diluted earnings per share:					
Continuing operations	$ 0.74	$ 1.94	$ 1.91	$ 1.68	$ 1.55
Discontinued operations	0.02	--	--	--	--
Net Income	$ 0.76	$ 1.94	$ 1.91	$ 1.68	$ 1.55
Weighted average common shares outstanding:					
Basic	17,595	17,258	17,304	17,191	16,856
Diluted	17,781	17,440	17,390	17,343	17,031
Distribution per common share	$ 2.29	$ 2.18	$ 2.10	$ 2.02	$ 1.94

ITEM 6. SELECTED FINANCIAL DATA

SUN COMMUNITIES, INC.

	YEAR ENDED DECEMBER 31,				
	2002	2001(c)	2000(c)	1999(c)	1998(c)
	(In thousands except for per share and other data)				
BALANCE SHEET DATA:					
Rental property, before accumulated depreciation	$ 1,174,837	$ 969,936	$ 867,377	$ 847,696	$ 803,152
Total assets	$ 1,163,976	$ 994,449	$ 966,628	$ 904,032	$ 821,439
Total debt	$ 667,373	$ 495,198	$ 464,508	$ 401,564	$ 365,164
Stockholders' equity	$ 319,532	$ 329,641	$ 336,034	$ 338,358	$ 340,364
OTHER DATA (AT END OF PERIOD):					
Total properties	129	116	109	110	104
Total sites	43,959	40,544	38,282	38,217	37,566

(a) Included in equity income (loss) from affiliates in 2002 is a $13.6 million write-off of the Company's investment in Origen.
(b) Includes an $875 expense related to an unsuccessful portfolio acquisition.
(c) Revenues and expenses for the years ended December 31, 2001, 2000, 1999 and 1998 have been restated to conform with SFAS No. 144 which requires operations of properties sold or held for sale to be reclassified as discontinued operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and notes thereto elsewhere herein.

The Company is a fully integrated, self-administered and self-managed REIT which owns, operates, develops and finances manufactured housing communities concentrated in the midwestern and southeastern United States. As of December 31, 2002, the Company owned and operated a portfolio of 129 developed properties located in seventeen states, including 117 manufactured housing communities, five recreational vehicle communities, and seven properties containing both manufactured housing and recreational vehicle sites.

During 2002, the Company acquired four manufactured housing communities, comprising 1,482 developed sites and 538 sites suitable for development for $69.9 million, and the Company sold one manufactured housing community for $3.3 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. In preparing these financial statements, management has made its best estimates and judgment of certain amounts included in the financial statements. Nevertheless, actual results may differ from these estimates under different assumptions or conditions.

Management believes the following significant accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

Impairment of Long-Lived Assets. Rental property is recorded at cost, less accumulated depreciation. Management evaluates the recoverability of its investment in rental property whenever events or changes in circumstances, such as recent operating results, expected net operating cash flow and plans for future operations, indicate that full asset recoverability is questionable. If such assets were deemed to be impaired as a result of this measurement, the impairment that would be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset as determined on a discounted net cash flow basis.

Notes Receivable. The Company evaluates the recoverability of its notes receivable (including the notes receivable from Origen) whenever events occur or there are changes in

circumstances such that management believes it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement. The loan is then measured based on the present value of the expected future cash flow discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

Depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Company uses a thirty year useful life for land improvements and buildings and a seven to fifteen year useful life for furniture, fixtures and equipment.

Revenue Recognition. Rental income attributable to leases is recorded on a straight-line basis when earned from tenants. Leases entered into by tenants generally range from month-to-month to one year and are renewable by mutual agreement of the Company and the resident.

Capitalized Costs. The Company capitalizes certain costs (including interest and other costs) incurred in connection with the development, redevelopment, capital enhancement and leasing of its properties. Management is required to use professional judgment in determining whether such costs meet the criteria for immediate expense or capitalization. The amounts are dependent on the volume and timing of such activities and the costs associated with such activities. Maintenance, repairs and minor improvements to properties are expensed when incurred. Renovations and improvements to properties are capitalized and depreciated over their estimated useful lives and construction costs related to the development of new community or expansion sites are capitalized until the property is substantially complete. Certain expenditures to dealers and residents related to obtaining lessees in our communities are capitalized and amortized over a seven year period; shorter than the average resident's occupancy in the home and the average term that the home is in our community. Costs associated with implementing the Company's new computer systems are capitalized and amortized over the estimated useful lives of the related software and hardware.

Derivative Instruments and Hedging Activities. During 2002, the Company entered into three interest rate swap agreements to offset interest rate risk. The Company does not enter into derivative transactions for speculative purposes. The Company adjusts its balance sheet on an ongoing quarterly basis to reflect current fair market value of its derivatives. Changes in the fair value of derivatives are recorded each period in earnings or comprehensive income, as appropriate. The ineffective portion of the hedge is immediately recognized in earnings to the extent that the change in value of a derivative does not perfectly offset the change in value of the instrument being hedged. The unrealized gains and losses held in accumulated other comprehensive income will be reclassified to earnings over time and occurs when the hedged items are also recognized in earnings. The Company uses standard market conventions to determine the fair values of derivative instruments, including the quoted market prices or quotes from brokers or dealers for the same or similar instruments. All methods of assessing fair value result in a general approximation of value and such value may never actually be realized.

Deferred Tax Assets. SHS currently has significant deferred tax assets, which are subject to periodic recoverability assessments. SHS has recognized deferred tax assets of $2.4 million, net of a valuation reserve of $5.1 million. Realization of these deferred tax assets is principally dependent upon SHS's achievement of projected future taxable income. Judgments regarding future profitability may change due to

future market conditions, SHS's ability to continue to successfully execute its business plan and other factors.

Income Taxes. The Company has elected to be taxed as a REIT as defined under Section 856(c) of the Internal Revenue Code of 1986, as amended. In order for the Company to qualify as a REIT, at least ninety-five percent (95%) of the Company's gross income in any year must be derived from qualifying sources. As a REIT, the Company generally will not be subject to U.S. Federal income taxes at the corporate level if it distributes at least ninety percent (90%) of its REIT ordinary taxable income to its stockholders, which it fully intends to do. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to Federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. The Company remains subject to certain state and local taxes on its income and property as well as Federal income and excise taxes on its undistributed income.

RESULTS OF OPERATIONS

Comparison of year ended December 31, 2002 to year ended December 31, 2001

For the year ended December 31, 2002, income before equity income (loss) from affiliates, minority interests, discontinued operations, and gain from property dispositions, net, decreased by $3.2 million from $42.9 million to $39.7 million, when compared to the year ended December 31, 2001. The decrease was due to increased expenses of $12.4 million while revenues increased by $9.2 million.

Income from property increased by $12.9 million from $138.7 million to $151.6 million, or 9.3 percent, due to rent increases and other community revenues ($5.9 million) and acquisitions ($7.0 million).

Other income decreased by $3.7 million from $14.4 million to $10.7 million due primarily to a decrease in interest income ($2.3 million) and reduced development fee income and other income ($1.4 million).

Property operating and maintenance expenses increased by $4.4 million from $29.0 million to $33.4 million, or 15.2 percent, due to acquired communities ($1.9 million) and increases in costs including payroll ($1.2 million), workers' compensation ($0.5 million), and cable television ($0.3 million), and other expenses ($0.5 million).

Real estate taxes increased by $1.0 million from $9.5 million to $10.5 million, due to the acquired communities ($0.5 million) and changes in certain assessments.

Property management expenses decreased by $0.2 million from $2.7 million to $2.5 million, representing 1.7 percent and 2.0 percent of income from property in 2002 and 2001, respectively.

General and administrative expenses increased by $0.6 million from $4.6 million to $5.2 million, representing 3.2 percent and 3.0 percent of total revenues in 2002 and 2001, respectively.

Interest expense increased by $1.4 million from $31.0 million to $32.4 million due primarily to financing additional investments in rental property ($6.0 million) offset by decreasing rates on variable rate debt ($4.9 million).

Depreciation and amortization expense increased by $5.2 million from $33.3 million to $38.5 million due primarily to the net additional investments in rental properties.

Equity income (loss) from affiliates decreased by $16.7 million from income of $0.1 million to a loss of $16.6 million primarily due to equity losses at SHS ($0.7 million), SunChamp ($0.4 million) and Origen ($1.7 million) and the write-off of the Company's investment in Origen ($13.6 million) and a technology investment ($0.3 million).

Comparison of year ended December 31, 2001 to year ended December 31, 2000

For the year ended December 31, 2001, income before equity income (loss) from affiliates, minority interests, discontinued operations, and gain from property dispositions, net, increased by $1.9 million from $41.0 million to $42.9 million, when compared to the year ended December 31, 2000. The increase was due to increased revenues of $7.4 million while expenses increased by $5.5 million.

Income from property increased by $6.6 million from $132.1 million to $138.7 million, or 5.0 percent, due to rent increases and other community revenues ($6.5 million) and acquisitions ($4.4 million), offset by a revenue reduction of $4.3 million due to property dispositions.

Other income increased by $0.9 million from $13.5 million to $14.4 million due primarily to an increase in interest income ($1.3 million) offset by reductions in other income ($0.4 million).

Property operating and maintenance expenses increased by $0.6 million from $28.4 million to $29.0 million, or 2.0 percent, representing general cost increases ($1.0 million) and acquisitions ($0.7 million), offset by an expense reduction of $1.1 million due to property dispositions.

Real estate taxes increased by $0.4 million from $9.1 million to $9.5 million, or 4.5 percent, due to the acquired communities ($0.2 million) and changes in certain assessments.

Property management expenses decreased by $0.2 million from $2.9 million to $2.7 million, representing 2.0 percent and 2.2 percent of income from property in 2001 and 2000, respectively.

General and administrative expenses increased by $0.5 million from $4.1 million to $4.6 million, representing 3.0 percent and 2.8 percent of total revenues in 2001 and 2000, respectively.

Interest expense increased by $1.4 million from $29.6 million to $31.0 million due primarily to financing additional investments in rental property offset by decreasing rates on variable rate debt.

Depreciation and amortization expense increased by $2.8 million from $30.5 million to $33.3 million due primarily to the net additional investments in rental properties.

Equity in income (loss) of affiliates decreased by $0.5 million due primarily to a reduced level of new home sales at Sun Homes Services.

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the years ended December 31, 2002 and 2001. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2001 and December 31, 2002. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The "Total Portfolio" column differentiates from the "Same Property" column by including financial information for properties acquired after January 1, 2001 and new development communities.

	SAME PROPERTY		TOTAL PORTFOLIO	
	2002	2001	2002	2001
	(in thousands)		(in thousands)	
Income from property	$ 128,953	$ 123,170	$ 151,642	$ 139,022
Property operating expenses:				
Property operating and maintenance	24,151	23,147	33,403	29,154
Real estate taxes	9,790	9,258	10,545	9,524
Property operating expenses	33,941	32,405	43,948	38,678
Property net operating income	$ 95,012	$ 90,765	$ 107,694	$ 100,344
Number of properties	103	103	129(2)	116
Developed sites	36,748	36,482	43,959(2)	40,544
Occupied sites	33,217	33,586	38,940(2)	36,935
Occupancy % (1)	92.2%	94.2%	89.9%(2)	93.0%
Weighted average monthly rent per site(1)	$ 318	$ 303	$ 315	$ 301
Sites available for development	2,153	2,364	7,642(2)	3,887
Sites planned for development in next year	20	257	175(2)	613

(1) Occupancy % and weighted average rent relates to manufactured housing sites, excluding recreational vehicle sites.
(2) Property site information includes eleven SunChamp communities acquired during the fourth quarter of 2002.

On a same property basis, property revenues increased by $5.8 million from $123.2 million to $129.0 million, or 4.7 percent, due primarily to increases in rents and related charges including water and property tax pass through.

Property operating expenses increased by $1.5 million from $32.4 million to $33.9 million, or 4.7 percent, due to increased costs. Property net operating income increased by $4.2 million from $90.8 million to $95.0 million, or 4.7 percent.

The occupancy at December 31, 2002, includes 19 new community developments with 3,552 sites which are 64.8 percent occupied. At December 31, 2001, there were five new community developments with 564 sites, which were 45.2 percent occupied. Excluding new community developments, occupancy was 92.4 percent and 93.8 percent at December 31, 2002 and 2001, respectively.

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 Operating Partnership's unitholders, property acquisitions, development and expansion of properties, capital improvements of properties and debt repayment.

The Company expects to meet its short-term liquidity requirements through its working capital provided by operating activities and its line of credit, as described below. The Company considers its ability to generate cash from operations (anticipated to be approximately $70 million) 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 plans to invest approximately $5 to $10 million in developments consisting of expansions to existing communities and the new or continuing development of new communities. The Company expects to finance these investments by using net cash flows provided by operating activities and by drawing upon its line of credit.

Furthermore, the Company expects to invest in the range of $40 to $60 million in the acquisition of properties in 2003, depending upon market conditions. The Company plans to finance these investments by using net cash flows provided by operating activities and by drawing upon its line of credit.

Cash and cash equivalents decreased by $1.9 million to $2.7 million at December 31, 2002 compared to $4.6 million at December 31, 2001 because cash used in investing activities exceeded cash provided by financing and operating activities. Net cash provided by operating activities decreased by $14.9 million to $51.0 million for the year ended December 31, 2002 compared to $65.9 million for the year ended December 31, 2001. The decrease resulted primarily from reduced net income after adding back the reduction in book value of investments and an increase in other assets.

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 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 "Factors that May Affect Future Results."

In 2002, the Company closed on a $152.4 million collateralized five year variable rate (2.17% at December 31, 2002) debt facility with an option to extend an additional five years at a variable rate debt facility, which is convertible to a five to ten year fixed rate loan but not to exceed a total term of fifteen years.

In July 2002, the Company refinanced its existing line of credit to an $85 million unsecured line of credit facility, which matures in July 2005, with a one-year optional extension. At December 31, 2002, the average interest rate of outstanding borrowings under the line of credit was 2.27%, $63 million was outstanding and $22 million was available to be drawn under the facility. Subsequent to year end, the Company increased the line to $105 million. The line of credit facility contains various leverage, debt service coverage, net worth maintenance and other customary covenants all of which the Company was in compliance with at December 31, 2002.

In 1998, certain directors, employees and consultants of the Company purchased newly issued shares of common stock of the Company and common OP Units in the Operating Partnership for approximately $25.5 million in accordance with the Sun Communities 1998 Stock Purchase Plan (the "Purchase Plan"). The participants in the Purchase Plan financed these purchases through personal loans (the "Loans") from Bank One, N.A. (the "Bank") due in January 2004. The Company guaranteed the repayment of the Loans. The participants have agreed to fully indemnify the Company against any and all liabilities arising under such guaranty (the "Guaranty") (the principal balance of which was approximately $22.7 million at December 31, 2002).

Among other usual commercial provisions, the Guaranty requires that the Company comply with certain financial covenants. These covenants were initially designed to be identical in all material respects with the financial covenants imposed on the Company under its line of credit facility. Since 1998, as the covenants in the Company's then applicable line of credit facility changed, the Guaranty has also been similarly amended to remain consistent. In July 2002, the Company entered into a replacement line of credit facility; however, conforming amendments to the Guaranty were not made, resulting in differing and inconsistent financial covenants in the line of credit facility as compared to the Guaranty. As a consequence, as of September 30, 2002, the Company was not in compliance with certain of the financial covenants contained in the Guaranty (the "Differing Financial Covenants"). Because it was not the intention of the parties to impose disparate requirements on the Guaranty and the Company's line of credit, the Bank waived any breach of the Guaranty arising solely as a result of the Company's non-compliance with the Differing Financial Covenants so long as the Company remains in compliance with all of the terms and conditions of its line of credit facility. As of December 31, 2002, the Company was in compliance with the terms and conditions of its line of credit facility and, as a result, the Company was in compliance with the terms and conditions of the Guaranty.

Section 402 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") states that it is "unlawful for any issuer . . . directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that

issuer." Section 402 of the Sarbanes-Oxley Act provides an exception for certain extensions of credit which are "maintained by the issuer on the date of enactment of the Sarbanes-Oxley Act [July 30, 2002] . . ., provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment." Jaffe, Raitt, Heuer & Weiss, P.C. has delivered a reasoned opinion to the Company to the effect that, based on various assumptions and qualifications set forth in the opinion, a court could reasonably find that Section 402 of the Sarbanes-Oxley Act does not apply to the waiver letter issued by the Bank and that, even if a court determines that Section 402 applies to the Bank's waiver letter, a court could reasonably conclude that the Guaranty fits within the exception under Section 402 for extensions of credit maintained by the issuer prior to July 30, 2002. Arthur A. Weiss, a stockholder of Jaffe, Raitt, Heuer & Weiss, P.C., the Company's regular outside counsel, is a director of the Company and received a personal loan to purchase common OP Units under the Purchase Plan.

There is no case law directly on point, and we cannot assure you that a court would not decide differently from the views expressed in counsel's opinion and such opinion represents only the best judgment of counsel and is not binding in the courts. It is unclear what the consequences to the Company would be if a court determined the Bank's waiver letter constituted a material modification of the terms of the Guaranty in violation of Section 402 of the Sarbanes-Oxley Act and the Securities Exchange Act of 1934, as amended.

The Company's primary long-term liquidity needs are principal payments on outstanding indebtedness. At December 31, 2002, the Company's outstanding contractual obligations were as follows:

		PAYMENTS DUE BY PERIOD (IN THOUSANDS)			
CONTRACTUAL CASH OBLIGATIONS(1)	TOTAL DUE	1 YEAR	2-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Bridge Loan	$ 48,000	$ 48,000			
Line of credit	63,000			$ 63,000	
Collateralized term loan	42,206	658	$ 1,463	40,085	
Collateralized term loan - FNMA	152,363				$152,363
Senior notes(2)	285,000	85,000	65,000	35,000	100,000
Mortgage notes, other	60,366	1,046	24,096	13,814	21,410
Capitalized lease obligations	16,438	6,832	9,606		
Redeemable Preferred OP Units	53,978	1,000	2,564	14,632	35,782
	$721,351	$142,536	$102,729	$166,531	$309,555

(1) As noted above, the Company is the guarantor of $22.7 million in personal bank loans, maturing in 2004, made to the Company's directors, employees and consultants for the purpose of purchasing shares of Company common stock or Operating Partnership OP Units pursuant to the Company's Stock Purchase Plan. The Company is obligated under the Guaranty only in the event that one or more of the borrowers cannot repay their loan when due. This contingent liability is not reflected on the Company's balance sheet.

(2) The provisions of the callable/redeemable $65 million notes are such that the maturity date will likely be 2005 if the 10-year treasury rate is greater than 5.7% on May 16, 2005. The maturity is reflected in the above table based on that assumption.

The Company anticipates meeting its long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions and Operating Partnership unit redemptions, through the issuance of debt or equity securities, including equity units in the Operating Partnership, or from selective asset sales. As discussed above, the Company is also obligated to loan Origen up to $35.5 million under the Origen credit facility, of which $1.9 million remained to be drawn as of December 31, 2002. The Company has maintained investment grade ratings with Moody's Investor Service and Standard & Poor's, which facilitates access to the senior unsecured debt market. Since 1993, the Company has raised, in the aggregate, nearly $1 billion from the sale of shares of its common stock, the sale of OP units in the Operating Partnership, and the issuance of secured and unsecured debt securities. In addition, at December 31, 2002, 92 of the Properties were unencumbered by debt, therefore, providing substantial financial flexibility. 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 "Factors that May Affect Future Results". If the Company is unable to obtain additional equity or debt financing on acceptable terms, the Company's business, results of operations and financial condition will be harmed.

The Company's $48.0 million bridge loan and $85.0 million principal amount of senior unsecured notes are due April 30 and May 1, 2003, respectively. The Company expects to repay this indebtedness by issuing additional senior unsecured debt securities. The ability of the Company to issue such additional debt securities will be affected primarily by the state of the senior unsecured debt market and general, national and international economic and political conditions, such as the uncertainty associated with the current war in Iraq. If the Company is unable to access the senior unsecured debt market, or is unable to otherwise refinance these notes, on terms acceptable to the Company prior to May 1, 2003 and the Company is unable to successfully negotiate extensions with the holders of these debt obligations, the Company would seek secured financing on some of its 92 unencumbered properties.

Included in minority interests are $36 million of Preferred OP Units which would require collateralization were the Company to no longer be classified as investment grade by the rating agencies.

At December 31, 2002, the Company's debt to total market capitalization approximated 43.6 percent (assuming conversion of all Common OP Units to shares of common stock). The debt has a weighted average maturity of approximately 4.6 years and a weighted average interest rate of 5.3 percent.

Capital expenditures for the years ended December 31, 2002 and 2001 included recurring capital expenditures of $7.1 million and $4.8 million, respectively.

Net cash used in investing activities was $168.9 million for the year ended December 31, 2002 compared to $34.8 million in the prior year. The differences are due to: increased investment in rental properties of $17.0 million; decreased proceeds from property disposition of $14 million; and increased investment in notes receivables and investment in and advances to affiliates of $103.1 million. Additionally, the Company acquired $10.0 million in rental properties through the issuance of Preferred OP Units.

Net cash provided by financing activities was $116.0 million for the year ended December 31, 2002, compared to a use of net cash in the prior year of $44.9 million. The differences are due to: changes in net proceeds from notes payable, inclusive of line of credit repayments, of $144.5 million; changes in net proceeds from common stock issuance of $19.2 million; and increased distributions of $2.8 million.

RATIO OF EARNINGS TO FIXED CHARGES

The Company's ratio of earnings to fixed charges for the years ended December 31, 2002, 2001, and 2000 was 1.68:1, 1.73:1 and 1.74:1 respectively.

INFLATION

Most of the leases allow for periodic rent increases which provide the Company with the opportunity to achieve increases in rental income as each lease expires. Such types of leases generally minimize the risk of inflation to the Company.

SAFE HARBOR STATEMENT

This Form 10-K 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 be subject to the safe harbors created thereby. The words "may", "will", "expect", "believe", "anticipate", "should", "estimate", and similar expressions identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but are based upon current assumptions regarding the Company's operations, future results and prospects, and are subject to many uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Please see "Factors That May Affect Future Results" for a representative example of such uncertainties and factors. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities." The objective of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE"s expected losses and/or receive a majority of the VIE's expected residual returns, if they occur. FIN No. 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation became effective upon issuance with respect to VIEs created after January 31, 2003 and to VIEs in which a company obtains an interest after that date. The provisions of this interpretation apply in the first interim period

beginning after June 15, 2003 (i.e., third quarter of 2003) to VIEs in which a company holds a variable interest that it acquired before February 1, 2003. The Company is in the process of assessing whether it has an interest in any VIEs which may require consolidation in the third quarter of 2003 pursuant to FIN No. 46. Entities that may be identified as VIEs include SHS and Origen.

In December 2002, the FASB issued SFAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," which provides guidance on how to transition from the intrinsic value method of accounting for stock-based employee compensation under APB 25 to SFAS 123's fair value method of accounting, if a company so elects. The adoption of this standard did not have a significant impact on the financial position or results of operations of the Company.

In November 2002, the FASB issued FASB Interpretation (FIN 45) No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 clarifies disclosures that are required to be made for certain guarantees and establishes a requirement to record a liability at fair value for certain guarantees at the time of the guarantee's issuance. The disclosure requirements of FIN No. 45 have been applied in these financial statements. The requirement to record a liability applies to guarantees issued or modified after December 31, 2002. We do not expect the requirements of FIN 45 to have a significant impact on the financial position or results of operations of the Company.

In July 2002, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the statement include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing or other exit or disposal activity. The statement is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The adoption of this statement is not expected to have a significant impact on the financial position or results of operations of the Company.

In May 2002, the FASB issued SFAS 145, "Rescission of SFAS Nos. 4, 44 and 64, Amendment of SFAS 13, and Technical Corrections as of April 2002." The provisions of this statement related to the rescission of Statement 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions related to Statement 13 shall be effective for transactions occurring after May 15, 2002, with early application encouraged. All provisions of this Statement shall be effective for financial statements issued on or after May 15, 2002, with early application encouraged. Adoption of this statement did not have a significant impact on the financial position or results of operations of the Company.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a

business (as previously defined in that Opinion). The provisions of this SFAS 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The provisions of this standard are generally to be applied prospectively. During the first quarter of 2002, the Company sold Kings Pointe Mobile Home Park, located in Winter Haven, Florida, for approximately $3.4 million. In accordance with SFAS 144, the Company's consolidated statements of income and consolidated statements of cash flow have been revised from those originally reported for the years ended December 31, 2002, 2001 and 2000 to separately reflect the results of discontinued operations for one property that was sold in the first quarter of 2002. These results were previously included in income from operations. These revisions had no impact on the Company's consolidated balance sheets or statements of stockholders' equity and these revisions had no impact on net income or net income per share of common stock for the years ended December 31, 2002, 2001 and 2000.

In June 2001, the FASB approved SFAS No. 141, "Business Combinations and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 141 requires, among other things, that the purchase method of accounting for business combinations be used for all business combinations initiated after September 30, 2001. SFAS 142 addresses the accounting for goodwill and other intangible assets subsequent to their acquisition. SFAS 142 requires, among other things, that goodwill and other indefinite-lived intangible assets no longer be amortized and that such assets be tested for impairment at least annually. The adoption of these standards did not have a significant impact on the financial position or results of operations of the Company.

OTHER

Funds from operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as "net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of property, plus rental property depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures." Industry analysts consider FFO to be an appropriate supplemental measure of the operating performance of an equity REIT primarily because the computation of FFO excludes historical cost depreciation as an expense and thereby facilitates the comparison of REITs which have different cost bases in their assets. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time, whereas real estate values have instead historically risen or fallen based upon market conditions. FFO does not represent cash flow from operations as defined by generally accepted accounting principles and is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. The following table reconciles net income to FFO and calculates FFO data for both basic and diluted purposes for the years ended December 31, 2002, 2001 and 2000 (in thousands):

SUN COMMUNITIES, INC.
RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE/OP UNIT AMOUNTS)

	2002	2001	2000
Income before minority interests, discontinued operations and gain from property dispositions, net	$ 23,118	$ 43,046	$ 41,592
Adjustments:			
Depreciation of rental property	38,262	33,050	30,209
Valuation adjustment (1)	449	--	--
NOI from discontinued operations	11	121	95
Allocation of SunChamp losses (2)	1,315	--	--
Reduction in book value of investments	13,881	--	--
Income allocated to Preferred OP Units	(7,803)	(8,131)	(7,826)
FFO	$ 69,233	$ 68,086	$ 64,070
Weighted average common shares and OP Units outstanding for basic per share/unit data	20,177	19,907	19,999
Dilutive securities:			
Stock options and awards	186	182	86
Weighted average common shares and OP Units outstanding for diluted per share/unit data	20,363	20,089	20,085
FFO per weighted average Common Share/OP Unit assuming dilution	$ 3.40	$ 3.39	$ 3.19

(1) The Company entered into interest rate swaps for an aggregate of $75 million, thereby substantially fixing for periods of 5 to 7 years rates which were formerly floating. The valuation adjustment reflects the theoretical noncash profit and loss were those swaps terminated at the balance sheet date. As the Company has no expectation of terminating the swaps prior to maturity, the net of these noncash valuation adjustments will be zero at the various maturities. As any imperfections related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments are excluded from Funds From Operations. The valuation adjustment is included in interest expense.

(2) The Company acquired the equity interest of another investor in SunChamp in December 2002. Consideration consisted of a long-term note payable at net book value. The note is subordinated to the return of gross book value of equity and cumulative preferred returns of 9.25% on the Company's investment and the acquired investment. In substance, this note is a cumulative "first-loss" position relative to the Company's interest. Accordingly, the losses formerly allocated or allocable to the Company are reallocated to the note.

ITEM 7A. 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 $285.4 million as of December 31, 2002 which bears interest at various LIBOR or FNMA Discounted Mortgage Backed Securities ("DMBS") rates. If LIBOR or DMBS increased or decreased by 1.0 percent during the years ended December 31, 2002 and 2001, the Company believes its interest expense would have increased or decreased by approximately $1.7 million and $0.7 million, respectively, based on the $171.3 million and $68.3 million average balance outstanding under the Company's variable rate debt facilities for the year ended December 31, 2002 and 2001, respectively.

Additionally, the Company had $27.3 million and $49.0 million LIBOR based variable rate mortgage and other notes receivables as of December 31, 2002 and 2001. If LIBOR increased or decreased by 1.0 percent during the years ended December 31, 2002 and 2001, the Company believes interest income would have increased or decreased by approximately $0.37 million and $0.8 million, respectively, based on the $36.7 million and $79.5 million average balance outstanding on all variable rate notes receivables for the year ended December 31, 2002 and 2001, respectively.

In September 2002, the Company entered into three separate interest rate swap agreements, effectively fixing, in the aggregate, $75 million of the Company's variable rate borrowings for a period commencing April 2003. One of these swap agreements fixes $25 million of variable rate borrowings at 4.93% for the period April 2003 through July 2009, another of these swap agreements fixes $25 million of variable rate borrowings at 5.37% for the period April 2003 through July 2012 and the third swap agreement, which is only effective for so long as LIBOR is 7% or less, fixes $25 million of variable rate borrowings at 3.97% for the period April 2003 through July 2007.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data are filed herewith under Item 15.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company owns approximately a thirty percent equity interest in Origen Financial, L.L.C. On December 9, 2002, Origen engaged the certified public accounting firm of Grant Thornton LLP to serve as its principal independent accounting firm to audit its financial statements for the year ended December 31, 2002. Prior to Origen's engagement of Grant Thornton LLP, the Company did not consult with such firm on any accounting, auditing or financial reporting issue.

PART III

The information required by ITEMS 10, 11, 12 AND 13 will be included in the Company's proxy statement for its 2003 Annual Meeting of Shareholders, and is incorporated herein by reference.

ITEM 14. CONTROLS AND PROCEDURES

(a) The Chief Executive Officer, Gary A. Shiffman, and Chief Financial Officer, Jeffrey P. Jorissen, evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days of filing this annual report (the "Evaluation Date"), and concluded that, as of the Evaluation Date, 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 Securities Exchange Act of 1934 (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 were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed herewith as part of this Form 10-K:

(1) A list of the financial statements required to be filed as a part of this Form 10-K is shown in the "Index to the Consolidated Financial Statements and Financial Statement Schedule" filed herewith.

(2) A list of the financial statement schedules required to be filed as a part of this Form 10-K is shown in the "Index to the Consolidated Financial Statements and Financial Statement Schedule" filed herewith.

(3) A list of the exhibits required by Item 601 of Regulation S-K to be filed as a part of this Form 10-K is shown on the "Exhibit Index" filed herewith.

(b) Reports on Form 8-K:

No Current Reports on Form 8-K were filed during the last fiscal quarter for the year ended December 31, 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 31, 2003

SUN COMMUNITIES, INC., a
Maryland corporation

By: /s/ Gary A. Shiffman

Gary A. Shiffman, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
/s/ Gary A. Shiffman Gary A. Shiffman	Chief Executive Officer, President and Chairman of the Board of Directors	March 31, 2003
/s/ Jeffrey P. Jorissen Jeffrey P. Jorissen	Senior Vice President, Chief Financial Officer, Treasurer, Secretary and Principal Accounting Officer	March 31, 2003
/s/ Paul D. Lapides Paul D. Lapides	Director	March 31, 2003
/s/ Ted J. Simon Ted J. Simon	Director	March 31, 2003
/s/ Clunet R. Lewis Clunet R. Lewis	Director	March 31, 2003
/s/ Ronald L. Piasecki Ronald L. Piasecki	Director	March 31, 2003
/s/ Arthur A. Weiss Arthur A. Weiss	Director	March 31, 2003

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

I, Gary A. Shiffman, certify that:

1. I have reviewed this annual report on Form 10-K of Sun Communities, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures 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 annual report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 31, 2003

/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

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

I, Jeffrey P. Jorissen, certify that:

1. I have reviewed this annual report on Form 10-K of Sun Communities, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures 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 annual report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 31, 2003

/s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
2.1	Form of Sun Communities, Inc.'s Common Stock Certificate	(1)
3.1	Amended and Restated Articles of Incorporation of Sun Communities, Inc	(1)
3.2	Bylaws of Sun Communities, Inc.	(2)
4.1	Indenture, dated as of April 24, 1996, among Sun Communities, Inc., Sun Communities Operating Limited Partnership (the "Operating Partnership") and Bankers Trust Company, as Trustee	(3)
4.2	Form of Note for the 2001 Notes	(3)
4.3	Form of Note for the 2003 Notes	(3)
4.4	First Supplemental Indenture, dated as of August 20, 1997, by and between the Operating Partnership and Bankers Trust Company, as Trustee	(7)
4.5	Form of Medium-Term Note (Floating Rate)	(7)
4.6	Form of Medium-Term Note (Fixed Rate)	(7)
4.7	Articles Supplementary of Board of Directors of Sun Communities, Inc. Designating a Series of Preferred Stock and Fixing Distribution and other Rights in such Series	(9)
4.8	Articles Supplementary of Board of Directors of Sun Communities, Inc. Designating a Series of Preferred Stock	(11)
10.1	Second Amended and Restated Agreement of Limited Partnership of Sun Communities Operating Limited Partnership	(6)
10.2	Second Amended and Restated 1993 Stock Option Plan	(10)
10.3	Amended and Restated 1993 Non-Employee Director Stock Option Plan	(6)
10.4	Form of Stock Option Agreement between Sun Communities, Inc. and certain directors, officers and other individuals#	(1)
10.5	Form of Non-Employee Director Stock Option Agreement between Sun Communities, Inc. and certain directors#	(4)
10.6	Employment Agreement between Sun Communities, Inc. and Gary A. Shiffman#	(6)
10.7	Amended and Restated Loan Agreement between Sun Communities Funding Limited Partnership and Lehman Brothers Holdings Inc.	(7)
10.8	Amended and Restated Loan Agreement among Miami Lakes Venture Associates, Sun Communities Funding Limited Partnership and Lehman Brothers Holdings Inc.	(7)
10.9	Form of Indemnification Agreement between each officer and director of Sun Communities, Inc. and Sun Communities, Inc.	(7)
10.10	Loan Agreement among the Operating Partnership, Sea Breeze Limited Partnership and High Point Associates, LP.	(7)
10.11	Option Agreement by and between the Operating Partnership and Sea Breeze Limited Partnership	(7)
10.12	Option Agreement by and between the Operating Partnership and High Point Associates, LP	(7)
10.13	Stock Pledge Agreement between Gary A. Shiffman and the Operating Partnership for 94,570 shares of Common Stock	(5)
10.14	Stock Pledge Agreement between Gary A. Shiffman and the Operating Partnership for 305,430 shares of Common Stock	(5)
10.15	Stock Pledge Agreement between Gary A. Shiffman and the Operating Partnership with respect to 80,000 shares of Common Stock	(7)

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
10.16	Employment Agreement between Sun Communities, Inc. and Jeffrey P. Jorissen#	(9)
10.17	Long Term Incentive Plan	(7)
10.18	Restricted Stock Award Agreement between Sun Communities, Inc. and Gary A. Shiffman, dated June 5, 1998#	(9)
10.19	Restricted Stock Award Agreement between Sun Communities, Inc. and Jeffrey P. Jorissen, dated June 5, 1998#	(9)
10.20	Restricted Stock Award Agreement between Sun. Communities, Inc. and Jonathan M. Colman, dated June 5, 1998#	(9)
10.21	Restricted Stock Award Agreement between Sun Communities, Inc. and Brian W. Fannon, dated June 5, 1998#	(9)
10.22	Sun Communities, Inc. 1998 Stock Purchase Plan#	(9)
10.23	Facility and Guaranty Agreement among Sun Communities, Inc., the Operating Partnership, Certain Subsidiary Guarantors and First National Bank of Chicago, dated December 10, 1998	(9)
10.24	Rights Agreement between Sun Communities, Inc. and State Street Bank and Trust Company, dated April 24, 1998	(8)
10.25	Contribution Agreement, dated as of September 29, 1999, by and among the Sun Communities, Inc., the Operating Partnership, Belcrest Realty Corporation and Belair Real Estate Corporation	(11)
10.26	One Hundred Third Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership	(11)
10.27	One Hundred Eleventh Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership	(12)
10.28	One Hundred Thirty-Sixth Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership	(12)
10.29	One Hundred Forty-Fifth Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership	(12)
10.30	Restricted Stock Award Agreement between Sun Communities, Inc. and Gary A. Shiffman, dated March 30, 2001#	(12)
10.31	Restricted Stock Award Agreement between Sun Communities, Inc. and Jeffrey P. Jorissen, dated March 30, 2001#	(12)
10.32	Restricted Stock Award Agreement between Sun Communities, Inc. and Jonathan M. Colman, dated March 30, 2001#	(12)
10.33	Restricted Stock Award Agreement between Sun Communities, Inc. and Brian W. Fannon, dated March 30, 2001#	(12)
10.34	Investment Agreement dated July 20, 2001 between SUI TRS, Inc., Shiffman Family LLC, Bingham and Woodward Holdings, LLC, amended by Amendment to Investment Agreement dated August 13, 2001	(12)
10.35	Limited Liability Company Agreement of Origen Financial, L.L.C. dated December 18, 2001 by and among SUI TRS, Inc., Shiffman Family LLC, Bingham and Woodward Holdings LLC	(12)
10.36	Second Amended and Restated Subordinated Loan Agreement, dated December 4, 2002, by and between Origen Financial L.L.C. and the Operating Partnership	(15)
10.37	Subordinated Term Loan Agreement, dated December 4, 2002, by and between Origen Financial L.L.C. and the Operating Partnership	(15)

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
10.38	First Amendment to Second Amended and Restated Subordinated Loan Agreement, dated December 30, 2002, by and between Origen Financial L.L.C. and Sun Home Services	(15)
10.39	First Amendment to Subordinated Term Loan Agreement, dated December 30, 2002, by and between Origen Financial L.L.C. and Sun Home Services	(15)
10.40	Seventh Amended and Restated Promissory Note, dated December 30, 2002, made by Origen Financial L.L.C. in favor of Sun Home Services	(15)
10.41	First Amended and Restated Subordinated Term Promissory Note, dated December 30, 2002, made by Origen Financial L.L.C. in favor of Sun Home Services	(15)
10.42	First Amended and Restated Security Agreement, dated December 30, 2002, by and between Origen Financial L.L.C. and Sun Home Services	(15)
10.43	Second Amended and Restated Stock Pledge Agreement, dated December 30, 2002, by and between Origen Financial L.L.C. and Sun Home Services	(15)
10.44	First Amended and Restated Limited Liability Company Interest Security and Pledge Agreement, dated December 30, 2002, by and between Origen Financial L.L.C. and Sun Home Services	(15)
10.45	Second Amended and Restated Guaranty, dated December 30, 2002, by Bingham in favor of the Operating Partnership	(15)
10.46	Second Amended and Restated Security Agreement, dated December 30, 2002, by and between Bingham and Sun Home Services.	(15)
10.47	Amended and Restated Stock Pledge Agreement, dated December 30, 2002, by and between Bingham and Sun Home Services	(15)
10.48	Amended and Restated Membership Pledge Agreement, dated December 30, 2002, by and between Bingham and Sun Home Services.	(15)
10.49	Second Amended and Restated Participation Agreement, dated December 30, 2002, by and among Sun Home Services, the Milton M. Shiffman Spouse's Marital Trust and Woodward Holding LLC	(15)
10.50	Master Credit Facility Agreement, dated as of May 29, 2002, by and between Sun Secured Financing LLC, Aspen-Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership and ARCS Commercial Mortgage Co., L.P.	(13)
10.51	Credit Agreement, dated as of July 3, 2002, by and between the Operating Partnership, Sun Communities, Inc., Banc One Capital Markets, Inc., Bank One, N.A. and other lenders which are signatories thereto	(13)
10.52	First Amendment to Master Credit Facility Agreement, dated as of August 29, 2002, by and between Sun Secured Financing LLC, Aspen-Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership and ARCS Commercial Mortgage Co., L.P.	(14)
10.53	First Amendment to Employment Agreement, dated as of July 15, 2002, by and between Sun Communities, Inc. and Gary A. Shiffman#	(14)
10.54	Second Amended and Restated Promissory Note (Secured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of the Operating Partnership	(14)
10.55	First Amended and Restated Promissory Note (Unsecured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of the Operating Partnership	(14)

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
10.56	First Amended and Restated Promissory Note (Secured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of the Operating Partnership	(14)
10.57	Second Amended and Restated Promissory Note (Unsecured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of the Operating Partnership	(14)
10.58	Second Amended and Restated Promissory Note (Secured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of the Operating Partnership	(14)
10.59	Employment Agreement, dated as of January 1, 2003, by and between Brian W. Fannon and Sun Home Services, Inc.#	(15)
10.60	Employment Agreement, dated as of January 1, 2003, by and between Brian W. Fannon and Sun Communities, Inc.#	(15)
10.61	Lease, dated November 1, 2002, by and between the Operating Partnership as Tenant and American Center LLC as Landlord	(15)
10.62	Term Loan Agreement, dated as of October 10, 2002, among Sun Financial, LLC, Sun Financial Texas Limited Partnership, the Operating Partnership, Sun Communities, Inc. and Lehman Commercial Paper, Inc.	(15)
12.1	Computation of Ratio of Earnings to Fixed Charges and Ratio Earnings to Combined Fixed Charges and Preferred Dividends	(15)
21.1	List of Subsidiaries of Sun Communities, Inc.	(15)
23.1	Independent Auditors' Consent	(15)
99.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	(15)
99.2	Opinion of Jaffe, Raitt, Heuer & Weiss, P.C. with respect to REIT qualification	(15)
99.3	Audited financial statements of Origen Financial L.L.C.	(15)
99.4	Audited financial statements of Sun Home Services, Inc.	(16)

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(1) Incorporated by reference to Sun Communities, Inc.'s Registration Statement No. 33-69340.

(2) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1995.

(3) Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K dated April 24, 1996.

(4) Incorporated by reference to Sun Communities, Inc.'s Registration Statement No. 33-80972.

(5) Incorporated by reference to Sun Communities, Inc.'s Quarterly Report on Form 10-K for the quarter ended September 30, 1995.

(6) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1996.

(7) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1997.

(8) Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-A dated May 27,1998.

(9) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998.

(10) Incorporated by reference to Sun Communities, Inc.'s Proxy Statement, dated April 20, 1999

(11) Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K dated October 14, 1999.

(12) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2001.

(13) Incorporated by reference to Sun Communities, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

(14) Incorporated by reference to Sun Communities, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.

(15) Filed herewith.

(16) To be filed.

Management contract or compensatory plan or arrangement required to be identified by Form 10-K Item 14.

SUN COMMUNITIES, INC.
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Stockholders of
Sun Communities, Inc.:

In our opinion, based upon our audits and the report of other auditors, the consolidated financial statements listed in the index appearing under Item 15 on page F-1 present fairly, in all material respects, the financial position of Sun Communities, Inc. and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audits and the report of other auditors, the financial statement schedule listed in the index appearing under Item 15 on page F-1 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We did not audit the financial statements of Origen Financial, L.L.C., an investee of the Company, which statements reflect total assets of $227,748,000 at December 31, 2002 and total revenues of $20,835,000 for the year ended December 31, 2002. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Origen Financial, L.L.C., is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

As discussed in Note 11 to the consolidated financial statements, on January 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

PricewaterhouseCoopers LLP

Detroit, Michigan
March 12, 2003

SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2002 AND 2001
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

ASSETS	2002	2001
Investment in rental property, net	$ 999,360	$ 829,174
Cash and cash equivalents	2,664	4,587
Notes and other receivables	56,329	75,532
Investments in and advances to affiliates	67,719	55,451
Other assets	37,904	29,705
Total assets	$ 1,163,976	$ 994,449
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	$ 63,000	$ 93,000
Debt	604,373	402,198
Accounts payable and accrued expenses	16,120	17,683
Deposits and other liabilities	8,461	8,929
Total liabilities	691,954	521,810
Minority interests	152,490	142,998
Stockholders' equity:		
Preferred stock, $.01 par value, 10,000 shares authorized, none issued	-	-
Common stock, $.01 par value, 100,000 shares authorized, 18,281 and 17,763 issued and outstanding in 2002 and 2001, respectively	183	178
Paid-in capital	420,683	399,789
Officers' notes	(10,703)	(11,004)
Unearned compensation	(8,622)	(6,999)
Accumulated other comprehensive loss	(1,851)	-
Distributions in excess of accumulated earnings	(73,774)	(45,939)
Treasury stock, at cost, 202 shares	(6,384)	(6,384)
Total stockholders' equity	319,532	329,641
Total liabilities and stockholders' equity	$ 1,163,976	$ 994,449

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

	2002	2001	2000
REVENUES			
Income from property	$ 151,612	$ 138,687	$ 132,129
Other income	10,684	14,401	13,498
Total revenues	162,296	153,088	145,627
EXPENSES			
Property operating and maintenance	33,387	28,972	28,408
Real estate taxes	10,542	9,492	9,083
Property management	2,502	2,746	2,934
General and administrative	5,220	4,627	4,079
Depreciation and amortization	38,525	33,320	30,487
Interest	32,375	31,016	29,651
Total expenses	122,551	110,173	104,642
Income before equity income (loss) from affiliates, minority interests, discontinued operations and gain from property dispositions, net	39,745	42,915	40,985
Equity income (loss) from affiliates	(16,627)	131	607
Income before minority interests, discontinued operations and gain from property dispositions, net	23,118	43,046	41,592
Less income allocated to minority interests:			
Preferred OP Units	7,803	8,131	7,826
Common OP Units	2,003	5,215	5,196
Income from continuing operations	13,312	29,700	28,570
Income (loss) from discontinued operations	280	(65)	(77)
Gain from property dispositions, net	--	4,275	4,801
Net income	$ 13,592	$ 33,910	$ 33,294
Basic earnings per share:			
Continuing operations	$ 0.75	$ 1.96	$ 1.92
Discontinued operations	0.02	--	--
Net Income	$ 0.77	$ 1.96	$ 1.92
Diluted earnings per share:			
Continuing operations	$ 0.74	$ 1.94	$ 1.91
Discontinued operations	0.02	--	--
Net Income	$ 0.76	$ 1.94	$ 1.91
Weighted average common shares outstanding:			
Basic	17,595	17,258	17,304
Diluted	17,781	17,440	17,390

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(AMOUNTS IN THOUSANDS)

	2002	2001	2000
Net income	$ 13,592	$ 33,910	$ 33,294
Unrealized losses on interest rate swaps	(1,851)	--	--
Comprehensive income	$ 11,741	$ 33,910	$ 33,294

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

	COMMON STOCK	PAID-IN CAPITAL	UNEARNED COMPENSATION	ACCUMULATED OTHER COMPREHENSIVE LOSS	DISTRIBUTIONS IN EXCESS OF ACCUMULATED EARNINGS	TREASURY STOCK
Balance, January 1, 2000	$174	$ 393,360	$ (5,459)	$ --	$(38,265)	$ --
Issuance of common stock, net	1	445				
Amortization			713			
Treasury stock purchased, 7 shares						(221)
Reclassification and conversion of minority interests		(34)				
Net income					33,294	
Cash distributions declared of $2.10 per share					(36,717)	
Balance, December 31, 2000	175	393,771	(4,746)		(41,688)	(221)
Issuance of common stock, net	3	4,077	(3,188)			
Amortization			935			
Treasury stock purchased, 194 shares						(6,163)
Reclassification and conversion of minority interests		1,941				
Net income					33,910	
Cash distributions declared of $2.18 per share					(38,161)	
Balance, December 31, 2001	178	399,789	(6,999)		(45,939)	(6,384)
Issuance of common stock, net	5	17,406	(2,767)			
Amortization			1,144			
Reclassification and conversion of minority interests		3,488				
Net income					13,592	
Unrealized loss on interest rate swaps				(1,851)		
Cash distributions declared of $2.29 per share					(41,427)	
Balance, December 31, 2002	$ 183	$ 420,683	$ (8,622)	$ (1,851)	$ (73,774)	$ (6,384)

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(AMOUNTS IN THOUSANDS)

	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 13,592	$ 33,910	$ 33,294
Adjustments to reconcile net income to cash provided by operating activities:			
Income allocated to minority interests	2,003	5,215	5,196
Gain from property dispositions, net	--	(4,275)	(4,801)
(Income) loss from discontinued operations	(280)	65	77
Operating income included in discontinued operations	11	121	95
Depreciation and amortization	38,525	33,320	30,487
Amortization of deferred financing costs	1,231	1,065	943
Reduction in book value of investments	13,881	--	--
Increase in other assets	(15,973)	(4,879)	(7,480)
Increase (decrease) in accounts payable and other liabilities	(2,031)	1,329	(1,133)
Net cash provided by operating activities	50,959	65,871	56,678
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in rental properties	(87,283)	(70,331)	(57,832)
Proceeds related to property dispositions	3,288	17,331	34,460
Investment in notes receivable, net	(33,397)	37,968	(46,577)
Investment in and advances to affiliates	(51,782)	(20,056)	675
Officers' notes	301	253	195
Net cash used in investing activities	(168,873)	(34,835)	(69,079)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of common stock and operating partnership units, net	13,801	809	430
Treasury stock purchases	--	(6,163)	(221)
Borrowings (repayments) on line of credit, net	(30,000)	81,000	(35,000)
Proceeds from notes payable and other debt	200,363	--	100,000
Repayments on notes payable and other debt	(18,488)	(76,599)	(2,056)
Payments for deferred financing costs	(2,914)	--	(1,242)
Distributions	(46,771)	(43,962)	(42,374)
Net cash provided by (used in) financing activities	115,991	(44,915)	19,537
Net increase (decrease) in cash and cash equivalents	(1,923)	(13,879)	7,136
Cash and cash equivalents, beginning of year	4,587	18,466	11,330
Cash and cash equivalents, end of year	$ 2,664	$ 4,587	$ 18,466
SUPPLEMENTAL INFORMATION			
Cash paid for interest including capitalized amounts of $2,915 $3,704 and $3,148 in 2002, 2001 and 2000, respectively	$ 34,830	$ 34,048	$ 31,882
Noncash investing and financing activities:			
Debt assumed for rental properties	20,653	26,289	--
Issuance of partnership units for rental properties	4,500	4,612	3,564
Issuance of partnership units to retire capitalized lease obligations	5,520	--	--
SunChamp assets acquired	92,410	--	--
SunChamp liabilities assumed	86,210	--	--
Notes issued for SunChamp equity	6,200	--	--
Restricted common stock issued as unearned compensation, net	2,767	3,188	--
Notes receivable reclassified to advances to affiliate	--	11,210	--
Property acquired (sold) in satisfaction of note receivable	--	1,338	(8,614)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. BUSINESS: Sun Communities, Inc. (the "Company") is a real estate investment trust ("REIT") which owns and operates 129 manufactured housing communities at December 31, 2002 located in 17 states concentrated principally in the Midwest and Southeast comprising approximately 43,959 developed sites and approximately 7,642 sites suitable for development.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

b. PRINCIPLES OF CONSOLIDATION: The accompanying financial statements include the accounts of the Company and all majority-owned and controlled subsidiaries including Sun Communities Operating Limited Partnership (the "Operating Partnership") and, effective December 31, 2002, SunChamp LLC ("SunChamp"). The minority interests include Common Operating Partnership Units ("OP Units") which are convertible into an equivalent number of shares of the Company's common stock. Such conversion would have no effect on earnings per share since the allocation of earnings to an OP Unit is equivalent to earnings allocated to a share of common stock. Of the 20.7 million OP Units outstanding at December 31, 2002, the Company owns 18.1 million or 87.6 percent. The minority interests are adjusted to their relative ownership interest whenever OP Units or common stock are issued, converted or retired by reclassification to/from paid-in capital.

Included in minority interests at December 31, 2002 and 2001 are 2 million Series A Perpetual Preferred OP Units ("PPOP Units") issued at $25 per unit in September 1999 bearing an annual coupon rate of 8.875 percent. The PPOP Units may be called by the Company at par on or after September 29, 2004, have no stated maturity or mandatory redemption and are convertible into preferred stock under certain circumstances.

An additional $44 million of Preferred OP Units ("POP Units") are included in minority interests at December 31, 2002 with dividends at rates ranging from 6.85 percent to 9.19 percent and maturing between 2003 and 2014. Of these POP Units, $35.8 million have a conversion price of at least $68 per unit.

During 2002, $10.0 million of POP Units were issued relating to two property acquisitions and are included in minority interests. $4.5 million of the POP Units, issued in relation to a January acquisition, pay dividends at 6.0% and mature on January 2, 2007. The remaining $5.5 million of POP Units pay dividends at 7.625%, mature on December 1, 2007 and relate to a December property acquisition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. RENTAL PROPERTY: Rental property is recorded at cost, less accumulated depreciation. Management evaluates the recoverability of its investment in rental property whenever events or changes in circumstances such as recent operating results, expected net operating cash flow and plans for future operations indicate that full asset recoverability is questionable.

The Company measures the recoverability of its assets in accordance with the Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long Lived Assets." If such assets were deemed to be impaired as a result of this measurement, the impairment that would be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset as determined on a discounted net cash flow basis. No such impairment existed as of December 31, 2002.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Useful lives are 30 years for land improvements and buildings and 7 to 15 years for furniture, fixtures and equipment.

Expenditures for ordinary maintenance and repairs are charged to operations as incurred and significant renovations and improvements, which improve and/or extend the useful life of the asset, are capitalized and depreciated over their estimated useful lives. Construction costs related to development of new communities or expansion sites, including interest, are capitalized until the property is substantially complete. The Company capitalizes certain costs (including interest and other costs) incurred in connection with the development, redevelopment, capital enhancement and leasing of its properties. Management is required to use professional judgment in determining whether such costs meet the criteria for immediate expense or capitalization. The amounts are dependent on the volume and timing of such activities and the costs associated with such activities.

d. CASH AND CASH EQUIVALENTS: The Company considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. NOTES AND ACCOUNTS RECEIVABLE: The Company evaluates the recoverability of its receivables whenever events occur or there are changes in circumstances such that management believes it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan and lease agreements. The collectibility of loans is measured based on the present value of the expected future cash flow discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. At December 31, 2002 the reserve for uncollectable accounts receivable from residents was $0.15 million.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. INVESTMENTS IN AND ADVANCES TO AFFILIATES: Sun Home Services ("SHS") sells and rents new and used homes in our communities, manages a golf course, and provides activities and other services and facilities for our residents. Through the Operating Partnership, the Company owns one hundred percent (100%) of the outstanding preferred stock of SHS, is entitled to ninety-five percent (95%) of the operating cash flow, and accounts for its investment utilizing the equity method of accounting. The common stock is owned by one officer of the Company and the estate of a former officer of the Company who collectively are entitled to receive five percent (5%) of the operating cash flow.

Bingham Financial Services Corporation ("BFSC") was formed by Sun in 1997 in response to demand for financing from purchasers and residents in the Company's communities. As BFSC's business developed, its objectives and opportunities expanded and the Company concluded that its business could be operated and grown more effectively as a separate public entity. BFSC's initial public offering occurred in November 1997. The Company has continued to provide financial support to BFSC. In December 2001, the Company, through SHS, made a $15 million equity investment in a newly formed company Origen Financial, L.L.C., that was merged with Origen Financial, Inc., subsidiary of BFSC, as part of the recapitalization of BFSC. As a result of this equity investment, the Company owns approximately a thirty percent (30%) interest in the surviving company ("Origen"), which company holds all of the operating assets of BFSC and its subsidiaries. The Company wrote-off its remaining investment in Origen of $13.6 million in the fourth quarter of 2002 after an extensive analysis of the investment.

Through Sun Home Services, the Company and two other participants (one unaffiliated and one affiliated with Gary A. Shiffman, the Company's Chief Executive Officer and President) continue to provide financing to Origen and are subject to the risks of being a lender. These risks include the risks relating to borrower delinquency and default and the adequacy of the collateral for such loans. This financing consists of a $48 million line of credit and a $10 million term loan of which the Company's commitment is $35.5 million ($33.6 million was outstanding as of December 31, 2002). The line bears interest at a per annum rate equal to 700 basis points over LIBOR, with a minimum interest rate of 11 percent and a maximum interest rate of 15 percent. Of the Company's $35.5 million participation, $18 million is subordinate in all respects to the first $40.0 million funded under the facility by the three participants . This line of credit is collateralized by a security interest in Origen's assets, which is subordinate in all respects to all institutional indebtedness of Origen, and a guaranty and pledge of assets by BFSC.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. INVESTMENTS IN AND ADVANCES TO AFFILIATES (CONTINUED):

Summarized combined financial information of the Company's equity investments as of December 31, 2002, SHS and Origen, are presented below before elimination of intercompany transactions. SunChamp, which is consolidated in the Company's financial statements as of December 31, 2002, is not included in the table.

	2002	2001
Loans receivable, net	$ 173,764	$ 127,412
Due from Origen	33,560	--
SHS other assets	41,638	36,281
Origen other assets	53,984	49,813
Total assets	$ 302,946	$ 213,506
Advances under repurchase agreements	$ 141,085	$ 105,564
Due to SHS	33,560	--
Due to Sun Communities	67,719	39,660
SHS other liabilities	25,804	8,748
Origen other liabilities	42,799	20,634
Total liabilities	310,967	174,606
Equity (deficit)	(8,021)	38,900
Total liabilities and equity	$ 302,946	$ 213,506
Revenues	$ 27,572	$ 29,274(1)
Expenses	74,143	29,675(1)
Net loss	$ (46,571)	$ (401)
Sun's equity income (loss)	$ (15,925)	$ 131

(1) Includes Origen's financial data for the period from December 19, 2001 to December 31, 2001.

SHS currently has significant deferred tax assets, which are subject to periodic recoverability assessments. Realization of these deferred tax assets is principally dependent upon SHS's achievement of projected future taxable income. Judgments regarding future profitability may change due to future market conditions, SHS's ability to continue to successfully execute its business plan and other factors. These changes, if any, may require possible material adjustments to these deferred tax asset balances. At December 31, 2002, Sun Home Services has deferred tax assets of $2.4 million, net of a valuation allowance of $5.1 million.

g. REVENUE RECOGNITION: Rental income attributable to leases is recorded on a straight-line basis when earned from tenants. Leases entered into by tenants generally range from month-to-month to one year and are renewable by mutual agreement of the Company and resident or, in some cases, as provided by state statute.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

h. OTHER CAPITALIZED COSTS: Certain expenditures to dealers and residents related to obtaining lessees in our communities are capitalized and amortized over a seven year period; shorter than average resident's occupancy and the average term that the home is in the community. Costs associated with implementing the Company's new computer systems are capitalized and amortized over the estimated useful lives of the related software and hardware.

i. FAIR VALUE OF FINANCIAL INSTRUMENTS: The carrying values of cash and cash equivalents, escrows, receivables, accounts payable, accrued expenses and other assets and liabilities are reasonable estimates of their fair values because of the shorter maturities of these instruments. The fair value of the Company's long-term indebtedness, which is based on the estimates of management and on rates currently quoted and rates currently prevailing for comparable loans and instruments of comparable maturities, exceeds the aggregate carrying value by approximately $86.1 million at December 31, 2002.

j. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES: The Company has entered into three derivative contracts. 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 has entered into three interest rate swap agreements for an aggregate notional amount of $75 million. The agreements are effective April 2003, and have the effect of fixing interest rates relative to a collateralized term loan due to FNMA. One swap matures in July 2009, with an effective fixed rate of 4.93%. A second swap matures in July 2012, with an effective fixed rate of 5.37%. The third swap matures in July 2007, with an effective fixed rate of 3.97%. The third swap is effective as long as LIBOR is 7% or lower.

The Company has designated the first two swaps as cash flow hedges for accounting purposes. These two 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 of $0.45 million is reflected as a component of interest expense in the statements of income.

In accordance with SFAS No. 133, the "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 all three interest rate swaps totaling a liability of $2.3 million as of December 31, 2002.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. STOCK OPTIONS: The Company accounts for its stock options using the intrinsic value method contained in APB Opinion No. 25. "Accounting for Stock Issued to Employees." If the Company had accounted for awards using the methods contained in FASB Statement No. 123, "Accounting for Stock-Based Compensation", net income and earnings per share would have been presented as follows for the years ended December 31, 2002, 2001 and 2000:

	2002	2001	2000
Net income, as reported	$ 13,592	$ 33,910	$ 33,294
Additional compensation expense under fair value method	(478)	(321)	(199)
Pro forma net income	$ 13,114	$ 33,589	$ 33,095
EPS (Basic), as reported	$ 0.77	$ 1.96	$ 1.92
EPS (Basis), pro forma	$ 0.75	$ 1.95	$ 1.91
EPS (Diluted), as reported	$ 0.76	$ 1.94	$ 1.91
EPS (Diluted), pro forma	$ 0.74	$ 1.93	$ 1.90

l. RECLASSIFICATIONS: Certain 2001 and 2000 amounts have been reclassified to conform with the 2002 financial statement presentation. Such reclassifications had no effect on results of operations as originally presented.

2. RENTAL PROPERTY (AMOUNTS IN THOUSANDS):

	AT DECEMBER 31	
	2002	2001
Land	$ 101,926	$ 83,954
Land improvements and buildings	999,540	831,963
Furniture, fixtures, and equipment	26,277	21,432
Land held for future development	34,573	16,810
Property under development	12,521	15,777
	1,174,837	969,936
Less accumulated depreciation	(175,477)	(140,762)
	$ 999,360	$ 829,174

Land improvements and buildings consist primarily of infrastructure, roads, landscaping, clubhouses, maintenance buildings and amenities. Included in rental property at December 31, 2002 and 2001 are net carrying amounts related to capitalized leases of $17.9 million and $28.6 million, respectively.

During 2002, the Company acquired one stabilized community, comprising 552 developed sites, for $21.3 million and three development communities, comprising 930 developed sites and 538 sites available for development, for $48.6 million consisting of cash of approximately $23.1 million, POP Units of approximately $4.5 million and assumption of debt of approximately $21.0 million. During 2001, the Company acquired five communities comprising 2,332 developed sites for $55.8 million and two development communities comprising 1,273 sites, for $4.3 million.

2. RENTAL PROPERTY (AMOUNTS IN THOUSANDS) (CONTINUED):

In December 2002, the Company purchased the ownership interest of Champion Enterprises in SunChamp LLC, a joint venture to develop eleven new communities in Texas, North Carolina, Ohio and Indiana, for approximately $6.2 million, payable pursuant to a 7-year promissory note (a) bearing interest at 3.46% per annum, (b) requiring no principal or interest payments until maturity (other than a one-time prepayment of interest in the amount of approximately $270,000 at closing), and (c) providing that all payment obligations are subordinate in all respects to the return of the members' equity (including the gross book value of the acquired equity) plus a preferred return. As a result of this acquisition, the Company owns approximately 59% of SunChamp. SunChamp is consolidated on the Company's balance sheet as of December 31, 2002; previously SunChamp was accounted for using the equity method. In addition, in September 2002, the Company acquired the senior lender's entire right, title and interest in and to SunChamp's construction loan for a purchase price equal to 89% of the outstanding indebtedness thereof, which constitutes a discount of approximately $5.8 million.

These transactions have been accounted for as purchases, and the statements of income include the operations of the acquired communities from the dates of their respective acquisitions. As of December 31, 2002, in conjunction with a 1993 acquisition, the Company is obligated to issue $7.4 million of OP Units through 2009 based on the per share market value of the Company's stock on the issuance date. This obligation was accounted for as part of the purchase price of the original acquisition.

In February 2002, the Company sold a manufactured home community in Florida consisting of 227 sites of which 131 were occupied, for cash of approximately $3.3 million, resulting in a gain of $0.4 million on the sale. The gain has been included in discontinued operations and all periods presented have been revised to reflect discontinued operations. The adoption of this requirement did not have an impact on net income available to common shareholders.

3. NOTES AND OTHER RECEIVABLES (AMOUNTS IN THOUSANDS):

	AT DECEMBER 31,	
	2002	2001
Mortgage and other notes receivable, primarily with minimum monthly interest payments at LIBOR based floating rates of approximately LIBOR + 2.0%, maturing at various dates from July 2003 through August 2008, substantially collateralized by manufactured home communities	$38,420	$48,310
Installment loans collateralized by manufactured homes with interest payable monthly at an effective weighted average interest rate and maturity of 8.2% and 20 years, respectively	11,633	13,475
Other receivables	6,276	13,747
	$56,329	$75,532

At December 31, 2002, the maturities of mortgage notes and other receivables are approximately as follows: 2003 - $1.5 million; 2004 - $18.4 million; 2006 and after - $18.5 million.

Officers' notes, presented as a reduction to stockholders' equity in the balance sheet, are 13 to 15 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 362,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse. Interest income of $0.7 million, $0.9 million and $0.9 million has been recognized in 2002, 2001 and 2000, respectively. Reductions in the principal balance of Officer's notes were $0.3 million, $0.3 million and $0.2 million for the years 2002, 2001 and 2000, respectively.

4. DEBT AND LINE OF CREDIT(AMOUNTS IN THOUSANDS):

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

	At December 31, 2002	At December 31, 2001
Bridge loan, at variable interest rate (2.617% at December 31, 2002), due April 30, 2003	$ 48,000	$ --
Senior notes, interest at 7.625%, due May 1, 2003	85,000	85,000
Callable/redeemable notes, interest at 6.77%, due May 14, 2015, callable/redeemable May 16, 2005	65,000	65,000
Senior notes, interest at 6.97%, due December 3, 2007	35,000	35,000
Senior notes, interest at 8.20%, due August 15, 2008	100,000	100,000
Collateralized term loan, due to FNMA, at variable interest rate (2.17% at December 31, 2002) due May 2007, convertible to a 5 to 10 year fixed rate loan	152,363	--
Collateralized term loan, interest at 7.01%, due September 9, 2007	42,206	42,820
Capitalized lease obligations, interest at 6.1%, due through January 2004	16,438	26,045
Mortgage notes, other	60,366	48,333
	$ 604,373	$ 402,198

The collateralized term loans totaling $194,569 are secured by 22 properties comprising approximately 11,000 sites. The capitalized lease obligations and mortgage notes are collateralized by 15 communities comprising approximately 4,300 sites. At the lease expiration date of the capitalized leases the Company has the right and intends to purchase the properties for the amount of the then outstanding lease obligation. One of the capitalized lease obligations matured on January 1, 2003 and was paid by the issuance of 41,700 Preferred OP Units, cash of approximately $860,000 and the assumption of approximately $1,570,000 of debt, which was immediately retired.

The initial term of the variable rate FNMA debt is five years. The Company has the option to extend such variable rate borrowings for an additional five years and/or convert them to fixed rate borrowings with a term of five or ten years, provided that in no event can the term of the borrowings exceed fifteen years.

There are various covenants included in the senior notes and line of credit including limitations on the amount of debt which may be incurred, the amount of secured debt, and various financial ratios. At December 31, 2002, the Company can incur approximately $25.0 million of additional aggregate debt, and of the Company's total debt, $460 million may be secured debt.

At December 31, 2002, the maturities of debt, excluding the line of credit, during the next five years are approximately as follows: 2003 -- $141.5 million; 2004 - $33.7 million; 2005 -- $66.4 million: 2006 - $12.3 million; 2007 - $76.6 million.

4. DEBT AND LINE OF CREDIT (AMOUNTS IN THOUSANDS)(CONTINUED):

In July 2002, the Company refinanced its line of credit at $85 million. The Company had $22 million of this facility available to borrow at December 31, 2002. Subsequent to year-end, the Company increased this line of credit to $105 million. Borrowings under the line of credit bear interest at the rate of LIBOR plus 0.85% and mature July 2, 2005 with a one-year extension at the Company's option. The average interest rate of outstanding borrowings under the line of credit at December 31, 2002 was 2.27%.

The Company has a bridge loan of $48 million and senior notes of $85 million due on April 30 and May 1, 2003, respectively. It is the Company's expectation that these obligations will be retired utilizing the proceeds from the issuance of additional debt.

The Company is the guarantor of $22.7 million in personal bank loans maturing in 2004, made to directors, employees and consultants to purchase Company common stock and OP units pursuant to the Company's Stock Purchase Plan. No compensation expense was recognized in respect to the guarantees as the fair value thereof was not material nor have there been any defaults.

5. STOCK OPTIONS:

Data pertaining to stock option plans are as follows:

	2002	2001	2000
Options outstanding, January 1	1,090,794	1,109,250	1,121,000
Options granted	7,500	137,900	17,500
Option price	$34.92	$27.03-$32.81	$35.37
Options exercised	97,665	59,773	16,667
Option price	$20.13-$35.39	$22.75-$33.75	$28.64-$30.03
Options forfeited	24,862	96,583	12,583
Option price	$27.03-$32.75	$27.03-$33.82	$30.03-$33.75
Options outstanding, December 31	975,767(a)	1,090,794	1,109,250
Option price	$20-$35.39	$20-$35.39	$20-$35.39
Options exercisable, December 31	834,249(a)	823,227	827,329

(a) There are 324,854 and 284,359 options outstanding and exercisable, respectively, with exercise prices ranging from $20.00 - $27.99 with a weighted average life of 3.7 years related to the outstanding options. The weighted average exercise price for these outstanding and exercisable options is $24.02 and $23.59, respectively. There are 650,913 and 549,890 options outstanding and exercisable, respectively, with exercise prices ranging from $28.00 - $35.39 with a weighted average life of 5.4 years related to the outstanding options. The weighted average exercise price for these outstanding and exercisable options is $30.73 and $30.34, respectively.

At December 31, 2002, 150,519 shares of common stock were available for the granting of options. Stock option plans originally provided for the grant of up to 2,117,000 options. Options are granted at fair value of the common stock and generally vest over a two-year period and may be exercised for 10 years after date of grant. In addition, the Company established a Long-Term Incentive Plan in 1997 for certain employees granting 167,918 options (of which 117,379 remain outstanding), which become exercisable in equal installments in 2002-2004.

5. STOCK OPTIONS (AMOUNTS IN THOUSANDS)(CONTINUED):

The Company has opted to measure compensation cost utilizing the intrinsic value method. The fair value of each option grant was estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions for options granted:

	2002	2001	2000
Estimated fair value per share of options granted during year.....	$ 4.42(1)	$ 6.19	$ 2.43
Assumptions:			
Annualized dividend yield	5.9%(1)	5.9%	7.1%
Common stock price volatility.....	16.4%(1)	16.4%	15.3%
Risk-free rate of return	5.3%(1)	5.3%	6.4%
Expected option term (in years)	7	4	6

(1) 2002 based on valuation as of April 2001, due to insignificant option issuance in 2002.

6. STOCKHOLDERS' EQUITY:

In April 1998, the Company declared a dividend of one Preferred Stock Purchase Right ("Right") for each outstanding share of common stock. The Rights are not presently exercisable. Each Right entitles the holder, upon the occurrence of certain specified events, including a material change in the ownership of the Company, to purchase preferred stock and common stock, from the Company and/or from another person into which the Company is merged or which acquires control of the Company.

The Rights may be generally redeemed by the Company at a price of $0.01 per Right or $0.2 million in total. The Rights expire on June 8, 2008.

In July 2002, and in March 2001, the Company issued restricted stock awards of 70,000 at $39.53 per share, and 99,422 at $33.00 per share, respectively, to officers and certain employees which are being amortized over their five to ten year vesting period. Compensation cost recognized in income for all restricted stock awards was $1.1 million, $0.9 million and $0.7 million in 2002, 2001 and 2000, respectively.

7. OTHER INCOME (AMOUNTS IN THOUSANDS):

The components of other income are as follows for the years ended December 31, 2002, 2001 and 2000:

	2002	2001	2000
Interest income	$ 8,380	$ 10,706	$ 9,385
Other income	2,304	3,695	4,113
	$ 10,684	$ 14,401	$ 13,498

8. INCOME TAXES (AMOUNTS IN THOUSANDS):

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

Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within the Company's control. In addition, frequent changes occur in the area of REIT taxation, which require the Company continually to monitor its tax status. In one recent change, Congress modified the asset test applicable to REITs and the Code now provides that for taxable years beginning after December 31, 2000, REITs may own more than ten percent of the voting power and value of securities of a taxable REIT subsidiary ("TRS"). A corporation is treated as a TRS if a REIT owns stock in the corporation and the REIT and the corporation jointly elect such treatment. Effective July 1, 2001, the Company filed a TRS election for SHS. During the period from January 1, 2001 through June 30, 2001, the Company believes that SHS met certain grandfather rules permitting REITs indirectly to own more than ten percent of the value of a corporation, without violating any REIT asset tests. Nevertheless, there is no assurance that the Internal Revenue Service would not determine that SHS failed to meet one or more of the highly technical grandfather rules during this period.

The Company has received a legal opinion to the effect that, based on various assumptions and qualifications set forth in the opinion, Sun Communities, Inc. has been organized and has operated in conformity with the requirements for qualification as a REIT under the Code for its taxable years ended December 31, 1994 through December 31, 2002. There is no assurance that the Internal Revenue Service would not decide differently from the views expressed in counsel's opinion and such opinion represents only the best judgment of counsel and is not binding on the Internal Revenue Service or the courts.

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

8. INCOME TAXES (AMOUNTS IN THOUSANDS) (CONTINUED):

Dividend payout on taxable income available to common stockholders for the years ended December 31, 2002, 2001 and 2000:

	2002	2001	2000
Taxable income available to common stockholders	$ 6,046	$ 13,149	$ 14,683
Less tax gain on disposition of properties	--	(175)	(13)
Taxable operating income available to common stockholders	$ 6,046	$ 12,974	$ 14,670
Total distributions paid to common stockholders	$ 41,427	$ 38,161	$ 36,717

For income tax purposes, distributions paid to common stockholders consist of ordinary income, capital gains, and return of capital. For the years ended December 31, 2002, 2001 and 2000, distributions paid per share were taxable as follows:

	2002		2001		2000	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
Ordinary income	$ 1.54	67.1%	$ 1.38	63.1%	$ 1.30	62.0%
Return of capital	.75	32.9	.80	36.9	0.80	38.0
	$ 2.29	100.0%	$ 2.18	100.0%	$ 2.10	100.0%

9. EARNINGS PER SHARE (AMOUNTS IN THOUSANDS):

	2002	2001	2000
Earnings used for basic and diluted earnings per share computation	$ 13,592	$ 33,910	$ 33,29
Total shares used for basic earnings per share	17,595	17,258	17,304
Dilutive securities:			
Stock options and other	186	182	86
Total weighted average shares used for diluted earnings per share computation	17,781	17,440	17,390

Diluted earnings per share reflect the potential dilution that would occur if dilutive securities were exercised or converted into common stock. Included in basic and diluted earnings per share from continuing operations, in the Consolidated Statements of Income, is $0.25 and $0.28 related to gains from property dispositions in 2001 and 2000, respectively.

10. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following unaudited quarterly amounts are in thousands, except for per share amounts:

	FIRST QUARTER MARCH 31	SECOND QUARTER JUNE 30	THIRD QUARTER SEPT. 30	FOURTH QUARTER DEC. 31
2002				
Total revenues	$ 40,905	$ 40,021	$ 40,843	$ 40,527
Total expenses	$ 29,754	$ 29,079	$ 30,787	$ 32,931
Net income (loss)(b)	$ 8,114	$ 7,002	$ 5,802	$ (7,326)
Weighted average common shares outstanding	17,322	17,544	17,739	17,777
Earnings (loss) per common share-basic	$ 0.47	$ 0.40	$ 0.33	$ (0.41)

	FIRST QUARTER MARCH 31	SECOND QUARTER JUNE 30	THIRD QUARTER SEPT. 30	FOURTH QUARTER DEC. 31
2001				
Total revenues	$ 38,844	$ 38,090	$ 37,792	$ 38,362
Total revenues as previously reported (c)	$ 39,091	$ 38,148	$ 38,309	$ 38,006
Total expenses	$ 27,721	$ 27,164	$ 27,059	$ 28,229
Total expenses as previously reported (c)	$ 27,827	$ 27,263	$ 27,160	$ 28,333
Net income (a)	$ 11,104	$ 8,320	$ 7,877	$ 6,609
Weighted average common shares outstanding	17,365	17,203	17,210	17,256
Earnings per common share-basic	$ 0.64	$ 0.48	$ 0.46	$ 0.38

(a) Net income includes net gains on the disposition of properties of $3,517 in the first quarter of 2001 and $758 in the second quarter of 2001.

(b) Included in net income for the fourth quarter of 2002 is the write-off of $13.6 million pertaining to the Company's investment in Origen.

(c) Revenues and expenses have been restated to conform with SFAS 144 which requires operations of properties sold or held for sale to be reclassified as discontinued operations.

11. RECENT ACCOUNTING PRONOUNCEMENTS:

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities." The objective of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns, if they occur. FIN No. 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation became effective upon issuance with respect to VIEs created after January 31, 2003 and to VIEs in which a company obtains an interest after that date. The provisions of this interpretation apply in the first interim period beginning after June 15, 2003 (i.e., third quarter of 2003) to VIEs in which a company holds a variable interest that it acquired before February 1, 2003. The Company is in the process of assessing whether it has an interest in any VIEs which may require consolidation in the third quarter of 2003 pursuant to FIN No. 46. Summarized financial information for entities which may be identified as VIEs is included in Note 1f of notes to the financial statements.

In December 2002, the FASB issued SFAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," which provides guidance on how to transition from the intrinsic value method of accounting for stock-based employee compensation under APB 25 to SFAS 123's fair value method of accounting, if a company so elects. The adoption of this standard did not have a significant impact on the financial position or results of operations of the Company.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 clarifies disclosures that are required to be made certain guarantees and establishes a requirement to record a liability at fair value for certain guarantees at the time of the guarantee's issuance. The disclosure requirements of FIN No. 45 have been applied in these financial statements. The requirement to record a liability applies to guarantees issues or modified after December 31, 2002. The Company does not expect the requirements of FIN 45 to have a significant impact on the financial position or results of operations of the Company.

In July 2002, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the statement include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing or other exit or disposal activity. The statement is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The adoption of this statement is not expected to have a significant impact on the financial position or results of operations of the Company.

11. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED):

In May 2002, the FASB issued SFAS 145, "Rescission of SFAS Nos. 4, 44 and 64, Amendment of SFAS 13, and Technical Corrections as of April 2002." The provisions of this statement related to the rescission of Statement 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions related to Statement 13 shall be effective for transactions occurring after May 15, 2002, with early application encouraged. All provisions of this Statement shall be effective for financial statements issued on or after May 15, 2002, with early application encouraged. Adoption of this statement did not have a significant impact on the financial position or results of operations of the Company.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that Opinion). The provisions of this SFAS 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The provisions of this standard are generally to be applied prospectively. During the first quarter of 2002, the Company sold Kings Pointe Mobile Home Park, located in Winter Haven, Florida, for approximately $3.4 million. In accordance with SFAS 144, the Company's consolidated statements of income and consolidated statements of cash flow have been revised from those originally reported for the years ended December 31, 2001 and 2000 to separately reflect the results of discontinued operations for this property. These results were previously included in income from operations. These revisions had no impact on the Company's consolidated balance sheets or statements of stockholders' equity and these revisions had no impact on net income or net income per share of common stock for the years ended December 31, 2002, 2001 and 2000.

In June 2001, the FASB approved SFAS No. 141, "Business Combinations and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 141 requires, among other things, that the purchase method of accounting for business combinations be used for all business combinations initiated after September 30, 2001. SFAS 142 addresses the accounting for goodwill and other intangible assets subsequent to their acquisition. SFAS 142 requires, among other things, that goodwill and other indefinite-lived intangible assets no longer be amortized and that such assets be tested for impairment at least annually. The adoption of these standards did not have a significant impact on the financial position or results of operations of the Company.

12. CONTINGENCIES:

On March 21, 2003, the Company received an unfiled complaint by T.J. Holdings, LLC ("TJ Holdings"), a member of Sun/Forest, LLC ("Sun/Forest") (which, in turn, owns an equity interest in SunChamp LLC), against the Company, SunChamp LLC, certain other affiliates of the Company and two directors of Sun Communities, Inc. The unfiled 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 unfiled complaint and the claims threatened therein have no merit and, if this complaint is ultimately filed, the Company will defend it vigorously.

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.

SCHEDULE III

SUN COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2002
(AMOUNT IN THOUSANDS)

PROPERTY NAME	LOCATION	ENCUMBRANCE		INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION IMPROVEMENTS	
				LAND	B & F	LAND	B & F
Academy/Westpoint	Canton, MI	A		$ 1,485	$ 14,278	$ --	$ 27
Allendale	Allendale, MI	A		366	3,684	--	3,675
Alpine	Grand Rapids, MI	--		729	6,692	--	3,628
Apple Creek	Amelia, OH	C		543	5,480	--	20
Arbor Terrace	Brandenton, FL	--		481	4,410	--	325
Ariana Village	Lakeland, FL	A		240	2,195	--	506
Autumn Ridge	Ankeny, IO	--		890	8,054	--	834
Bedford Hills	Battle Creek, MI	B		1,265	11,562	--	451
Bell Crossing	Clarksville, TN	--		717	1,916	--	3,617
Bonita Lake	Bonita Springs, FL	--		285	2,641	--	223
Boulder Ridge	Pflugerville, TX	--		1,000	500	3,324	16,117
Branch Creek	Austin, TX	A		796	3,716	--	5,108
Brentwood	Kentwood, MI	--		385	3,592	--	260
Byrne Hill Village	Toledo, OH	--		383	3,903	--	264
Brookside Village	Goshen, IN	A		260	1,080	386	7,386
Buttonwood Bay	Sebring, IN	--		1,952	18,294	--	1,465
Byron Center	Byron Center, MI	--		253	2,402	--	142
Country Acres	Cadillac, MI	--		380	3,495	--	242
Candlewick Court	Owosso, MI	--		125	1,900	132	1,097
Carrington Pointe	Ft. Wayne, IN	--		1,076	3,632	--	4,231
Casa Del Valle	Alamo, TX	--		246	2,316	--	434
Catalina	Middletown, OH	--		653	5,858	--	1,110
Candlelight Village	Chicago Heights, IL	--		600	5,623	--	651
Chisholm Point	Pflugerville, TX	A		609	5,286	--	2,626
Clearwater Village	South Bend, IN	--		80	1,270	61	1,906
Country Meadows	Flat Rock, MI	A		924	7,583	296	9,540
Continental North	Davison, MI	--	(1)			--	3,555
Cobus Green	Elkhart, IN	--		762	7,037	--	635
College Park Estates	Canton, MI	--		75	800	174	4,728
Continental Estates	Davison, MI	--		1,625	16,581	150	1,570
Countryside Village	Perry, MI	B		275	3,920	185	2,091
Creekwood Meadows	Burton, MI	--		808	2,043	404	6,556
Cutler Estates	Grand Rapids, MI	B		749	6,941	--	336
Davison East	Davison, MI		(1)			--	--
Deerfield Run	Anderson, MI	1,700		990	1,607	--	3,228

PROPERTY NAME	GROSS AMOUNT CARRIED AT DECEMBER 31, 2002			ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
	LAND	B & F	TOTAL		
Academy/Westpoint	$ 1,485	$ 14,305	$ 15,790	$ 1,205	2000(A)
Allendale	366	7,359	7,725	1,408	1996(A)
Alpine	729	10,320	11,049	1,904	1996(A)
Apple Creek	543	5,500	6,043	623	1999(A)
Arbor Terrace	481	4,735	5,216	1,044	1996(A)
Ariana Village	240	2,701	2,941	745	1994(A)
Autumn Ridge	890	8,888	9,778	1,856	1996(A)
Bedford Hills	1,265	12,013	13,278	2,643	1996(A)
Bell Crossing	717	5,533	6,250	428	1999(A)
Bonita Lake	285	2,864	3,149	624	1996(A)
Boulder Ridge	4,324	16,617	20,941	1,603	1998(C)
Branch Creek	796	8,824	9,620	1,707	1995(A)
Brentwood	385	3,852	4,237	867	1996(A)
Byrne Hill Village	383	4,167	4,550	498	1999(A)
Brookside Village	646	8,466	9,112	1,829	1985(A)
Buttonwood Bay	1,952	19,759	21,711	931	2001(A)
Byron Center	253	2,544	2,797	569	1996(A)
Country Acres	380	3,737	4,117	813	1996(A)
Candlewick Court	257	2,997	3,254	884	1985(A)
Carrington Pointe	1,076	7,863	8,939	1,154	1997(A)
Casa Del Valle	246	2,750	2,996	544	1997(A)
Catalina	653	6,968	7,621	1,990	1993(A)
Candlelight Village	600	6,274	6,874	1,371	1996(A)
Chisholm Point	609	7,912	8,521	1,667	1995(A)
Clearwater Village	141	3,176	3,317	799	1986(A)
Country Meadows	1,220	17,123	18,343	3,926	1994(A)
Continental North	--	3,711	3,711	867	1996(A)
Cobus Green	762	7,672	8,434	2,310	1993(A)
College Park Estates	249	5,528	5,777	1,496	1978(A)
Continental Estates	1,775	18,151	19,926	3,516	1996(A)
Countryside Village	460	6,011	6,471	1,637	1987(A)
Creekwood Meadows	1,212	8,599	9,811	1,221	1997(C)
Cutler Estates	749	7,277	8,026	1,592	1996(A)
Davison East	--	--	--	--	1996(A)
Deerfield Run	990	4,835	5,825	396	1999(A)

SCHEDULE III

SUN COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2002
(AMOUNT IN THOUSANDS)

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION IMPROVEMENTS	
			LAND	B & F	LAND	B & F
Desert View Village	West Wendover, NV	--	1,180	--	423	5,588
Eagle Crest	Firestone, CO	--	2,017	150	2,362	22,591
Edwardsville	Edwardsville, KS	B	425	8,805	541	2,671
Fisherman's Cove	Flint, MI	--	380	3,438	--	552
Forest Meadows	Philomath, OR	--	1,031	2,050	--	--
Four Seasons	Elkhart, IN	--	500	4,811	--	--
Goldcoaster	Homestead, FL	--	446	4,234	172	1,924
Grand	Grand Rapids, MI	--	374	3,587	--	203
Groves	Ft. Meyers, FL	--	249	2,396	--	649
Hamlin	Webberville, MI	--	125	1,675	536	3,425
High Point	Frederika, DE	--	898	7,031	--	1,055
Holly Forest	Holly Hill, FL	--	920	8,376	--	335
Holiday Village	Elkhart, IN	--	100	3,207	143	1,227
Indian Creek	Ft. Meyers Beach, FL	--	3,832	34,660	--	1,375
Island Lake	Merritt Island, FL	--	700	6,431	--	313
King's Court	Traverse City, MI	A	1,473	13,782	--	1,559
Kensington Meadows	Lansing, MI	--	250	2,699	--	3,596
King's Lake	Debary, FL	--	280	2,542	--	2,199
Knollwood Estates	Allendale, MI	D	400	4,061	--	--
Kenwood	La Feria, TX	--	145	1,842	--	--
Lafayette Place	Warren, MI	--	669	5,979	--	778
Lake Juliana	Auburndale, FL	--	335	2,848	--	846
Leesburg Landing	Leesburg, FL	--	50	429	921	415
Liberty Farms	Valparaiso, IN	--	66	1,201	116	1,917
Lincoln Estates	Holland, MI	--	455	4,201	--	318
Lake San Marino	Naples, FL	--	650	5,760	--	446
Maple Grove Estates	Dorr, MI	--	15	210	20	297
Meadowbrook Village	Tampa, FL	--	519	4,728	--	428
Meadowbrook Estates	Monroe, MI	--	431	3,320	379	5,960
Meadow Lake Estates	White Lake, MI	A	1,188	11,498	127	1,826
Meadows	Nappanee, IN	--	287	2,300	--	2,443
Meadowstream Village	Sodus, MI	--	100	1,175	109	1,443
Maplewood Mobile	Lawrence, IN	--	275	2,122	--	887
North Point Estates	Pueblo, CO	--	1,582	3,027	1	2,192
Oak Crest	Austin, TX	8,331	4,311	12,611	--	--

PROPERTY NAME	GROSS AMOUNT CARRIED AT DECEMBER 31, 2002		TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
	LAND	B & F			
Desert View Village	1,603	5,588	7,191	418	1998(C)
Eagle Crest	4,379	22,741	27,120	633	1998(C)
Edwardsville	966	11,476	12,442	3,203	1987(A)
Fisherman's Cove	380	3,990	4,370	1,175	1993(A)
Forest Meadows	1,031	2,050	3,081	239	1999(A)
Four Seasons	500	4,811	5,311	415	2000(A)
Goldcoaster	618	6,158	6,776	1,056	1997(A)
Grand	374	3,790	4,164	721	1996(A)
Groves	249	3,045	3,294	606	1997(A)
Hamlin	661	5,100	5,761	720	1984(A)
High Point	898	8,086	8,984	422	1997(A)
Holly Forest	920	8,711	9,631	1,611	1997(A)
Holiday Village	243	4,434	4,677	1,322	1986(A)
Indian Creek	3,832	36,035	39,867	8,033	1996(A)
Island Lake	700	6,744	7,444	1,704	1995(A)
King's Court	1,473	15,341	16,814	3,320	1996(A)
Kensington Meadows	250	6,295	6,545	1,263	1995(A)
King's Lake	280	4,741	5,021	1,116	1994(A)
Knollwood Estates	400	4,061	4,461	205	2001(A)
Kenwood	145	1,842	1,987	226	1999(A)
Lafayette Place	669	6,757	7,426	1,030	1998(A)
Lake Juliana	335	3,694	4,029	993	1994(A)
Leesburg Landing	971	844	1,815	182	1996(A)
Liberty Farms	182	3,118	3,300	874	1985(A)
Lincoln Estates	455	4,519	4,974	1,000	1996(A)
Lake San Marino	650	6,206	6,856	1,384	1996(A)
Maple Grove Estates	35	507	542	143	1979(A)
Meadowbrook Village	519	5,156	5,675	1,508	1994(A)
Meadowbrook Estates	810	9,280	10,090	2,695	1986(A)
Meadow Lake Estates	1,315	13,324	14,639	3,899	1994(A)
Meadows	287	4,743	5,030	1,272	1987(A)
Meadowstream Village	209	2,618	2,827	741	1984(A)
Maplewood Mobile	275	3,009	3,284	847	1989(A)
North Point Estates	1,583	5,219	6,802	207	2001(C)
Oak Crest	4,311	12,611	16,922	229	2002(A)

SCHEDULE III

SUN COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2002
(AMOUNT IN THOUSANDS)

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION IMPROVEMENTS	
			LAND	B & F	LAND	B & F
Oakwood Village	Miamisburg, OH	--	1,964	6,401	--	6,368
Orange Tree	Orange City, FL	--	283	2,530	15	765
Orchard Lake	Milford, OH	C	395	4,025	--	15
Paradise	Chicago Heights, IL	--	723	6,638	--	683
Pecan Branch	Georgetown, TX	--	1,379	--	331	4,158
Pheasant Ridge	Lancaster, PA		2,044	19,279	--	--
Pine Hills	Middlebury, IN	--	72	544	60	1,754
Pin Oak Parc	St. Louis, MO	A	1,038	3,250	467	4,776
Pine Ridge	Petersburg, VA	--	405	2,397	--	1,326
Presidential	Hudsonville, MI	A	680	6,314	--	1,261
Parkwood Mobile	Grand Blanc, MI	--	477	4,279	--	764
Richmond	Richmond, MI	--	501	2,040	--	393
River Ridge	Austin, TX	6,813	3,201	15,090	--	--
Roxbury	Goshen, IN	--	1,057	9,870	--	--
Royal Country	Miami, FL	B	2,290	20,758	--	818
River Haven	Grand Haven, MI	D	1,800	16,967	--	--
Saddle Oak Club	Ocala, FL	--	730	6,743	--	701
Saddlebrook	San Marcos, TX	5,481	1,703	11,843	--	--
Scio Farms	Ann Arbor, MI	--	2,300	22,659	--	3,861
Sea Air	Rehoboth Beach, DE	4,484	1,207	10,179	--	683
Sherman Oaks	Jackson, FL	B	200	2,400	240	4,063
Siesta Bay	Ft. Meyers Beach, FL	--	2,051	18,549	--	792
Silver Star	Orlando, FL	--	1,022	9,306	--	419
Southfork	Belton, MO	--	1,000	9,011	--	1,412
Sunset Ridge	Portland, MI	--	2,044	--	--	10,364
St. Clair Place	St. Clair, MI	--	501	2,029	1	347
Stonebridge	Richfield Twp., MI	1,119	2,044	--	2,081	--
Snow to Sun	Weslaco, TX	90	190	2,143	15	857
Sun Villa	Reno, NV	6,665	2,385	11,773	--	345
Timber Ridge	Ft. Collins, CO	A	990	9,231	--	1,075
Timberbrook	Bristol, IN	B	490	3,400	101	5,024
Timberline Estates	Grand Rapids, MI	A	535	4,867	--	608
Town and Country	Traverse City, MI	--	406	3,736	--	252
Valley Brook	Indianapolis, IN	A	150	3,500	1,277	9,008
Village Trails	Howard City, MI	--	988	1,472	--	713

PROPERTY NAME	GROSS AMOUNT CARRIED AT DECEMBER 31, 2002			ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
	LAND	B & F	TOTAL		
Oakwood Village	1,964	12,769	14,733	1,565	1998(A)
Orange Tree	298	3,295	3,593	862	1994(A)
Orchard Lake	395	4,040	4,435	514	1999(A)
Paradise	723	7,321	8,044	1,579	1996(A)
Pecan Branch	1,710	4,158	5,868	162	1999(C)
Pheasant Ridge	2,044	19,279	21,323	328	2002(A)
Pine Hills	132	2,298	2,430	629	1980(A)
Pin Oak Parc	1,505	8,026	9,531	1,613	1994(A)
Pine Ridge	405	3,723	4,128	1,045	1986(A)
Presidential	680	7,575	8,255	1,635	1996(A)
Parkwood Mobile	477	5,043	5,520	1,460	1993(A)
Richmond	501	2,433	2,934	379	1998(A)
River Ridge	3,201	15,090	18,291	383	2002(A)
Roxbury	1,057	9,870	10,927	500	2001(A)
Royal Country	2,290	21,576	23,866	6,489	1994(A)
River Haven	1,800	16,967	18,767	898	2001(A)
Saddle Oak Club	730	7,444	8,174	2,031	1995(A)
Saddlebrook	1,703	11,843	13,546	205	2002(A)
Scio Farms	2,300	26,520	28,820	6,349	1995(A)
Sea Air	1,207	10,862	12,069	568	1997(A)
Sherman Oaks	440	6,463	6,903	1,739	1986(A)
Siesta Bay	2,051	19,341	21,392	4,307	1996(A)
Silver Star	1,022	9,725	10,747	2,156	1996(A)
Southfork	1,000	10,423	11,423	1,539	1997(A)
Sunset Ridge	2,044	10,364	12,408	438	1998(C)
St. Clair Place	502	2,376	2,878	446	1998(A)
Stonebridge	4,125	--	4,125	--	1998(C)
Snow to Sun	205	3,000	3,205	552	1997(A)
Sun Villa	2,385	12,118	14,503	1,838	1998(A)
Timber Ridge	990	10,306	11,296	2,226	1996(A)
Timberbrook	591	8,424	9,015	2,310	1987(A)
Timberline Estates	535	5,475	6,010	1,535	1994(A)
Town and Country	406	3,988	4,394	898	1996(A)
Valley Brook	1,427	12,508	13,935	3,280	1989(A)
Village Trails	988	2,185	3,173	306	1998(A)

SCHEDULE III

SUN COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2002
(AMOUNT IN THOUSANDS)

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION IMPROVEMENTS	
			LAND	B & F	LAND	B & F
Water Oak Country Club Est.	Lady Lake, FL	--	2,503	17,478	--	5,538
Westbrook	Toledo, OH	E	1,110	10,462	--	850
Westbrook Senior	Toledo, OH	--	355	3,295	--	295
West Glen Village	Indianapolis, IN	--	1,100	10,028	--	849
White Lake	White Lake, MI	--	672	6,179	--	4,612
White Oak	Mt. Morris, MI	A	782	7,245	112	3,601
Willowbrook	Toledo, OH	E	781	7,054	--	565
Windham Hills	Jackson, MI	--	2,673	2,364	--	7,587
Woodhaven Place	Woodhaven, MI	--	501	4,541	--	840
Woodlake Estates	Yoder, IN	--	632	3,674	--	2,603
Woodland Park Estates	Eugene, OR	7,286	1,592	14,398	--	334
Woods Edge	West Lafayette, IN	--	100	2,600	3	7,644
Woodside Terrace	Holland, OH	--	1,064	9,625	--	1,262
Worthington Arms	Lewis Center, OH	--	376	2,624	--	1,204
Corporate Headquarters	Farmington Hills, MI		--	--	--	2,730
Comal Farms	New Braunfels, TX	--	1,455	1,732	--	4,090
Creekside	Reidsville, NC	--	350	1,423	--	3,074
East Fork	Batavia, OH	--	1,280	6,302	--	3,633
Glen Laurel	Concord, NC	--	1,641	453	--	5,822
Meadowbrook	Charlotte, NC	--	1,310	6,570	--	2,494
Pebble Creek	Greenwood, IN	--	1,030	5,074	--	3,229
River Ranch	Austin, TX	--	4,690	843	--	4,453
Stonebridge	San Antonio, TX	--	2,552	2,096	--	3,752
Summit Ridge	Converse, TX	--	2,615	2,092	--	4,228
Sunset Ridge	Kyle, TX	--	2,190	2,775	--	4,601
Woodlake Trails	San Antonio, TX	--	1,186	287	160	2,955
			$122,450	$731,914	$15,825	$304,492

PROPERTY NAME	GROSS AMOUNT CARRIED AT DECEMBER 31, 2002		TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
	LAND	B & F			
Water Oak Country Club Est	2,503	23,016	25,519	6,102	1993(A)
Westbrook	1,110	11,312	12,422	1,327	1999(A)
Westbrook Senior	355	3,590	3,945	173	2001(A)
West Glen Village	1,100	10,877	11,977	3,034	1994(A)
White Lake	672	10,791	11,463	1,526	1997(A)
White Oak	894	10,846	11,740	1,780	1997(A)
Willowbrook	781	7,619	8,400	1,133	1997(A)
Windham Hills	2,673	9,951	12,624	1,074	1998(A)
Woodhaven Place	501	5,381	5,882	822	1998(A)
Woodlake Estates	632	6,277	6,909	783	1998(A)
Woodland Park Estates	1,592	14,732	16,324	2,238	1998(A)
Woods Edge	103	10,244	10,347	1,915	1985(A)
Woodside Terrace	1,064	10,887	11,951	1,991	1997(A)
Worthington Arms	376	3,828	4,204	1,115	1990(A)
Corporate Headquarters		2,730	2,730	1,678	Various
Comal Farms	1,455	5,822	7,277	255	2000(A&C)
Creekside	350	4,497	4,847	221	2000(A&C)
East Fork	1,280	9,935	11,215	581	2000(A&C)
Glen Laurel	1,641	6,275	7,916	102	2001(A&C)
Meadowbrook	1,310	9,064	10,374	665	2000(A&C)
Pebble Creek	1,030	8,303	9,333	645	2000(A&C)
River Ranch	4,690	5,296	9,986	--	2000(A&C)
Stonebridge	2,552	5,848	8,400	375	2000(A&C)
Summit Ridge	2,615	6,320	8,935	400	2000(A&C)
Sunset Ridge	2,190	7,376	9,566	511	2000(A&C)
Woodlake Trails	1,346	3,242	4,588	188	2000(A&C)
	$138,275	$1,036,562	$1,174,837	$ 175,477	

A These communities collateralize $152.36 million of secured debt.

B These communities collateralize $42.21 million of secured debt.

C These communities collateralize $4.67 million of secured debt.

D These communities collateralize $12.29 million of secured debt.

E These communities are financed by $16.44 million of collateralized lease obligations.

(1) The initial cost for this property is included in the initial cost reported for Continental Estates.

SECOND AMENDED AND RESTATED SUBORDINATED LOAN AGREEMENT

THIS SECOND AMENDED AND RESTATED SUBORDINATED LOAN AGREEMENT (as amended from time to time, the "Agreement") is made and entered into as of this 4th day of December, 2002 by and between ORIGEN FINANCIAL, L.L.C., a Delaware limited liability company ("Borrower"), whose address is 260 East Brown Street, Suite 200, Birmingham, Michigan 48009, and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Lender"), whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334.

RECITALS:

A. Borrower, Origen Financial, Inc. ("Origen Inc.") and Lender have entered into that certain Amended and Restated Subordinated Loan Agreement dated February 1, 2002, as amended by the First Amendment to Amended and Restated Subordinated Loan Agreement dated March 22, 2002, the Second Amendment to Amended and Restated Subordinated Loan Agreement dated June 18, 2002, and the Third Amendment to Amended and Restated Subordinated Loan Agreement dated August 12, 2002 (the "Original Loan Agreement").

B. Origen Inc. was merged with and into Borrower effective April 25, 2002 and Borrower is therefore the successor to Origen Inc.'s obligations under the Original Loan Agreement.

C. Lender and Borrower desire to amend and restate the Original Loan Agreement in its entirety in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. LOAN. The Line of Credit provided hereunder shall have the following terms:

Type of Loan: Line of Credit

Interest Rate: 700 basis points over LIBOR, but not less than eleven percent (11%) per annum, or in excess of fifteen percent (15%) per annum

Note Amount: $27,500,000

Maturity: December 31, 2003; provided that the due date shall be automatically extended to December 31, 2004 if the Master Repurchase Agreement between Borrower and Credit Suisse First Boston Mortgage Capital LLC dated December 18, 2001, as amended from time to time (the "CSFB Agreement"), is renewed on terms acceptable to Lender upon the expiration of the CSFB Agreement in May 2003.

The Loan and any amendments, extensions, renewals, or refinancing thereof are subject to this Agreement.

2. LINE OF CREDIT LOAN. Provided that no Event of Default exists and no Event of Default will be caused by any draw under the Loan, Lender agrees to loan to Borrower, from time to time up to the Note Amount (as described above), in increments determined at Lender's discretion and in accordance with the terms of the Sixth Amended and Restated Promissory Note of even date herewith made by Borrower in connection with the Loan and attached to this Agreement as EXHIBIT A. The Sixth Amended Note shall replace the Fifth Amended and Restated Promissory Note dated August 12, 2002 executed by Borrower in connection with the Original Loan Agreement. Notwithstanding anything to the contrary herein, Lender's obligation to make any advance to Borrower under the Loan shall automatically: (a) cease and terminate

upon the maturity date stated in the Sixth Amended Note; and (b) suspend upon any earlier occurrence of an Event of Default unless and until waived by Lender in writing.

3. BORROWER'S REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, all of which representations and warranties shall be continuing until the Loan is fully paid and Borrower's obligations under this Agreement and the Related Documents are fully performed, as follows:

A. Borrower's Existence and Authority. Borrower is a Delaware limited liability company, and the person executing this Agreement on behalf of Borrower has full power and complete authority to execute this Agreement and all Related Documents on behalf of Borrower, and this Agreement and the Related Documents are valid, binding and enforceable against Borrower.

B. Financial Information. All financial information provided to Lender has been prepared and will continue to be prepared in accordance with generally accepted accounting principles ("GAAP"), consistently applied, and fully and fairly presents the financial condition of Borrower as of the date or for the operating period thereof. There has been no material adverse change in Borrower's business, property, or financial condition since the date of Borrower's latest Financial Statements provided to Lender.

C. No Litigation/No Misrepresentations. There are no civil or criminal proceedings pending before any court, government agency, arbitration panel, or administrative tribunal or, to Borrower's knowledge, threatened against Borrower, which may result in any material adverse change in the business, property, or financial condition of Borrower. All representations and warranties in this Agreement and the Related Documents are true and correct and no material fact has been omitted.

4. AFFIRMATIVE COVENANTS. As of the date of this Agreement and continuing until all of Borrower's obligations under this Agreement and the Related Documents are fully performed and the Loan is fully repaid to Lender, Borrower shall at all times comply with the following covenants:

A. Notice of Adverse Events. Borrower shall promptly notify Lender in writing of any litigation, indictment, governmental proceeding, default, or any other occurrence which may have a material adverse effect on Borrower's business, property or financial condition.

B. Maintain Business Existence and Operations. Borrower shall do all things necessary to keep in full force and effect its corporate existence and continue its business as presently conducted.

C. General Compliance with Law. Borrower shall at all times operate its business in strict compliance with all applicable Federal, State, and local laws, ordinances and regulations, and refrain from engaging in any civil or criminal activity proscribed by Federal, State or local law.

D. Delivery of Financial Statements. Within forty-five (45) days after the end of each fiscal quarter, Borrower shall deliver to Lender copies of its unaudited financial statements prepared in accordance with GAAP, consistently applied. Within ninety (90) days after the end of each fiscal year, Borrower shall deliver to Lender copies of its audited financial statements prepared in accordance with GAAP, consistently applied.

5. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

A. Failure to Pay Amounts Due. Any amount of principal or interest under the Sixth Amended Note is not paid when due.

B. Misrepresentations; False Financial Information. Any statement, warranty or representation of Borrower in connection with or contained in this Agreement, the Related Documents, or any Financial Statements now or hereafter furnished to Lender by or on behalf of Borrower, is false or misleading.

C. Noncompliance with Loan Agreements. Borrower breaches any covenant, term, condition or agreement stated in this Agreement, the Related Documents or any agreement relating to Senior Debt (as defined below).

D. Cessation/Termination of Existence. Borrower shall cease doing business or Borrower's existence is terminated by sale, dissolution, merger or otherwise.

E. Bankruptcy or Receivership. Any conveyance is made of substantially all of Borrower's assets, any assignment is made for the benefit of creditors, any receiver is appointed, or any insolvency, liquidation or reorganization proceeding under the Bankruptcy Code or otherwise shall be filed by or against Borrower.

F. Attachments; Tax Liens. Any attachment, execution, levy, forfeiture, tax lien or similar writ or process is issued against any property of Borrower.

G. Material Adverse Change. Any material adverse change occurs or is imminent the effect of which would be to substantially diminish Borrower's financial condition, business, or the ability to perform its agreements with Lender.

H. Other Lender Default. Any other indebtedness of Borrower to Lender or any other creditor (including, without limitation, Financial Institutions (as defined below) becomes due and remains unpaid after acceleration of the maturity or after the stated maturity.

I. Other Indebtedness. Borrower incurs any Indebtedness (other than Senior Debt) in excess of $100,000 in the aggregate after the date of this Agreement.

J. Change of Control Event. Absent Lender's prior written consent, any Change of Control Event with respect to Borrower occurs after Borrower's first draws on the Loan.

6. REMEDIES ON DEFAULT.

A. Acceleration Set-Off. Upon the occurrence of any Event of Default, Lender may, at Lender's option, declare the Loan to be immediately due and payable. The foregoing shall not in any way impair Lender's right to demand repayment under the terms of the Sixth Amended Note.

B. Remedies; No Waiver. The remedies provided in this Agreement are cumulative and not exclusive, and Lender may exercise any remedies available to it at law, in equity, and as are provided in this Agreement, the Related Documents and any other written agreement between Borrower and Lender. No delay or failure of Lender in exercising any right, remedy, power, or privilege under this Agreement or the Related Documents shall affect that right, remedy, power or privilege, nor shall any single or partial exercise preclude the exercise of any other right, remedy, power or privilege. No delay or failure of Lender to demand strict adherence to the terms of this Agreement or

the Related Documents shall be deemed to constitute a course of conduct inconsistent with Lender's right at any time, before or after any Event of Default, to prospectively demand strict adherence to the terms of this Agreement and the Related Documents.

7. SUBORDINATION.

A. The indebtedness evidenced by the Sixth Amended Note and any renewals or extensions thereof (such indebtedness being herein called the "Subordinated Indebtedness") shall at all times be wholly subordinate and junior in right to payment in full of all Senior Debt (as defined below). The provisions of this section on subordination shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt, and such holders are hereby made obligees hereunder the same as if their names were written herein as such, and they and/or each of them may proceed to enforce such provisions. Unless and until an event of default under any of the Senior Debt (other than an event of default which exists solely by reason of a default under this Agreement) shall have occurred and be continuing ("Superior Default"), Borrower shall pay the principal and interest on all Subordinated Indebtedness according to the terms hereof.

For purposes of this Agreement, "Senior Debt" means the principal of, and interest on and other amounts due on or in connection with any Indebtedness of Borrower (other than the Sixth Amended Note) to any Financial Institution (as defined below), whether outstanding on the date of this Agreement, or thereafter created, incurred or assumed by Borrower (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, Indebtedness of the kind described in this clause). Notwithstanding anything herein to the contrary, Senior Debt shall not include: (a) Indebtedness of or amounts owed by Borrower for compensation to employees, or for goods or materials purchased in the ordinary course of business or for services, or (b) Indebtedness of Borrower to any of its subsidiaries or affiliates. In no event shall any Financial Institution be deemed to be an affiliate of Borrower. Indebtedness of Borrower to any of its subsidiaries or affiliates shall be pari passu in all respects with the Subordinated Indebtedness.

For purposes of this Agreement, "Financial Institution" means any bank as defined in section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act, insurance company as defined in section 2(13) of the Securities Act, or investment banking firm. For purposes of this Agreement, Credit Suisse First Boston Mortgage Capital, LLC ("CSFBMC") shall be considered a Financial Institution.

For purposes of this Agreement, "Indebtedness" means, with respect to any person, (a) any liability, contingent or otherwise, of such person (i) for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof), (ii) evidenced by a note, debenture or similar instrument or representing the balance deferred and unpaid of the purchase price of any property purchased, (iii) for the payment of money relating to a lease that is required to be capitalized under GAAP; or (iv) to repurchase securities or other property, including without limitation, Borrower's obligations to repurchase securities under the CSFB Agreement; (b) any obligation secured by a lien to which the property or assets of such person are subject, whether or not the obligations secured thereby shall have been assumed by or shall otherwise be such person's legal liability; and (c) any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any liability of the kind described in any of the preceding clauses (a) or (b).

B. The terms hereof, the subordination effected hereby and the rights of the holders of the Senior Debt shall not be affected by (a) any amendment of or addition or supplement to any Senior Debt or any instrument or agreement relating thereto, (b) any exercise or non-exercise of any right, power or remedy under or in respect of any Senior Debt or any instrument or agreement relating thereto, or (c) any waiver, consent, release, indulgence, extension, renewal, modification, delay or other action, inaction or omission, in respect of any Senior Debt or any instrument or agreement relating thereto or any security therefor or guaranty thereof, whether or not any holder of any Subordinated Indebtedness shall have had notice or knowledge of any of the foregoing.

C. Upon the happening of (a) a Superior Default which is a default in respect of payment of principal, premium, if any, or interest on Senior Debt or (b) a Superior Default (other than a Superior Default in respect of payment of principal, premium, if any, or interest on Senior Debt) and receipt by Lender of written notice thereof from any holder of Senior Debt, then until all Senior Debt shall have been paid in full, Borrower shall not, directly or indirectly, make or agree to make, and neither Lender nor any assignee or successor holder of any Subordinated Indebtedness shall demand, accept or receive (a) any payment (in cash, property or securities, by set-off or otherwise), direct or indirect, of or on account of any principal or interest in respect of any Subordinated Indebtedness, and no such payment shall be accepted by any holder of any Subordinated Indebtedness, or (b) any payment for the purpose of any redemption, purchase or other acquisition, direct or indirect, of any Subordinated Indebtedness, and no such payment shall be due.

In the case of any Superior Default (other than a Superior Default with respect to payment of principal, premium, if any, or interest on Senior Debt), the foregoing restrictions shall cease to apply to any payment received with respect to the Subordinated Indebtedness after the expiration of 180 days after the holder of Senior Debt shall have sent notice of the Superior Default to the holder of the Sixth Amended Note, unless prior to the expiration of such 180-day period one or more holders of the Senior Debt shall have commenced and be diligently prosecuting an action, suit or other legal or equitable proceeding or otherwise take action or exercise any other remedy against Borrower or its property based upon the Superior Default, or unless a Superior Default which is a payment default shall have occurred and be continuing; provided, further, that during such 180-day period following the Superior Default (other than a Superior Default with respect to payment of principal, premium, if any, or interest on Senior Debt) the holders of the Subordinated Indebtedness shall refrain from prosecuting any such action, suit or other legal or equitable proceeding against Borrower or its property based upon an Event of Default hereunder.

In the event that a Superior Default (other than a Superior Default with respect to payment of principal, premium or interest on Senior Debt) is cured or is waived by the appropriate holders of the Senior Debt (whether by amendment to the applicable loan agreement, forbearance agreement or otherwise) prior to the expiration of the aforesaid 180-day period applicable to such Superior Default, then any Event of Default occurring under this Agreement solely by reason of the occurrence of such Superior Default shall be deemed not to have occurred. Any judicial proceedings initiated by a holder of Subordinated Indebtedness at a time when such holder has no knowledge that such proceedings are prohibited by this paragraph shall not be deemed a violation of any provisions of this Agreement and, upon receipt of notice from the holder of the Senior Debt that such proceedings are so prohibited, such holder of the Subordinated Indebtedness shall terminate such proceedings, without prejudice.

D. Upon any distribution (whether of cash, securities or other property) to

creditors of Borrower in a liquidation or dissolution of Borrower, or in a bankruptcy, reorganization, insolvency, receivership, assignment for the benefit of creditors, marshalling of assets or similar proceeding relating to Borrower or its property:

(1) holders of Senior Debt shall be entitled to receive payment in full in cash of such Senior Debt (including interest accruing after the commencement of any such proceeding or interest that would have accrued but for the commencement of such proceeding to the date of payment on, and other amounts included in, Senior Debt) before the holder of the Sixth Amended Note shall be entitled to receive any payment of principal of, premium (if any) or interest on the Sixth Amended Note or any other distributions with respect to the Sixth Amended Note;

(2) until the Senior Debt is paid in full in cash as provided in clause (1) of this paragraph, any distribution to which the holder of the Sixth Amended Note would be entitled but for this section on subordination shall be made to the holders of Senior Debt as their interests may appear.

In the event that any payment or distribution of assets of Borrower prohibited by the provisions of this section on subordination of any kind or character, whether in cash, property or securities, shall be received by the holder of the Sixth Amended Note before all Senior Debt is paid in full, or provision made for such payment in accordance with the terms of the Senior Debt, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of such Senior Debt or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of all Senior Debt remaining unpaid to the extent necessary to pay such Senior Debt in full in accordance with its terms, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt.

E. In the event that the Sixth Amended Note is declared due and payable before its stated maturity because of the occurrence of an Event of Default hereunder, the holders of the Senior Debt shall be entitled to receive payment in full of all amounts due with respect to all Senior Debt before the holder of the Sixth Amended Note is entitled to receive any payment on account of the principal of, premium (if any) or interest on, or any repurchase, redemption or other retirement (including, without limitation, any defeasance) of, the Sixth Amended Note.

F. The holders of Subordinated Indebtedness shall not be subrogated to the rights of the holders of Senior Debt to receive payments or distributions of assets of Borrower applicable to the Senior Debt.

G. No payments or distributions to the holders of Senior Debt by or on behalf of Borrower by virtue of this Agreement which otherwise would have been made to the holder of the Sixth Amended Note, shall, as between Borrower and the holder of the Sixth Amended Note, be deemed to be payment by Borrower to or on account of the Senior Debt, it being understood that the provisions of this paragraph are intended solely for the purpose of defining the relative rights of the holders of Subordinated Indebtedness on the one hand and the holders of Senior Debt, on the other hand.Nothing contained herein is intended to or shall impair, as between Borrower and Lender, the obligation of Borrower, which is absolute and unconditional, to pay to Lender, the principal of and interest on the Subordinated Indebtedness as and when the same shall become due and payable in accordance with its terms, or is intended to or shall affect (except to the extent specifically provided in the above paragraph) the relative rights of the holders hereof and creditors of Borrower other than the holders of the Senior Debt, nor shall anything herein

or therein prevent any holder of the Sixth Amended Note from exercising all remedies otherwise permitted by applicable law upon default hereunder subject to the rights, if any, hereunder of the holders of Senior Debt in respect of cash, property or securities of Borrower received upon the exercise of any such remedy.

8. COLLATERAL SECURITY.

To secure the payment of all amounts due to Lender by Borrower in connection with the Loan and pursuant to terms of this Agreement and the Sixth Amended Note, Borrower has granted Lender a security interest in those assets described under the following documents: (i) the Security Agreement dated February 1, 2002 between Origen LLC and Lender, as amended from time to time, (ii) Amended and Restated Security Agreement dated February 1, 2002 between Origen Inc. and Lender, as amended from time to time, (iii) the Amended and Restated Stock Pledge Agreement dated February 1, 2002 between Origen Inc. and Lender, as amended from time to time, (iv) the Limited Liability Company Interest Security and Pledge Agreement dated February 1, 2002 between Origen LLC and Lender, as amended from time to time, and (v) the Amended and Restated Limited Liability Company Interest Security and Pledge Agreement dated February 1, 2002 between Origen Inc. and Lender, as amended from time to time.

9. MISCELLANEOUS.

A. Compliance with Lender Agreements. Borrower acknowledges that it has read and understands this Agreement, the Related Documents, and all other written agreements between Borrower and Lender, and Borrower agrees to fully comply with all of the agreements.

B. Further Action. Borrower agrees, from time to time, upon Lender's request to make, execute, acknowledge, and deliver to Lender, such further and additional instruments, documents, and agreements, and to take such further action as may be required to carry out the intent and purpose of this Agreement and prompt repayment of the Loan.

C. Governing Law/Partial Illegality. This Agreement and the Related Documents shall be interpreted and the rights of the parties determined under the laws of the State of Michigan. Should any part, term, or provision of this Agreement be adjudged illegal or in conflict with any law of the United States of America or State of Michigan, the validity of the remaining portion or provisions of the Agreement shall not be affected.

D. Writings Constitute Entire Agreement; Modifications Only in Writing. This Agreement together with all other written agreements between Borrower and Lender, including, without limitation, the Related Documents, constitute the entire agreement of the parties and there are no other agreements, express or implied. None of the parties shall be bound by anything not expressed in writing, and neither this Agreement nor the Related Documents can be modified except (i) by a writing executed by Borrower and by Lender, and (ii) with the prior consent of CSFBMC.

E. Successors, Assigns and Benefit. This Agreement shall inure to the benefit of and shall be binding upon all of the parties to this Agreement and their respective successors and assigns; provided however, that Borrower may not assign or transfer its rights or obligations under this Agreement without Lender's prior written consent. The parties hereto agree that holders of Senior Debt, including, without limitation, CSFBMC, are third party beneficiaries of this Agreement and this Agreement shall inure to the benefit of and be enforceable by such holders of Senior Debt.

F. Headings. All section and paragraph headings in this Agreement are included for reference only and do not constitute a part of this Agreement.

G. Term of Agreement. This Agreement shall continue in full force and effect until all of Borrower's obligations to Lender are fully satisfied and the Loan is fully repaid.

H. Counterparts; Reproductions. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one instrument. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

10. DEFINITIONS. The following words shall have the following meanings in this Agreement:

A. "Change of Control Event" shall mean, with respect to Borrower, (a) an event or series of events by which any person, entity or group (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of persons or other entities acting in concert as a partnership or other group (a "Group of Persons") (other than persons who are, or Groups of Persons entirely made up of, (i) management personnel of Borrower or (ii) any affiliates of any such management personnel) shall, as a result of a tender or exchange offer or offers, an open market purchase or purchases, a privately negotiated purchase or purchases or otherwise, become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act, except that a person or entity shall be deemed to have "beneficial ownership" of all securities that such person or entity has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 20% or more of the combined voting power of the then outstanding voting stock of Borrower; or (b) Borrower consolidates with, or merges with or into, another person or entity, or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person or entity, or any person or entity consolidates with, or merges with or into Borrower, in any such event pursuant to a transaction in which the outstanding voting stock of Borrower is converted into or exchanged for cash, securities or other property.

B. "Event of Default" shall mean any of the events described in Section 5 of this Agreement or in the Related Documents.

C. "Financial Statements" shall mean all balance sheets, income statements, and other financial information which have been, are now, or in the future are furnished to Lender.

D. "Sixth Amended Note" shall mean that certain line of credit promissory note from Borrower to Lender, in the form attached hereto as EXHIBIT A, as amended from time to time.

E. "Related Documents" shall mean any and all documents, promissory notes, and agreements executed in connection with this Agreement. This term shall include documents existing before, at the time of execution of, and documents executed concurrent with or after the date of, this Agreement.

[signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Subordinated Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL, L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

LENDER:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland corporation
Its: General Partner

By:

Its:

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Subordinated Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL, L.L.C., a Delaware limited liability company

By: _____

Its: _____

LENDER:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland corporation
Its: General Partner

By: /s/ Gary A. Shiffman

Its: Chief Executive Officer

EXHIBIT 10.37

SUBORDINATED TERM LOAN AGREEMENT

THIS SUBORDINATED TERM LOAN AGREEMENT (as amended from time to time, the "Agreement") is made and entered into as of this 4th day of December, 2002 by and between ORIGEN FINANCIAL, L.L.C., a Delaware limited liability company ("Borrower"), whose address is 260 East Brown Street, Suite 200, Birmingham, Michigan 48009, and SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Lender"), whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334.

RECITALS:

A. Borrower has requested from Lender, and Lender has agreed to make the loan described below (the "Loan") to Borrower, in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. LOAN. The Loan provided hereunder shall have the following terms:

Type of Loan: Term Loan

Interest Rate: 700 basis points over LIBOR, but not less than eleven percent (11%) per annum, or in excess of fifteen percent (15%) per annum

Note Amount: $10,000,000

Maturity: December 31, 2003; provided that the due date shall be automatically extended to December 31, 2004 if the Master Repurchase Agreement between Borrower and Credit Suisse First Boston Mortgage Capital LLC dated December 18, 2001, as amended from time to time (the "CSFB Agreement"), is renewed on terms acceptable to Lender upon the expiration of the CSFB Agreement in May 2003.

The Loan and any amendments, extensions, renewals, or refinancing thereof are subject to this Agreement.

2. TERM PROMISSORY NOTE. Upon the execution of this Agreement, Borrower shall execute and deliver the Term Promissory Note of even date herewith attached to this Agreement as EXHIBIT A (the "Note") to evidence the indebtedness under the Loan.

3. BORROWER'S REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, all of which representations and warranties shall be continuing until the Loan is fully paid and Borrower's obligations under this Agreement and the Related Documents are fully performed, as follows:

A. Borrower's Existence and Authority. Borrower is a Delaware limited liability company, and the person executing this Agreement on behalf of Borrower has full power and complete authority to execute this Agreement and all Related Documents on behalf of Borrower, and this Agreement and the Related Documents are valid, binding and enforceable against Borrower.

B. Financial Information. All financial information provided to Lender has been prepared and will continue to be prepared in accordance with generally accepted accounting principles ("GAAP"), consistently applied, and fully and fairly presents the financial condition of Borrower as of the date or for the operating period thereof. There

has been no material adverse change in Borrower's business, property, or financial condition since the date of Borrower's latest Financial Statements provided to Lender.

C. No Litigation/No Misrepresentations. There are no civil or criminal proceedings pending before any court, government agency, arbitration panel, or administrative tribunal or, to Borrower's knowledge, threatened against Borrower, which may result in any material adverse change in the business, property, or financial condition of Borrower. All representations and warranties in this Agreement and the Related Documents are true and correct and no material fact has been omitted.

4. AFFIRMATIVE COVENANTS. As of the date of this Agreement and continuing until all of Borrower's obligations under this Agreement and the Related Documents are fully performed and the Loan is fully repaid to Lender, Borrower shall at all times comply with the following covenants:

A. Notice of Adverse Events. Borrower shall promptly notify Lender in writing of any litigation, indictment, governmental proceeding, default, or any other occurrence which may have a material adverse effect on Borrower's business, property or financial condition.

B. Maintain Business Existence and Operations. Borrower shall do all things necessary to keep in full force and effect its corporate existence and continue its business as presently conducted.

C. General Compliance with Law. Borrower shall at all times operate its business in strict compliance with all applicable Federal, State, and local laws, ordinances and regulations, and refrain from engaging in any civil or criminal activity proscribed by Federal, State or local law.

D. Delivery of Financial Statements. Within forty-five (45) days after the end of each fiscal quarter, Borrower shall deliver to Lender copies of its unaudited financial statements prepared in accordance with GAAP, consistently applied. Within ninety (90) days after the end of each fiscal year, Borrower shall deliver to Lender copies of its audited financial statements prepared in accordance with GAAP, consistently applied.

5. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

A. Failure to Pay Amounts Due. Any amount of principal or interest under the Note is not paid when due.

B. Misrepresentations; False Financial Information. Any statement, warranty or representation of Borrower in connection with or contained in this Agreement, the Related Documents, or any Financial Statements now or hereafter furnished to Lender by or on behalf of Borrower, is false or misleading.

C. Noncompliance with Loan Agreements. Borrower breaches any covenant, term, condition or agreement stated in this Agreement, the Related Documents or any agreement relating to Senior Debt (as defined below).

D. Cessation/Termination of Existence. Borrower shall cease doing business or Borrower's existence is terminated by sale, dissolution, merger or otherwise.

E. Bankruptcy or Receivership. Any conveyance is made of substantially all of Borrower's assets, any assignment is made for the benefit of creditors, any receiver is

appointed, or any insolvency, liquidation or reorganization proceeding under the Bankruptcy Code or otherwise shall be filed by or against Borrower.

F. Attachments; Tax Liens. Any attachment, execution, levy, forfeiture, tax lien or similar writ or process is issued against any property of Borrower.

G. Material Adverse Change. Any material adverse change occurs or is imminent the effect of which would be to substantially diminish Borrower's financial condition, business, or the ability to perform its agreements with Lender.

H. Other Lender Default. Any other indebtedness of Borrower to Lender or any other creditor (including, without limitation, Financial Institutions (as defined below) becomes due and remains unpaid after acceleration of the maturity or after the stated maturity.

I. Other Indebtedness. Borrower incurs any Indebtedness (other than Senior Debt) in excess of $100,000 in the aggregate after the date of this Agreement.

J. Change of Control Event. Absent Lender's prior written consent, any Change of Control Event with respect to Borrower occurs after Borrower's first draws on the Loan.

6. REMEDIES ON DEFAULT.

A. Acceleration Set-Off. Upon the occurrence of any Event of Default, Lender may, at Lender's option, declare the Loan to be immediately due and payable. The foregoing shall not in any way impair Lender's right to demand repayment under the terms of the Note.

B. Remedies; No Waiver. The remedies provided in this Agreement are cumulative and not exclusive, and Lender may exercise any remedies available to it at law, in equity, and as are provided in this Agreement, the Related Documents and any other written agreement between Borrower and Lender. No delay or failure of Lender in exercising any right, remedy, power, or privilege under this Agreement or the Related Documents shall affect that right, remedy, power or privilege, nor shall any single or partial exercise preclude the exercise of any other right, remedy, power or privilege. No delay or failure of Lender to demand strict adherence to the terms of this Agreement or the Related Documents shall be deemed to constitute a course of conduct inconsistent with Lender's right at any time, before or after any Event of Default, to prospectively demand strict adherence to the terms of this Agreement and the Related Documents.

7. SUBORDINATION.

A. The indebtedness evidenced by the Note and any renewals or extensions thereof (such indebtedness being herein called the "Subordinated Indebtedness") shall at all times be wholly subordinate and junior in right to payment in full of all Senior Debt (as defined below). The provisions of this section on subordination shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt, and such holders are hereby made obligees hereunder the same as if their names were written herein as such, and they and/or each of them may proceed to enforce such provisions. Unless and until an event of default under any of the Senior Debt (other than an event of default which exists solely by reason of a default under this Agreement) shall have occurred and be continuing ("Superior Default"), Borrower shall

pay the principal and interest on all Subordinated Indebtedness according to the terms hereof.

For purposes of this Agreement, "Senior Debt" means the principal of, and interest on and other amounts due on or in connection with any Indebtedness of Borrower (other than the Note) to any Financial Institution (as defined below), whether outstanding on the date of this Agreement, or thereafter created, incurred or assumed by Borrower (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, Indebtedness of the kind described in this clause). Notwithstanding anything herein to the contrary, Senior Debt shall not include: (a) Indebtedness of or amounts owed by Borrower for compensation to employees, or for goods or materials purchased in the ordinary course of business or for services, or (b) Indebtedness of Borrower to any of its subsidiaries or affiliates. In no event shall any Financial Institution be deemed to be an affiliate of Borrower. Indebtedness of Borrower to any of its subsidiaries or affiliates shall be pari passu in all respects with the Subordinated Indebtedness.

For purposes of this Agreement, "Financial Institution" means any bank as defined in section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act, insurance company as defined in section 2(13) of the Securities Act, or investment banking firm. For purposes of this Agreement, Credit Suisse First Boston Mortgage Capital, LLC ("CSFBMC") shall be considered a Financial Institution.

For purposes of this Agreement, "Indebtedness" means, with respect to any person, (a) any liability, contingent or otherwise, of such person (i) for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof), (ii) evidenced by a note, debenture or similar instrument or representing the balance deferred and unpaid of the purchase price of any property purchased, (iii) for the payment of money relating to a lease that is required to be capitalized under GAAP; or (iv) to repurchase securities or other property, including without limitation, Borrower's obligations to repurchase securities under the CSFB Agreement; (b) any obligation secured by a lien to which the property or assets of such person are subject, whether or not the obligations secured thereby shall have been assumed by or shall otherwise be such person's legal liability; and (c) any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any liability of the kind described in any of the preceding clauses (a) or (b).

B. The terms hereof, the subordination effected hereby and the rights of the holders of the Senior Debt shall not be affected by (a) any amendment of or addition or supplement to any Senior Debt or any instrument or agreement relating thereto, (b) any exercise or non-exercise of any right, power or remedy under or in respect of any Senior Debt or any instrument or agreement relating thereto, or (c) any waiver, consent, release, indulgence, extension, renewal, modification, delay or other action, inaction or omission, in respect of any Senior Debt or any instrument or agreement relating thereto or any security therefor or guaranty thereof, whether or not any holder of any Subordinated Indebtedness shall have had notice or knowledge of any of the foregoing.

C. Upon the happening of (a) a Superior Default which is a default in respect of payment of principal, premium, if any, or interest on Senior Debt or (b) a Superior Default (other than a Superior Default in respect of payment of principal, premium, if any, or interest on Senior Debt) and receipt by Lender of written notice thereof from any holder of Senior Debt, then until all Senior Debt shall have been paid in full, Borrower shall not, directly or indirectly, make or agree to make, and neither Lender nor any

assignee or successor holder of any Subordinated Indebtedness shall demand, accept or receive (a) any payment (in cash, property or securities, by set-off or otherwise), direct or indirect, of or on account of any principal or interest in respect of any Subordinated Indebtedness, and no such payment shall be accepted by any holder of any Subordinated Indebtedness, or (b) any payment for the purpose of any redemption, purchase or other acquisition, direct or indirect, of any Subordinated Indebtedness, and no such payment shall be due.

In the case of any Superior Default (other than a Superior Default with respect to payment of principal, premium, if any, or interest on Senior Debt), the foregoing restrictions shall cease to apply to any payment received with respect to the Subordinated Indebtedness after the expiration of 180 days after the holder of Senior Debt shall have sent notice of the Superior Default to the holder of the Note, unless prior to the expiration of such 180-day period one or more holders of the Senior Debt shall have commenced and be diligently prosecuting an action, suit or other legal or equitable proceeding or otherwise take action or exercise any other remedy against Borrower or its property based upon the Superior Default, or unless a Superior Default which is a payment default shall have occurred and be continuing; provided, further, that during such 180-day period following the Superior Default (other than a Superior Default with respect to payment of principal, premium, if any, or interest on Senior Debt) the holders of the Subordinated Indebtedness shall refrain from prosecuting any such action, suit or other legal or equitable proceeding against Borrower or its property based upon an Event of Default hereunder.

In the event that a Superior Default (other than a Superior Default with respect to payment of principal, premium or interest on Senior Debt) is cured or is waived by the appropriate holders of the Senior Debt (whether by amendment to the applicable loan agreement, forbearance agreement or otherwise) prior to the expiration of the aforesaid 180-day period applicable to such Superior Default, then any Event of Default occurring under this Agreement solely by reason of the occurrence of such Superior Default shall be deemed not to have occurred. Any judicial proceedings initiated by a holder of Subordinated Indebtedness at a time when such holder has no knowledge that such proceedings are prohibited by this paragraph shall not be deemed a violation of any provisions of this Agreement and, upon receipt of notice from the holder of the Senior Debt that such proceedings are so prohibited, such holder of the Subordinated Indebtedness shall terminate such proceedings, without prejudice.

D. Upon any distribution (whether of cash, securities or other property) to creditors of Borrower in a liquidation or dissolution of Borrower, or in a bankruptcy, reorganization, insolvency, receivership, assignment for the benefit of creditors, marshalling of assets or similar proceeding relating to Borrower or its property:

(1) holders of Senior Debt shall be entitled to receive payment in full in cash of such Senior Debt (including interest accruing after the commencement of any such proceeding or interest that would have accrued but for the commencement of such proceeding to the date of payment on, and other amounts included in, Senior Debt) before the holder of the Note shall be entitled to receive any payment of principal of, premium (if any) or interest on the Note or any other distributions with respect to the Note;

(2) until the Senior Debt is paid in full in cash as provided in clause (1) of this paragraph, any distribution to which the holder of the Note would be entitled but for this section on subordination shall be made to the holders of Senior Debt as their interests may appear.

In the event that any payment or distribution of assets of Borrower prohibited by

the provisions of this section on subordination of any kind or character, whether in cash, property or securities, shall be received by the holder of the Note before all Senior Debt is paid in full, or provision made for such payment in accordance with the terms of the Senior Debt, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of such Senior Debt or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of all Senior Debt remaining unpaid to the extent necessary to pay such Senior Debt in full in accordance with its terms, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt.

E. In the event that the Note is declared due and payable before its stated maturity because of the occurrence of an Event of Default hereunder, the holders of the Senior Debt shall be entitled to receive payment in full of all amounts due with respect to all Senior Debt before the holder of the Note is entitled to receive any payment on account of the principal of, premium (if any) or interest on, or any repurchase, redemption or other retirement (including, without limitation, any defeasance) of, the Note.

F. The holders of Subordinated Indebtedness shall not be subrogated to the rights of the holders of Senior Debt to receive payments or distributions of assets of Borrower applicable to the Senior Debt.

G. No payments or distributions to the holders of Senior Debt by or on behalf of Borrower by virtue of this Agreement which otherwise would have been made to the holder of the Note, shall, as between Borrower and the holder of the Note, be deemed to be payment by Borrower to or on account of the Senior Debt, it being understood that the provisions of this paragraph are intended solely for the purpose of defining the relative rights of the holders of Subordinated Indebtedness on the one hand and the holders of Senior Debt, on the other hand. Nothing contained herein is intended to or shall impair, as between Borrower and Lender, the obligation of Borrower, which is absolute and unconditional, to pay to Lender, the principal of and interest on the Subordinated Indebtedness as and when the same shall become due and payable in accordance with its terms, or is intended to or shall affect (except to the extent specifically provided in the above paragraph) the relative rights of the holders hereof and creditors of Borrower other than the holders of the Senior Debt, nor shall anything herein or therein prevent any holder of the Note from exercising all remedies otherwise permitted by applicable law upon default hereunder subject to the rights, if any, hereunder of the holders of Senior Debt in respect of cash, property or securities of Borrower received upon the exercise of any such remedy.

8. COLLATERAL SECURITY.

To secure the payment of all amounts due to Lender by Borrower in connection with the Loan and pursuant to terms of this Agreement and the Sixth Amended Note, Borrower has granted Lender a security interest in those assets described under the following documents: (i) the Security Agreement dated February 1, 2002 between Origen LLC and Lender, as amended from time to time, (ii) Amended and Restated Security Agreement dated February 1, 2002 between Origen Financial, Inc. and Lender, as amended from time to time, (iii) the Amended and Restated Stock Pledge Agreement dated February 1, 2002 between Origen Financial, Inc. and Lender, as amended from time to time, (iv) the Limited Liability Company Interest Security and Pledge Agreement dated February 1, 2002 between Origen LLC and Lender, as amended from time to time, and (v) the Amended and Restated Limited Liability Company Interest Security and Pledge Agreement dated February 1, 2002 between Origen Financial, Inc. and Lender, as amended from time to time.

9. MISCELLANEOUS.

A. Compliance with Lender Agreements. Borrower acknowledges that it has read and understands this Agreement, the Related Documents, and all other written agreements between Borrower and Lender, and Borrower agrees to fully comply with all of the agreements.

B. Further Action. Borrower agrees, from time to time, upon Lender's request to make, execute, acknowledge, and deliver to Lender, such further and additional instruments, documents, and agreements, and to take such further action as may be required to carry out the intent and purpose of this Agreement and prompt repayment of the Loan.

C. Governing Law/Partial Illegality. This Agreement and the Related Documents shall be interpreted and the rights of the parties determined under the laws of the State of Michigan. Should any part, term, or provision of this Agreement be adjudged illegal or in conflict with any law of the United States of America or State of Michigan, the validity of the remaining portion or provisions of the Agreement shall not be affected.

D. Writings Constitute Entire Agreement; Modifications Only in Writing. This Agreement together with all other written agreements between Borrower and Lender, including, without limitation, the Related Documents, constitute the entire agreement of the parties and there are no other agreements, express or implied. None of the parties shall be bound by anything not expressed in writing, and neither this Agreement nor the Related Documents can be modified except (i) by a writing executed by Borrower and by Lender, and (ii) with the prior consent of CSFBMC.

E. Successors, Assigns and Benefit. This Agreement shall inure to the benefit of and shall be binding upon all of the parties to this Agreement and their respective successors and assigns; provided however, that Borrower may not assign or transfer its rights or obligations under this Agreement without Lender's prior written consent. The parties hereto agree that holders of Senior Debt, including, without limitation, CSFBMC, are third party beneficiaries of this Agreement and this Agreement shall inure to the benefit of and be enforceable by such holders of Senior Debt.

F. Headings. All section and paragraph headings in this Agreement are included for reference only and do not constitute a part of this Agreement.

G. Term of Agreement. This Agreement shall continue in full force and effect until all of Borrower's obligations to Lender are fully satisfied and the Loan is fully repaid.

H. Counterparts; Reproductions. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one instrument. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

10. DEFINITIONS. The following words shall have the following meanings in this Agreement:

A. "Change of Control Event" shall mean, with respect to Borrower, (a) an event or series of events by which any person, entity or group (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the

"Exchange Act")) of persons or other entities acting in concert as a partnership or other group (a "Group of Persons") (other than persons who are, or Groups of Persons entirely made up of, (i) management personnel of Borrower or (ii) any affiliates of any such management personnel) shall, as a result of a tender or exchange offer or offers, an open market purchase or purchases, a privately negotiated purchase or purchases or otherwise, become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act, except that a person or entity shall be deemed to have "beneficial ownership" of all securities that such person or entity has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 20% or more of the combined voting power of the then outstanding voting stock of Borrower; or (b) Borrower consolidates with, or merges with or into, another person or entity, or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person or entity, or any person or entity consolidates with, or merges with or into Borrower, in any such event pursuant to a transaction in which the outstanding voting stock of Borrower is converted into or exchanged for cash, securities or other property.

B. "Event of Default" shall mean any of the events described in Section 5 of this Agreement or in the Related Documents.

C. "Financial Statements" shall mean all balance sheets, income statements, and other financial information which have been, are now, or in the future are furnished to Lender.

D. "Note" shall mean that certain line of credit promissory note from Borrower to Lender, in the form attached hereto as EXHIBIT A, as amended from time to time.

E. "Related Documents" shall mean any and all documents, promissory notes, and agreements executed in connection with this Agreement. This term shall include documents existing before, at the time of execution of, and documents executed concurrent with or after the date of, this Agreement.

[signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Subordinated Term Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL, L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

LENDER:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland corporation
Its: General Partner

By:

Its:

IN WITNESS WHEREOF, the parties have executed this Subordinated Term Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL, L.L.C., a Delaware limited liability company

By: _____

Its: _____

LENDER:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Communities, Inc., a Maryland corporation
Its: General Partner

By: /s/ Gary A. Shiffman

Its: Chief Executive Officer

EXHIBIT 10.38

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED SUBORDINATED LOAN AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED SUBORDINATED LOAN AGREEMENT (the "Amendment") is made and entered into as of December 30, 2002 by and between ORIGEN FINANCIAL L.L.C., a Delaware limited liability company (the "Borrower"), whose address is 260 East Brown Street, Suite 200, Birmingham, Michigan 48009, and SUN HOME SERVICES, INC., a Michigan corporation ("Lender"), whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334.

RECITALS:

A. Borrower and Sun Communities Operating Limited Partnership ("SCOLP") have entered into that certain Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 (the "Loan Agreement"). All capitalized terms not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

B. SCOLP assigned its interest in the Loan Agreement and the Related Documents to Lender pursuant to an Assignment of Loans of even date herewith.

C. Borrower and Lender desire to amend the Loan Agreement in accordance with the terms and conditions of this Amendment.

NOW, THEREFORE, the parties agree as follows:

1. Section 1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following Section 1:

> "LOAN. The Line of Credit provided hereunder shall have the following terms:
>
> Type of Loan: Line of Credit
>
> Interest Rate: 700 basis points over LIBOR, but not less than eleven percent (11%) per annum, or in excess of fifteen percent (15%) per annum
>
> Note Amount: $48,000,000
>
> Maturity: December 31, 2003; provided that the due date shall be automatically extended to December 31, 2004 if the Master Repurchase Agreement between Borrower and Credit Suisse First Boston Mortgage Capital LLC dated December 18, 2001, as amended from time to time (the "CSFB Agreement"), is renewed on terms acceptable to Lender as of the expiration of the CSFB Agreement in May 2003.
>
> The Loan and any amendments, extensions, renewals, or refinancing thereof are subject to this Agreement."

2. Upon the execution of this Amendment, Borrower shall execute and deliver to Lender a Seventh Amended and Restated Promissory Note in the form attached to this Amendment as EXHIBIT A (the "Seventh Amended Note"). The Seventh Amended Note shall replace the Sixth Amended and Restated Promissory Note dated December 4, 2002 executed by Borrower in favor of SCOLP in connection with the Loan Agreement. All references in the Loan Agreement to the "Sixth Amended Note" are hereby amended to be the "Seventh Amended Note."

3. Upon the execution of this Amendment, Borrower shall pay Lender an origination fee of $_____.

4. Unless otherwise modified by this Amendment, all provisions of the Loan Agreement shall remain in full force and effect.

5. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same agreement. Facsimile or photographic reproductions of this Amendment may be made and relied upon to the same extent as though such fax or copy were an original.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Second Amended and Restated Subordinated Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

LENDER:

SUN HOME SERVICES, INC., a Michigan corporation

By:

Its:
---

3. Upon the execution of this Amendment, Borrower shall pay Lender an origination fee of $_____.

4. Unless otherwise modified by this Amendment, all provisions of the Loan Agreement shall remain in full force and effect.

5. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same agreement. Facsimile or photographic reproductions of this Amendment may be made and relied upon to the same extent as though such fax or copy were an original.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Second Amended and Restated Subordinated Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: ----------

Its: ----------

LENDER:

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen ----------

Its: Chief Financial Officer ----------

EXHIBIT 10.39

FIRST AMENDMENT TO SUBORDINATED TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO SUBORDINATED TERM LOAN AGREEMENT (the "Amendment") is made and entered into as of December 30, 2002 by and between ORIGEN FINANCIAL L.L.C., a Delaware limited liability company (the "Borrower"), whose address is 260 East Brown Street, Suite 200, Birmingham, Michigan 48009, and SUN HOME SERVICES, INC., a Michigan corporation ("Lender"), whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334.

RECITALS:

A. Borrower and Sun Communities Operating Limited Partnership ("SCOLP") have entered into that certain Subordinated Term Loan Agreement dated December 4, 2002 (the "Loan Agreement"). All capitalized terms not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

B. SCOLP assigned its interest in the Loan Agreement and the Related Documents to Lender pursuant to an Assignment of Loans of even date herewith.

C. Borrower and Lender desire to amend the Loan Agreement in accordance with the terms and conditions of this Amendment.

NOW, THEREFORE, the parties agree as follows:

1. "Lender" shall mean Sun Home Services, Inc., a Michigan corporation, as assignee of SCOLP.

2. Upon the execution of this Amendment, Borrower shall execute and deliver to Lender a First Amended and Restated Term Promissory Note in the form attached to this Amendment as EXHIBIT A (the "First Amended Note"). The First Amended Note shall replace the Term Promissory Note dated December 4, 2002 executed by Borrower in favor of SCOLP in connection with the Loan Agreement. All references in the Loan Agreement to the "Note" are hereby amended to be the "First Amended Note."

3. Unless otherwise modified by this Amendment, all provisions of the Loan Agreement shall remain in full force and effect.

4. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same agreement. Facsimile or photographic reproductions of this Amendment may be made and relied upon to the same extent as though such fax or copy were an original.

[signature page attached]

IN WITNESS WHEREOF, the parties have executed this First Amendment to Second Amended and Restated Subordinated Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

LENDER:

SUN HOME SERVICES, INC., a Michigan corporation

By:

Its:

IN WITNESS WHEREOF, the parties have executed this First Amendment to Second Amended and Restated Subordinated Loan Agreement as of the date first written above.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: _____

Its: _____

LENDER:

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

EXHIBIT 10.40

SEVENTH AMENDED AND RESTATED PROMISSORY NOTE
(Line of Credit)

DUE DATE: DECEMBER 31, 2003 DETROIT, MICHIGAN
CREDIT LIMIT: $48,000,000 DATED: AS OF DECEMBER 30, 2002

FOR VALUE RECEIVED, ORIGEN FINANCIAL L.L.C., a Delaware limited liability company (the "Borrower"), promises to pay to the order of SUN HOME SERVICES, INC., a Michigan corporation ("Lender"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or at such other place as Lender may designate in writing, the principal sum of FORTY EIGHT MILLION DOLLARS ($48,000,000) (the "Credit Limit"), or such lesser sum as shall have been advanced by Lender to Borrower under the loan account hereinafter described, plus interest as hereinafter provided, all in lawful money of the United States of America, in accordance with the terms hereof. This Note is subject to the terms of that certain Second Amended and Restated Subordinated Loan Agreement between Borrower and Lender (as assignee of Sun Communities Operating Limited Partnership) dated December 4, 2002, as amended by the First Amendment to Second Amended and Restated Subordinated Loan Agreement between Borrower and Lender of even date herewith (the "Line of Credit Loan Agreement"), the terms of which are incorporated herein by reference.

DUE DATE. The "Due Date" of this Note shall be December 31, 2003; provided that the due date shall be automatically extended to December 31, 2004 if the Master Repurchase Agreement between Borrower and Credit Suisse First Boston Mortgage Capital LLC dated December 18, 2001, as amended from time to time (the "CSFB Agreement"), is renewed on terms acceptable to Lender as of the expiration of the CSFB Agreement in May 2003.

ADVANCES. This Note is given as evidence of any and all indebtedness of the Borrower to Lender arising as a result of advances or other credit which may be made under this Note from time to time. Lender shall, from time to time prior to the Due Date, make advances to Borrower hereunder upon request therefor by Borrower, provided that upon giving effect to such advance no Event of Default (as hereinafter defined) and no event which with notice and/or the passage of time would become an Event of Default shall exist, and that all representations and warranties of Borrower theretofore made are true and correct and that Lender shall not have previously or concurrently declared all amounts owing hereunder to be immediately due and payable and that the amount requested shall not cause the total amount outstanding hereunder to exceed Credit Limit. Advances hereunder may be requested by telephone, in writing or in any other manner acceptable to Lender. The principal amount of indebtedness owing pursuant to this Note shall change from time to time decreasing in amounts equal to any and all payments of principal made by the Borrower and increasing by amounts equal to any and all advances made by Lender to the Borrower pursuant to the terms hereof. The books and records of Lender shall be conclusive evidence of the amount of principal and interest owing hereunder at any time, unless Lender receives a written statement of exceptions from Borrower within ten (10) days after such statement has been furnished. From time to time but not less than quarterly, Lender shall furnish Borrower a statement of Borrower's loan account.

INTEREST. The unpaid principal balance of this Note shall bear interest, computed on the basis of a year of 360 days for the actual number of days elapsed in a month, at a rate of interest of 700 basis points over LIBOR (the "Rate"), which Rate shall not be less than 11% per annum or exceed 15% per annum (the Rate shall be adjusted for purposes of this Note on the last day of every fiscal quarter

beginning on December 31, 2002), until the entire principal balance of this Note, and all accrued and unpaid interest has been paid in full.

PAYMENT. Accrued and unpaid interest on the unpaid principal balance of this Note from time to time shall be due and payable monthly, in arrears, on the last day of each consecutive month until the Due Date. The remaining principal balance shall be due and payable on the Due Date, along with any accrued and unpaid interest as of the Due Date.

All payments made hereunder shall be applied first against costs and expenses required to be paid hereunder, then against accrued interest to the extent thereof and the balance shall be applied against the outstanding principal amount hereof. Borrower expressly assumes all risks of loss or delay in the delivery of any payments made by mail, and no course of conduct or dealing shall affect Borrower's assumption of these risks.

DEFAULT. Upon the occurrence of an Event of Default, as defined in the Amended Loan Agreement, the entire unpaid principal balance and all accrued and unpaid interest owing under this Note shall, at Lender's option, be immediately due and payable, together with costs and attorneys fees reasonably incurred by Lender in collecting or enforcing payment.

Acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and Borrower's failure to pay the entire amount then due shall be and continue to be a default. Upon the occurrence of any Event of Default, neither the failure of Lender promptly to exercise its right to declare the outstanding principal and accrued unpaid interest hereunder to be immediately due and payable, nor the failure of Lender to demand strict performance of any other obligation of Borrower or any other person who may be liable hereunder, shall constitute a waiver of any such rights, nor a waiver of such rights in connection with any future default on the part of Borrower or any other person who may be liable hereunder.

INTEREST RATE LIMITED TO MAXIMUM RATE. Notwithstanding anything herein to the contrary, in no event shall Borrower be required to pay a rate of interest in excess of the Maximum Rate. The term "Maximum Rate" shall mean the maximum non-usurious rate of interest that Lender is allowed to contract for, charge, take, reserve or receive under the applicable laws of any applicable state or of the United States of America (whichever from time to time permits the highest rate for the use, forbearance or detention of money) after taking into account, to the extent required by applicable law, any and all relevant payments or charges hereunder, or under any other document or instrument executed and delivered in connection herewith and the indebtedness evidenced hereby.

In the event Lender ever receives, as interest, any amount in excess of the Maximum Rate, such amount as would be excessive interest shall be deemed a partial prepayment of principal, and, if the principal hereof is paid in full, any remaining excess shall be returned to Borrower. In determining whether or not the interest paid or payable, under any specified contingency, exceeds the Maximum Rate, Borrower and Lender shall, to the maximum extent permitted by law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread the total amount of

interest through and including the Due Date (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate.

SUCCESSORS/ASSIGNS. This Note shall be binding upon Borrower and its successors and assigns, and the benefits hereof shall inure to Lender and its successors and assigns.

GENERAL. Borrower and all endorsees, sureties and guarantors hereof hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest or protest of this Note, and Lender diligence in collection or bringing suit, and do hereby consent to any and all extensions of time, renewals, waivers or modifications as may be granted by Lender with respect to payment or any other provisions of this Note. The liability of Borrower under this Note shall be absolute and unconditional, without regard to the liability of any other party.

This Note has been executed in the State of Michigan, and all rights and obligations hereunder shall be governed by the laws of the State of Michigan.

To secure the payment of all amounts due to Lender by Borrower in connection with the loan evidenced by this Note and pursuant to terms of the Line of Credit Loan Agreement and this Note, Borrower has granted Lender a security interest in the assets described under the following documents: (i) the First Amended and Restated Security Agreement of even date herewith between Borrower and Lender, as amended from time to time, (ii) the Second Amended and Restated Stock Pledge Agreement of even date herewith between Borrower and Lender, as amended from time to time, and (iii) the First Amended and Restated Limited Liability Company Interest Security and Pledge Agreement of even date herewith between Borrower and Lender, as amended from time to time.

This Note is an amendment to and restatement of that certain Sixth Amended and Restated Promissory Note dated December 4, 2002 executed by Borrower in favor of Sun Communities Operating Limited Partnership (the "Prior Note"), and this Note amends, supersedes and replaces the Prior Note.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

EXHIBIT 10.41

FIRST AMENDED AND RESTATED TERM PROMISSORY NOTE

DUE DATE: DECEMBER 31, 2003 DETROIT, MICHIGAN
PRINCIPAL AMOUNT: $10,000,000 DATED: AS OF DECEMBER 30, 2002

FOR VALUE RECEIVED, ORIGEN FINANCIAL L.L.C., a Delaware limited liability company (the "Borrower"), promises to pay to the order of SUN HOME SERVICES, INC., a Michigan corporation ("Lender"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or at such other place as Lender may designate in writing, the principal sum of TEN MILLION AND NO/100 DOLLARS ($10,000,000), plus interest as hereinafter provided, all in lawful money of the United States of America, in accordance with the terms hereof. This Note is subject to the terms of that certain Subordinated Term Loan Agreement between Borrower and Lender (as assignee of Sun Communities Operating Limited Partnership) dated December 4, 2002, as amended by the First Amendment to Subordinated Term Loan Agreement between Borrower and Lender of even date herewith (the "Term Loan Agreement"), the terms of which are incorporated herein by reference.

DUE DATE. The "Due Date" of this Note shall be December 31, 2003; provided that the due date shall be automatically extended to December 31, 2004 if the Master Repurchase Agreement between Borrower and Credit Suisse First Boston Mortgage Capital LLC dated December 18, 2001, as amended from time to time (the "CSFB Agreement") is renewed on terms acceptable to Lender as of the expiration of the CSFB Agreement in May 2003.

INTEREST. The unpaid principal balance of this Note shall bear interest, computed on the basis of a year of 360 days for the actual number of days elapsed in a month, at a rate of interest of 700 basis points over LIBOR (the "Rate"), which Rate shall not be less than 11% per annum or exceed 15% per annum (the Rate shall be adjusted for purposes of this Note on the last day of every fiscal quarter beginning on December 31, 2002), until the entire principal balance of this Note, and all accrued and unpaid interest has been paid in full.

PAYMENT. Accrued and unpaid interest on the unpaid principal balance of this Note from time to time shall be due and payable monthly, in arrears, on the last day of each consecutive month until the Due Date. The remaining principal balance shall be due and payable on the Due Date, along with any accrued and unpaid interest as of the Due Date.

This Note may be paid in full or in part at any time without payment of any prepayment fee or penalty. All payments received hereunder shall, at the option of Lender, first be applied against accrued and unpaid interest and the balance against principal. Borrower expressly assumes all risks of loss or delay in the delivery of any payments made by mail, and no course of conduct or dealing shall affect Borrower's assumption of these risks.

All payments made hereunder shall be applied first against costs and expenses required to be paid hereunder, then against accrued interest to the extent thereof and the balance shall be applied against the outstanding principal amount hereof. Borrower expressly assumes all risks of loss or delay

in the delivery of any payments made by mail, and no course of conduct or dealing shall affect Borrower's assumption of these risks.

DEFAULT. Upon the occurrence of an Event of Default, as defined in the Loan Agreement, the entire unpaid principal balance and all accrued and unpaid interest owing under this Note shall, at Lender's option, be immediately due and payable, together with costs and attorneys fees reasonably incurred by Lender in collecting or enforcing payment.

Acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and Borrower's failure to pay the entire amount then due shall be and continue to be a default. Upon the occurrence of any Event of Default, neither the failure of Lender promptly to exercise its right to declare the outstanding principal and accrued unpaid interest hereunder to be immediately due and payable, nor the failure of Lender to demand strict performance of any other obligation of Borrower or any other person who may be liable hereunder, shall constitute a waiver of any such rights, nor a waiver of such rights in connection with any future default on the part of Borrower or any other person who may be liable hereunder.

INTEREST RATE LIMITED TO MAXIMUM RATE. Notwithstanding anything herein to the contrary, in no event shall Borrower be required to pay a rate of interest in excess of the Maximum Rate. The term "Maximum Rate" shall mean the maximum non-usurious rate of interest that Lender is allowed to contract for, charge, take, reserve or receive under the applicable laws of any applicable state or of the United States of America (whichever from time to time permits the highest rate for the use, forbearance or detention of money) after taking into account, to the extent required by applicable law, any and all relevant payments or charges hereunder, or under any other document or instrument executed and delivered in connection herewith and the indebtedness evidenced hereby.

In the event Lender ever receives, as interest, any amount in excess of the Maximum Rate, such amount as would be excessive interest shall be deemed a partial prepayment of principal, and, if the principal hereof is paid in full, any remaining excess shall be returned to Borrower. In determining whether or not the interest paid or payable, under any specified contingency, exceeds the Maximum Rate, Borrower and Lender shall, to the maximum extent permitted by law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread the total amount of interest through and including the Due Date (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate.

SUCCESSORS/ASSIGNS. This Note shall be binding upon Borrower and its successors and assigns, and the benefits hereof shall inure to Lender and its successors and assigns.

GENERAL. Borrower and all endorsees, sureties and guarantors hereof hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest or protest of this Note, and Lender diligence in collection or bringing suit, and do hereby consent to any and all extensions of time, renewals, waivers or modifications as may be granted by Lender with respect to

payment or any other provisions of this Note. The liability of Borrower under this Note shall be absolute and unconditional, without regard to the liability of any other party.

This Note has been executed in the State of Michigan, and all rights and obligations hereunder shall be governed by the laws of the State of Michigan.

To secure the payment of all amounts due to Lender by Borrower in connection with the loan evidenced by this Note and pursuant to terms of the Term Loan Agreement and this Note, Borrower has granted Lender a security interest in the assets described under the following documents: (i) the First Amended and Restated Security Agreement of even date herewith between Borrower and Lender, as amended from time to time, (ii) the Second Amended and Restated Stock Pledge Agreement of even date herewith between Borrower and Lender, as amended from time to time, and (iii) the First Amended and Restated Limited Liability Company Interest Security and Pledge Agreement of even date herewith between Borrower and Lender, as amended from time to time.

This Note is an amendment to and restatement of that certain Term Promissory Note dated December 4, 2002 executed by Borrower in favor of Sun Communities Operating Limited Partnership (the "Prior Note"), and this Note amends, supersedes and replaces the Prior Note.

BORROWER:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

EXHIBIT 10.42

FIRST AMENDED AND RESTATED SECURITY AGREEMENT

THIS FIRST AMENDED AND RESTATED SECURITY AGREEMENT (as amended from time to time, the "Agreement") is entered into as of December 30, 2002 by and between ORIGEN FINANCIAL L.L.C., a Delaware limited liability company whose address is 260 E. Brown Street, Suite 200, Birmingham, Michigan 48009 ("Borrower") and SUN HOME SERVICES, INC., a Michigan corporation whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, MI 48334 ("Secured Party").

RECITALS:

A. Sun Communities Operating Limited Partnership ("SCOLP") made a line of credit (the "Line of Credit") available to Borrower for up to $27,500,000 pursuant to a Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 between Borrower and SCOLP (the "Original Line of Credit Loan Agreement") and a Sixth Amended and Restated Promissory Note dated December 4, 2002 in the original principal amount of $27,500,000 delivered by Borrower to SCOLP (the "Original Line of Credit Note").

B. SCOLP made a term loan (the "Term Loan") in the amount of $10,000,000 to Borrower pursuant to a Subordinated Term Loan Agreement dated December 4, 2002 between SCOLP and Borrower (the "Original Term Loan Agreement") and a Term Promissory Note dated December 4, 2002 in the original principal amount of $10,000,000 delivered by Borrower to SCOLP (the "Original Term Loan Note").

C. SCOLP assigned its interest in the Line of Credit, the Term Loan, the Original Line of Credit Loan Agreement, the Original Line of Credit Note, the Original Term Loan Agreement, the Original Term Loan Note and related documents to Secured Party pursuant to an Assignment of Loans of even date herewith.

D. Borrower and Secured Party have entered into the First Amendment to Second Amended and Restated Subordinated Loan Agreement of even date herewith (together with the Original Line of Credit Loan Agreement as it may further be amended from time to time, the "Line of Credit Loan Agreement") and Borrower has delivered to Secured Party the Seventh Amended and Restated Promissory Note of even date herewith (as it may further be amended from time to time, the "Seventh Amended Line of Credit Note"), pursuant to which the credit limit of the Line of Credit has been increased to $48,000,000.

E. Borrower and Secured Party have entered into a First Amendment to Subordinated Term Loan Agreement of even date herewith (together with the Original Term Loan Agreement as it may further be amended from time to time, the "Term Loan Agreement") and Borrower has delivered to Secured Party the First Amended and Restated Term Promissory Note of even date herewith (as it may further be amended from time to time, the "First Amended Term Loan Note"), pursuant to which Secured Party is reflected as the lender.

F. To secure the payment of all amounts due to SCOLP by Borrower in connection with the Line of Credit and to secure all of Borrower's other obligations to SCOLP of any nature,

Borrower and SCOLP entered into a Security Agreement dated February 1, 2002 (the "Original Security Agreement").

G. To secure the payment of all amounts due to Secured Party by Borrower in connection with the Line of Credit and the Term Loan and pursuant to terms of the Line of Credit Loan Agreement, the Seventh Amended Line of Credit Note, the Term Loan Agreement and the First Amended Term Loan Note and to secure all of Borrower's other obligations to Secured Party of any nature now or in the future owing from Borrower to Secured Party (the "Obligations"), Borrower and Secured Party desire to amend and restate the Original Security Agreement in accordance with the terms and conditions of this Agreement.

THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS. Unless otherwise defined herein, the following terms shall have the following meanings:

(a) "Accounts" means all "accounts", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(b) "Books" means all books, records and correspondence relating to the Collateral (as defined herein).

(c) "Chattel Paper" means any and all "chattel paper", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(d) "Code" means the Uniform Commercial Code as the same may from time to time be in effect in the State of Michigan.

(e) "Contracts" means any and all contracts, instruments, undertakings, documents, leases or other agreements in or under which Borrower may now or hereafter has any right, title or interest and which pertain to the purchase, lease, sale or other disposition by Borrower of any Inventory, Equipment, Fixtures, real property or any interest in real property, as any of the same may from time to time be amended, supplemented or otherwise modified.

(f) "Current Accounts" means an Account that arises from a bona fide outright sale of goods by Borrower, or from services performed by Borrower that is not subject to any claim of reduction, counterclaim, set-off, allowances, adjustments, or the like, and is not outstanding more than 60 days from the date of its invoice.

(g) "Documents" means any and all "documents" and "instruments", as such terms are defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(h) "Equipment" means all "equipment", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(i) "Fixtures" means, to the extent not otherwise included as Equipment, all machinery, apparatus, equipment, fittings, fixtures, furniture and furnishings in which Borrower now or

hereafter has any right, title or interest located upon or affixed to or which becomes affixed to any real property owned or leased by Borrower, or any part thereof, and used or usable in connection with any future occupancy or use of such premises, including replacements and additions thereto.

(j) "General Intangibles" means all "general intangibles", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest. General Intangibles shall also include all equity interests of Borrower in other entities, including but not limited to membership interest in Origen Insurance Agency, L.L.C., Origen Manufactured Home Financial, L.L.C., Origen Special Purpose, L.L.C., Origen Special Purpose II, L.L.C., and Origen Financial of South Dakota, L.L.C. and Origen Credit L.L.C.

(k) "Inventory" means all "inventory", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(l) "Loans" means any loan originated by or acquired by Borrower, whether an original loan, an additional loan or a substitution for an existing loan including all indebtedness of any Borrower with respect to such loans or any collateral pledge with respect to such loans including but not limited to any manufactured homes, together with all other collateral provided as security for such loans; servicing agreements, backup servicing agreements, servicing records, insurance, guarantees, indemnitees, and warranties and proceeds thereof, financing statements and other agreements or arrangements of whatever character from time to time relating to the loans, income if any from the loans, all hedges, all insured closing letters, all escrow instructions covering all or any of the loans, all collections from such loans, all blocked accounts and all amounts and deposits therein, all collection accounts and escrow accounts relating to any loan, all dealer financing agreements, all loan agreements, all loan documents, all consignment agreements, sale contracts, security agreements, the right to payment of interest or finance charges and collateral securing such obligations, and any other rights and other assets relating to such loans or any interest in the loans, whether constituting real or personal property, accounts, chattel paper, equipment, goods, instruments, general intangibles, inventory or proceeds, or securities backed by or representing an interest in such loans and any and all replacements, substitutions, distributions on or proceeds of any and all of the foregoing.

(m) "Proceeds" means all "proceeds", as such term is defined in the Code.

2. SECURITY INTEREST. Borrower hereby grants to Secured Party a continuing security interest in all of its right, title and interest in, to and under all Accounts, Current Accounts, Books, Chattel Paper, Contracts, Documents, Equipment, Fixtures, General Intangibles, Inventory, Loans and Proceeds (collectively, the "Collateral"). This grant is made for the purpose of securing the Obligations owing by Borrower to Secured Party. Borrower promises punctually to pay the Obligations when it is so required in accordance with the obligations and any note or agreement evidencing the Obligations, including the Seventh Amended Line of Credit Note and the First Amended Term Loan Note.

3. SUBORDINATION. The security interests in the Collateral granted to Secured Party may be subordinate to and subject to liens or security interests which the holders of Senior Debt (as defined in the Line of Credit Loan Agreement and the Term Loan Agreement) may now or hereafter have in the Collateral as a result of any indebtedness of Borrower comprising the Senior Debt. If subordinated, such subordination shall be evidenced within the provisions of the Line of Credit Loan Agreement and the Term Loan Agreement, and, if required by the holders of the Senior Debt, in a separate written subordination agreement between the Secured Party and the holders of the Senior Debt.

4. WARRANTIES AND COVENANTS. Borrower represents, warrants and covenants to Secured Party as follows:

(a) Except for the security interests granted hereby and any other security interests authorized by this Agreement or any other agreement between Borrower and Secured Party, Borrower is, or, as to Collateral to be acquired by Borrower after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance other than those identified on the attached EXHIBIT A; and Borrower agrees to defend the Collateral and proceeds thereof against any claims and demands of all persons at any time claiming the same or any interest therein.

(b) The security interests hereby created are valid and Borrower has the authority and right to subject the Collateral to the security interests hereby created.

(c) All financial statements, certificates and other information concerning the financial condition of Borrower, and proceeds hereafter furnished by Borrower to Secured Party shall be in all respects true and correct at the time the same are provided and shall be deemed, for all purposes, to have been furnished by Borrower to Secured Party for the purpose of obtaining credit or an extension of credit.

(d) This Agreement has been duly executed and delivered by a duly authorized officer of Borrower and constitutes the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

(e) Borrower does not conduct Borrower's business under any other name than that given above, and agrees not to change or reorganize the business entity under which it does business except upon the Secured Party's prior written approval.

(f) There are no actions or proceedings either threatened or pending against Borrower which might result in any material adverse change in Borrower's financial condition or materially affect any of Borrower's assets.

(g) Borrower's place of business or, if more than one, its chief executive office, is as set forth on the first page of this Agreement.

All of Borrower's warranties contained in this Section 4 shall be continuing warranties until Borrower has no remaining Obligations to Secured Party.

5. LOSS OR DEPRECIATION OF COLLATERAL. Borrower shall immediately notify Secured Party of any event causing a material loss or depreciation in value of Collateral and the amount of such loss or depreciation.

6. RECORDS, INSPECTION, AUDIT AND COVENANT FOR FURTHER ASSURANCES.

(a) At the request of Secured Party, Borrower will advise Secured Party of the places where its books of Accounts and records, including all records of the Collateral and the dispositions made thereof by Borrower and of its Accounts and all collections thereon, are kept and maintained.

(b) Borrower will keep and maintain such books and records with respect to the Collateral as Secured Party may from time to time reasonably prescribe for the purpose of enabling Secured Party to audit the same.

(c) Borrower shall at all reasonable times and from time to time allow Secured Party, by or through any of its agents, attorneys or accountants, to examine or inspect the Collateral wherever located and to examine, inspect and make extracts from Borrower's books and records. Borrower shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may reasonably require, to assure to Secured Party its rights hereunder.

7. PRESERVATION AND DISPOSITION OF THE COLLATERAL AND PROCEEDS.

(a) Borrower will keep the Collateral in good condition and will not waste or destroy any of the same. Borrower will not use the Collateral in violation of any statute or ordinance.

(b) Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against the Collateral before the same become delinquent and before penalties accrue thereon.

(c) At its option, Secured Party may discharge taxes, liens, other encumbrances or security interests not otherwise authorized by this Agreement or any other agreement between Borrower and Secured Party at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral. Borrower agrees to reimburse Secured Party, on demand, for any payment made or any expense incurred by Secured Party pursuant to the foregoing authorization.

(d) Borrower, at its own expense, shall keep all of the Collateral fully insured against loss or damage by fire, theft, explosion, business interruption, and all other risks, in such amounts, with such companies, under such policies, and in such form as shall be satisfactory to Secured Party.

(e) Borrower, unless in default, may use, consume and sell Inventory in carrying on its business in the ordinary course; but a sale in the ordinary course of business shall not include any transfer or sale in satisfaction, partial or complete, of a debt owed by Borrower.

Borrower shall not, without the prior written consent of Secured Party, otherwise sell or dispose of the Collateral or any portion thereof.

8. COLLECTIONS. In the absence of contrary instructions from Secured Party, Borrower at its own expense shall take all necessary action promptly to collect its Accounts and Loans. Upon an Event of Default, as such term is defined in the Loan Agreement, and when and to the extent required by Secured Party, Borrower shall (a) pay or deliver all cash proceeds of Accounts and Loans to Secured Party immediately upon receipt in the exact form received without commingling with other property, or (b) immediately upon receipt, deposit all such proceeds in a collateral collection account established and controlled by Secured Party at a financial institution of its choosing, and/or (c) notify account borrowers that their accounts, Loans and/or contract rights (to the extent included in Accounts) have been assigned to Secured Party and shall be paid directly to Secured Party. At its option, at any time after an Event of Default and at Borrower's expense, Secured Party may, in addition to its other rights hereunder, sue, compromise on terms it considers proper, endorse, sell or otherwise deal with the Accounts and Loans and proceeds of any Collateral either in its own name or that of Borrower. After deduction of any expenses, including, without limitation, attorneys fees and expenses, to the extent permitted under applicable law, all proceeds received by Secured Party may be applied by Secured Party to payment of any Obligations, if due, whether at maturity, by acceleration or otherwise, in such order as Secured Party may choose. At any time and from time to time, Secured Party may make like application of the balance of the collateral collection account or it may release all or a part of the balance to Borrower.

9. ASSIGNMENTS, INVOICES AND INFORMATION. At Secured Party's request, Borrower shall:

(a) give Secured Party assignments in the form specified by Secured Party of specific Accounts and Loans as the Accounts and Loans arise;

(b) furnish Secured Party with the original or a copy of invoices, and contracts applicable to each Account and Loan noting thereon, if Secured Party so requires, Secured Party's assignment and any additional statement required; and/or

(c) notify Secured Party immediately if any Account or Loan arises out of a contract with the United States or any of its agencies and take any action required by Secured Party with reference to the Federal Assignment of Claims Act.

10. NOTATION OF ASSIGNMENT, INFORMATION AND PAYMENT OF ACCOUNTS. When and to the extent required by Secured Party, Borrower shall:

(a) mark records of Accounts, Loans and contract rights (to the extent included in Accounts) in a manner satisfactory to Secured Party to show Secured Party's interest therein;

(b) furnish to Secured Party satisfactory evidence of performance of contracts and Loans; and

(c) give Secured Party lists of account borrowers (showing names, addresses and amounts owing) and such other data concerning its Accounts and Loans as Secured Party may from time to time specify.

11. FINANCING STATEMENTS; PERFECTION.

(a) Borrower irrevocably authorizes Secured Party to prepare and file any financing statement, amendments, continuations, and all other documents, as Secured Party deems necessary to perfect and maintain the security interest and lien granted herein. This authorization shall remain in full force and effect and may be relied on by Secured Party as long as any Obligations remain outstanding.

(b) Borrower agrees to promptly execute and deliver to Secured Party, concurrently with this Agreement and at any time thereafter, at Secured Party's request, all financing statements, assignments, promissory notes, certificates of title, affidavits, reports, notices, schedules of Accounts, designations of Inventory, letters of authority, stock certificates and any and all other documents and agreements, in form satisfactory to Secured Party, to perfect and maintain its security interest in the Collateral.

(c) Except as otherwise provided in this Agreement or any other agreement between Borrower and Secured Party, without the prior written consent of Secured Party, Borrower will not allow or suffer any adverse financing statement covering the Collateral, or any portion thereof, to be on file in any public office.

12. RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default, and at any time thereafter, Secured Party shall have the rights and remedies of a secured party under the Code in addition to the rights and remedies provided herein or in any other instrument or agreement executed by Borrower.

Without limiting the generality of the foregoing, Borrower expressly agrees that in any such event Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Borrower or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange broker's board or at any of Secured Party's offices or elsewhere at such prices as Secured Party may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right of equity of redemption, which equity of redemption Borrower hereby releases. Secured Party may require Borrower to assemble the Collateral and proceeds and make them available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to all parties.

Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale after deducting all reasonable costs and expenses of every kind

incurred therein or incidental to the care, safe-keeping or otherwise of any or all of the Collateral or in any way relating to the rights of Secured Party hereunder, including, without limitation, reasonable attorneys fees and expenses, to the payment in whole or in part of the Obligations, in such order as Secured Party may elect, Borrower remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Secured Party of any other amount required by any provision of law, need Secured Party account for the surplus, if any, to Borrower. To the extent permitted by applicable law, Borrower waives all claims, damages and demands against Secured Party arising out of the repossession, retention or sale of the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower, at least ten (10) days before the time of the sale or disposition. Borrower shall pay to Secured Party on demand any and all expenses, including, without limitation, reasonable attorneys fees and expenses, to the extent permitted under applicable law, incurred or paid by Secured Party in protecting or enforcing the Obligations and other rights of Secured Party hereunder including its rights to take possession of Collateral and proceeds thereof.

13. SECURED PARTY'S APPOINTMENT AS ATTORNEY-IN-FACT. Borrower hereby irrevocably constitutes and appoints Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in the sole and absolute discretion of Secured Party, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments, including without limitation, any financing statements necessary or helpful to perfect or continue Secured Party's security interest in the Collateral, which may be necessary or desirable to accomplish the purposes of this Agreement. This power of attorney being coupled by an interest shall be irrevocable so long as any Obligations remain unpaid. All acts of any such attorney are ratified and approved, and except for willful misconduct, he or she will not be liable for any act or omission or for any error of judgment or mistake of law.

14. SECURITY NOT CONTINGENT. Secured Party's rights under this Agreement shall not be contingent upon the exercise or enforcement by Secured Party of any other rights or remedies he may have against Borrower or others. No election by Secured Party to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Secured Party's right to enforce its rights under this Agreement.

15. GENERAL. Secured Party shall not be deemed to have waived any of its rights hereunder or under any other agreement or instrument signed by Borrower unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All of Secured Party's rights and remedies, whether evidenced hereby or by any other agreement or instrument, shall be cumulative and may be exercised singularly or concurrently. Any demand upon or notice to Borrower that Secured Party may elect to give shall be effective when deposited in the mails addressed to Borrower at its principal place of business. Demands or notices addressed

to Borrower's address at which Secured Party customarily communicates with Borrower shall also be effective. This Agreement shall be terminated only by the filing of a termination statement in accordance with the applicable provisions of the Code and/or when there are no outstanding Obligations and no commitments on the part of Borrower to Secured Party under any agreement which might give rise to any Obligations. Prior to such termination this shall be a continuing agreement in every respect. This Agreement and all rights and obligations hereunder including matters of construction, validity and performance, shall be governed by the laws of the State of Michigan. This Agreement is intended to take effect when signed by Borrower and delivered to Secured Party. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one instrument. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

[Remainder of page intentionally left blank. Signatures on following page.]

IN WITNESS WHEREOF, the parties have executed this First Amended and Restated Security Agreement as of the day and year above written.

"BORROWER"

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

"SECURED PARTY"

SUN HOME SERVICES, INC., a Michigan corporation

By:

Its:

IN WITNESS WHEREOF, the parties have executed this First Amended and Restated Security Agreement as of the day and year above written.

"BORROWER"

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: ----------

Its: ----------

"SECURED PARTY"

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

EXHIBIT 10.43

SECOND AMENDED AND RESTATED STOCK PLEDGE AGREEMENT

This SECOND AMENDED AND RESTATED STOCK PLEDGE AGREEMENT (this "Agreement") is made as of December 30, 2002 by ORIGEN FINANCIAL L.L.C., a Delaware limited liability company ("Pledgor"), in favor of SUN HOME SERVICES, INC., a Michigan corporation whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, MI 48334 ("Secured Party").

RECITALS:

A. Sun Communities Operating Limited Partnership ("SCOLP") made a line of credit (the "Line of Credit") available to Pledgor and Origen Financial, Inc. ("Oregon Inc.") pursuant to an Amended and Restated Subordinated Loan Agreement dated February 1, 2002 among Pledgor, Origen, Inc. and SCOLP, as amended, and a Third Amended and Restated Promissory Note dated February 1, 2002, as amended.

B. On April 25, 2002, Origen Inc. was merged with and into Pledgor, and Pledgor succeeded to all of the rights, liabilities and obligations of Origen, Inc.

C. To secure the payment of all amounts due to SCOLP by Origen Inc. in connection with the Line of Credit and to secure all of Origen Inc.'s other obligations to SCOLP of any nature. Pledgor and SCOLP entered into an Amended and Restated Stock Pledge Agreement dated February 1, 2002 (the "Original Pledge Agreement").

D. SCOLP and Pledgor amended the Line of Credit pursuant to a Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 between SCOLP and Pledgor (the "Original Line of Credit Loan Agreement") and a Sixth Amended and Restated Promissory Note dated December 4, 2002 in the original principal amount of $27,500,000 delivered by Pledgor to SCOLP (the "Original Line of Credit Note").

E. SCOLP made a term loan (the "Term Loan") in the amount of $10,000,000 to Pledgor pursuant to a Subordinated Term Loan Agreement dated December 4, 2002 between SCOLP and Pledgor (the "Original Term Loan Agreement") and a Term Promissory Note dated December 4, 2002 in the original principal amount of $10,000,000 delivered by Pledgor to SCOLP (the "Original Term Loan Note").

F. SCOLP assigned its interest in the Line of Credit, the Term Loan, the Original Line of Credit Loan Agreement, the Original Line of Credit Note, the Original Term Loan Agreement, the Original Term Loan Note and related documents to Secured Party pursuant to an Assignment of Loans of even date herewith.

G. Pledgor and Secured Party have entered into the First Amendment to Second Amended and Restated Subordinated Loan Agreement of even date herewith (together with the Original Line of Credit Loan Agreement as it may further be amended from time to time, the "Line of Credit Loan Agreement") and Pledgor has delivered to Secured Party the Seventh Amended and Restated Promissory Note of even date herewith (as it may further be amended from time to time, the "Seventh Amended Line of Credit Note"), pursuant to which the credit limit of the Line of Credit has been increased to $48,000,000.

H. Pledgor and Secured Party have entered into a First Amendment to Subordinated Term Loan Agreement of even date herewith (together with the Original Term Loan Agreement as it may further be amended from time to time, the "Term Loan Agreement") and Pledgor has delivered to Secured Party the First Amended and Restated Term Promissory Note of even date herewith (as it may further be amended from time to time, the "First Amended Term Loan

Note"), pursuant to which Secured Party is reflected as the lender.

I. Pledgor is the sole shareholder of Origen Special Holdings Corporation, a Delaware corporation ("OSHC").

J. To secure the prompt satisfaction by Pledgor of all of its obligations to the Secured Party under the Line of Credit and the Term Loan and to secure all of Pledgor's other obligations to Secured Party of any nature now or in the future owing from Pledgor to Secured Party, Pledgor, together with Secured Party, desires to amend and restate the Original Pledge Agreement in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants contained herein, the parties agree as follows:

1. GRANT OF SECURITY INTEREST. As security for the prompt and complete payment and performance when due of all liabilities, obligations or indebtedness owing by Pledgor to Secured Party under the Line of Credit Loan Agreement, the Term Loan Agreement, the Related Documents (as defined in the Line of Credit Loan Agreement and the Term Loan Agreement) and all of Pledgor's other obligations to Secured Party of any nature now or in the future owing from Pledgor to Secured Party (collectively, the "Obligations"), Pledgor pledges and grants to Secured Party a continuing security interest in, and lien on, all of Pledgor's right, title and interest in and to the common stock and the preferred stock of OSHC (collectively, the "Shares"), together with all certificates, options, warrants or other distributions or rights issued as an addition to, in substitution or in exchange for, or on account of, the Shares, and all proceeds of the foregoing, including, without limitation, any and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any of the above (collectively, the "Pledged Stock").

2. DELIVERY OF CERTIFICATES. Concurrent with the execution and delivery of this Agreement, Secured Party has retained possession of the stock certificates evidencing the Shares (the "Certificates"). The Certificates have been retained by Secured Party in order to perfect the pledge established hereunder and this Agreement shall be interpreted so as to cause the pledge of the Shares to be perfected. Secured Party acknowledges that, for all other purposes, Pledgor is the lawful and beneficial owner of the Shares. Secured Party shall hold the Certificates in accordance with the terms and conditions of this Agreement.

3. FUTURE RECEIPTS. If Pledgor receives or becomes entitled to receive any:

(a) stock certificate(s) issued in respect of the Pledged Stock, including, without limitation, any certificate representing a stock dividend or payable in respect of the Pledged Stock or issued in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spin-off or split-off;

(b) option, warrant or right, whether issued as an addition to, in substitution or in exchange for, or on account of, any of the Pledged Stock; or

(c) dividends or distributions on the Pledged Stock payable other than in cash, including securities issued by a party other than OSHC;

Pledgor shall accept the same as Secured Party's agent, in trust for Secured Party, and shall deliver same to Secured Party, in the exact form received with, as applicable, Pledgor's endorsement when necessary or appropriate stock powers duly executed in blank. Any property received by Secured Party hereunder shall be held by Secured Party pursuant to the terms of this Agreement as additional security for the Obligations.

4. CASH DIVIDENDS AND DISTRIBUTIONS. So long as no Event of Default has occurred and is continuing under the Line of Credit Loan Agreement, the Term Loan Agreement or the Related Documents (an "Event of Default"), Pledgor may receive for its own use all cash dividends and distributions on the Pledged Stock.

5. VOTING AND OTHER RIGHTS. So long as no Event of Default has occurred and is continuing, Pledgor may exercise any and all voting and other consensual rights with respect to the Pledged Stock for any purpose not inconsistent with the terms of this Agreement.

6. SECURED PARTY'S DUTIES. Subject to applicable law, Secured Party shall have no duty with respect to the Pledged Stock beyond the exercise of reasonable care to assume the safe custody of the Pledged Stock while held hereunder. Without limiting the generality of the foregoing, Secured Party shall have no obligation to take any steps to preserve rights in the Pledged Stock against any other parties or to exercise any rights represented thereby; provided, however, that Secured Party may, at its option, do so and Pledgor shall reimburse the Secured Party for all expenses incurred in connection therewith.

7. COVENANTS AND WARRANTS OF PLEDGOR. Pledgor covenants that, until the Obligations have been satisfied in full, Pledgor will not sell, convey or otherwise dispose of any of the Pledged Stock or any interest therein, or create, incur, or permit to exist any pledge, mortgage, lien, charge, encumbrance or any security interest whatsoever in or with respect to any of the Pledged Stock except for that created hereby. Pledgor warrants, and will at the Pledgor's expense defend, the Secured Party's right, title and security interest in and to the Pledged Stock against the claims of any person.

8. EVENT OF DEFAULT AND REMEDIES. Upon the occurrence of an Event of Default, the Secured Party, in its discretion, shall have the right to exercise each and all of the following remedies (which remedies are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law, including, without limitation, the rights and remedies of a secured party under the Michigan Uniform Commercial Code):

(a) Cash Dividends. All cash dividends and distributions on the Pledged Stock shall be paid to the Secured Party. In the event Pledgor shall receive any such cash dividends or distributions, Pledgor shall hold same as Secured Party's agent, in trust for Secured Party, and shall deliver same to Secured Party in the exact form received with the Pledgor's endorsement when necessary.

(b) Voting Rights. Secured Party, at its option, may vote the Pledged Stock in its discretion. Pledgor hereby grants to Secured Party or its nominee an irrevocable proxy to exercise all voting and other rights and privileges relating to the Pledged Stock, which proxy shall be effective immediately upon the occurrence of an Event of Default and written notice to Pledgor of Secured Party's election to exercise such proxy, and shall be coupled with an interest. After the occurrence of an Event of Default and upon request of Secured Party, Pledgor agrees to deliver to Secured Party such further evidence of such irrevocable proxy to vote the Pledged Stock as Secured Party may request. Any or all of the Pledge Stock held by Secured Party hereunder may at any time be registered in the name of Secured Party or its nominee, and upon Secured Party's request, Pledgor will cause the issuer of the Pledged Stock to effect such registration. Pledgor hereby appoints Secured Party as its attorney-in-fact to arrange for the transfer of the Pledged Stock to the name of Secured Party or its nominee and all acts of Secured Party as attorney-in-fact are hereby ratified and confirmed and such power is coupled with an interest and is irrevocable until the Obligations are paid in full. Secured Party may exercise all rights and privileges herein granted with respect to

the Pledged Stock without liability and Secured Party shall have no duty to exercise any of the aforesaid rights or privileges and shall not be responsible for any failure to do so or delay in so doing.

(c) Disposition of Pledged Stock. Secured Party may, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to Pledgor or any other person realize upon the Pledged Stock or any part thereof, and may sell or otherwise dispose of and deliver the Pledged Stock or any part thereof or interest therein, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at the Secured Party's offices or elsewhere, at such prices and on such terms (including, without limitation, a requirement that any purchaser purchase the Pledged Stock for investment and without any intention to make a distribution thereof) as they may deem best, for cash or on credit, or for future delivery without assumption of any credit risk, with the right to Secured Party or any purchaser to purchase upon any such sale the whole or any part of the Pledged Stock free of any right or equity of redemption in Pledgor, which right or equity is hereby expressly waived and released. Secured Party need not give more than five (5) days notice of the time and place of any public sale or of the time after which a private sale may take place, which notice Pledgor hereby deems reasonable.

(d) Application of Proceeds. Any cash dividend or distribution received by Secured Party and the proceeds of any disposition of the Pledged Stock by Secured Party shall be applied as follows:

(i) First, to the costs and expenses incurred in connection with enforcing this Agreement or incidental thereto or to the care or safekeeping of any of the Pledged Stock or in any way relating to the rights of Secured Party, including reasonable attorneys' fees and legal expenses;

(ii) Second, to the satisfaction of the Obligations;

(iii) Third, to the payment of any other amounts required by applicable law (including, without limitation, the Michigan Uniform Commercial Code); and

(iv) Fourth, to Pledgor to the extent of any surplus proceeds.

9. FURTHER ASSURANCES. Pledgor shall, at any time and from time to time, upon the written request of Secured Party, execute and deliver such further documents and do such further acts and things as Secured Party may reasonably request to effect the purposes of this Agreement.

10. TERMINATION. Upon the satisfaction in full of the Obligations and the payment of all additional costs and expenses of Secured Party hereunder, this Agreement shall terminate and Secured Party shall deliver, or cause to be delivered, to Pledgor the Certificates necessary to transfer title to the Shares to Pledgor.

11. WITHHOLDING TAXES. Pledgor shall pay all withholding taxes on the Shares, and Pledgor hereby indemnifies Secured Party and its officers, directors, agents and representatives from and against any and all liability associated with the withholding taxes on the Shares.

12. MISCELLANEOUS PROVISIONS.

(a) This Agreement shall be governed by, and construed and enforced in

accordance with, the laws of the State of Michigan.

(b) All of the terms contained herein shall survive the consummation of the transactions contemplated herein, and shall be binding upon and inure to the benefit of and be enforceable by and against, the parties and their respective successors, assigns, heirs at law, legal representatives and estates.

(c) This Agreement and any other documents executed in connection herewith together constitute the full and entire understanding and agreement among the parties with respect to the transactions herein contemplated, and shall supersede all prior understandings or agreements relating thereto, whether written or oral, all of which are declared to be null and void and of no further force or effect.

(d) This Agreement may only be amended or modified, and any of the terms, conditions, covenants, representations or warranties contained herein may only be waived, by a written instrument duly executed by the parties.

(e) The paragraph headings in this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. This Agreement may be executed in counterparts and all counterparts, when taken together, shall constitute but one and the same agreement. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Stock Pledge Agreement as of the day and year above written.

PLEDGOR:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability corporation

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

SECURED PARTY:

SUN HOME SERVICES, INC., a Michigan corporation

By:

Its:

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan.

(b) All of the terms contained herein shall survive the consummation of the transactions contemplated herein, and shall be binding upon and inure to the benefit of and be enforceable by and against, the parties and their respective successors, assigns, heirs at law, legal representatives and estates.

(c) This Agreement and any other documents executed in connection herewith together constitute the full and entire understanding and agreement among the parties with respect to the transactions herein contemplated, and shall supersede all prior understandings or agreements relating thereto, whether written or oral, all of which are declared to be null and void and of no further force or effect.

(d) This Agreement may only be amended or modified, and any of the terms, conditions, covenants, representations or warranties contained herein may only be waived, by a written instrument duly executed by the parties.

(e) The paragraph headings in this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. This Agreement may be executed in counterparts and all counterparts, when taken together, shall constitute but one and the same agreement. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Stock Pledge Agreement as of the day and year above written.

PLEDGOR:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability corporation

By: ----------

Its: ----------

SECURED PARTY:

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

EXHIBIT 10.44

FIRST AMENDED AND RESTATED LIMITED LIABILITY COMPANY INTEREST SECURITY AND PLEDGE AGREEMENT

THIS FIRST AMENDED AND RESTATED LIMITED LIABILITY COMPANY INTEREST SECURITY AND PLEDGE AGREEMENT (as amended from time to time, the "Agreement") is made as of December 30, 2002 by ORIGEN FINANCIAL L.L.C., a Delaware limited liability company ("Pledgor"), in favor of SUN HOME SERVICES, INC., a Michigan corporation whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, MI 48334 ("Secured Party").

R E C I T A L S:

A. Sun Communities Operating Limited Partnership ("SCOLP") made a line of credit (the "Line of Credit") available to Pledgor for up to $27,500,000 pursuant to a Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 between Pledgor and SCOLP (the "Original Line of Credit Loan Agreement") and a Sixth Amended and Restated Promissory Note dated December 4, 2002 in the original principal amount of $27,500,000 delivered by Pledgor to SCOLP (the "Original Line of Credit Note").

B. SCOLP made a term loan (the "Term Loan") in the amount of $10,000,000 to Pledgor pursuant to a Subordinated Term Loan Agreement dated December 4, 2002 between SCOLP and Pledgor (the "Original Term Loan Agreement") and a Term Promissory Note dated December 4, 2002 in the original principal amount of $10,000,000 delivered by Pledgor to SCOLP (the "Original Term Loan Note").

C. SCOLP assigned its interest in the Line of Credit, the Term Loan, the Original Line of Credit Loan Agreement, the Original Line of Credit Note, the Original Term Loan Agreement, the Original Term Loan Note and related documents to Secured Party pursuant to an Assignment of Loans of even date herewith.

D. Pledgor and Secured Party have entered into the First Amendment to Second Amended and Restated Subordinated Loan Agreement of even date herewith (together with the Original Line of Credit Loan Agreement as it may further be amended from time to time, the "Line of Credit Loan Agreement") and Pledgor has delivered to Secured Party the Seventh Amended and Restated Promissory Note of even date herewith (as it may further be amended from time to time, the "Seventh Amended Line of Credit Note"), pursuant to which the credit limit of the Line of Credit has been increased to $48,000,000.

E. Pledgor and Secured Party have entered into a First Amendment to Subordinated Term Loan Agreement of even date herewith (together with the Original Term Loan Agreement as it may further be amended from time to time, the "Term Loan Agreement") and Pledgor has delivered to Secured Party the First Amended and Restated Term Promissory Note of even date herewith (as it may further be amended from time to time, the "First Amended Term Loan Note"), pursuant to which Secured Party is reflected as the lender.

F. To secure the payment of all amounts due to SCOLP by Pledgor in connection with the Line of Credit and to secure all of Pledgor's other obligations to SCOLP of any nature, Pledgor

and SCOLP entered into a Limited Liability Company Interest Security And Pledge Agreement dated February 1, 2002 (the "Original Pledge Agreement").

G. Pledgor currently owns 100% of the membership interests in Origen Special Purpose, L.L.C., a Delaware limited liability company, Origen Special Purpose II, L.L.C., a Delaware limited liability company, Origen Manufactured Home Financial, L.L.C., a Delaware limited liability company, Origen Insurance Agency, L.L.C., a Virginia limited liability company, Origen Financial of South Dakota, L.L.C., a Delaware limited liability company, and Origen Credit L.L.C., a Delaware limited liability company (collectively, the "Subsidiaries").

H. To secure the payment of all amounts due to Secured Party by Pledgor in connection with the Line of Credit and the Term Loan and pursuant to terms of the Line of Credit Loan Agreement, the Seventh Amended Line of Credit Note, the Term Loan Agreement and the First Amended Term Loan Note and the Related Documents (as defined in the Line of Credit Loan Agreement and the Term Loan Agreement) and to secure all of Pledgor's other obligations to Secured Party of any nature now or in the future owing from Pledgor to Secured Party (the "Obligations"), Pledgor and Secured Party desire to amend and restate the Original Pledge Agreement in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. GRANT OF SECURITY INTEREST. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all of the Obligations, Pledgor grants to the Secured Party a first security interest in and to Pledgor's right, title and interest as a member (the "Membership Interests") in each of the Subsidiaries, including, without limitation, any and all moneys or other property payable or to become payable to Pledgor or to which Pledgor now or in the future may be entitled, in its capacity as a member in the Subsidiaries, including, without limitation, by way of distribution, return of capital or otherwise in respect of the Membership Interests, and, to the extent not otherwise included, all "proceeds" of the Membership Interests as such term is defined in the Uniform Commercial Code (the "Code") from time to time in effect in the State of Michigan (collectively, the "Collateral").

2. DISTRIBUTIONS. So long as no default has occurred and is continuing under the Line of Credit Loan Agreement, the Seventh Amended Line of Credit Note, the Term Loan Agreement, the First Amended Term Loan Note or the Related Documents (an "Event of Default"), Pledgor shall be entitled to receive for its own use all distributions with respect to the Membership Interests. If an Event of Default has occurred and is continuing, Pledgor shall not be entitled to receive or retain other distributions paid in respect of the Membership Interests, whether in redemption of, or in exchange for the Membership Interests, or whether in connection with a reduction of capital, capital surplus or paid-in surplus or the Membership Interests or otherwise, other than for the payment of personal taxes of the members of the Subsidiaries associated with their investment in Subsidiaries, and any and all such dividends or distributions shall be forthwith delivered to the Secured Party to hold as Collateral and shall, if received by Pledgor, be received in trust for delivery to the Secured Party, be segregated from the other property or accounts of Pledgor, and be forthwith delivered to the Secured Party as Collateral in the same form as so received (with any necessary

endorsements), with such Proceeds to be applied by the Secured Party to reduce the Obligations.

3. REGISTRATION OF PLEDGE. Concurrently with the execution of this Agreement, Pledgor has sent to each of the Subsidiaries written instructions in the form of Exhibit A, and has obtained from each of the Subsidiaries an executed acknowledgment and consent in the form of Exhibit A.

4. VOTING RIGHTS. So long as no Event of Default has occurred and is continuing, Pledgor may exercise all voting and membership rights with respect to the Membership Interests; provided, however, that no vote will be cast or membership right exercised or other action taken which would be inconsistent with or result in a breach of any provision of the Line of Credit Loan Agreement, the Seventh Amended Line of Credit Note, the Term Loan Agreement, the First Amended Term Loan Note, the Related Documents, or this Agreement.

5. EVENT OF DEFAULT. If an Event of Default has occurred and is continuing, the Secured Party may direct the Subsidiaries to register the Membership Interests in the name of the Secured Party or its nominee, and the Secured Party or its nominee may thereafter receive all distributions with respect to, and exercise all voting, membership and other rights pertaining to, the Membership Interests as if it were the absolute owner of the Membership Interests.

6. REPRESENTATIONS AND WARRANTIES OF PLEDGOR. Pledgor represents and warrants to the Secured Party that (a) Pledgor is the record and beneficial owner of, and has good and legal title to, the Membership Interests, free of any and all liens or options in favor of, or claims of, any other person, except the lien created by this Agreement, and (b) Pledgor has the legal right to execute and deliver, to perform its obligations under, and to grant the security interest in the Collateral pursuant to, this Agreement.

7. ASSIGNMENT; PLEDGE; AMENDMENT. Without the prior written consent of the Secured Party, Pledgor will not (i) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Collateral; (ii) create or permit to exist any lien or option in favor of, or any claim of, any person with respect to any of the Collateral, except, in either case, for the lien created by this Agreement; or (iii) amend or modify the operating agreement of any of the Subsidiaries (as amended from time to time, collectively, the "Operating Agreements"), or enter into any agreement or arrangement with any Subsidiary or its respective members which amends or modifies the rights and obligations of such Subsidiary and its respective members as set forth in such Subsidiary's Operating Agreement. Pledgor will defend the right, title and interest of the Secured Party in and to the Collateral against the claims and demands of all other persons.

8. FURTHER ASSURANCES. At any time and from time to time, upon the written request of the Secured Party, Pledgor will promptly execute and deliver such further instruments and documents and take such further actions as the Secured Party may reasonably request for the purposes of obtaining or preserving the security interest created by this Agreement, including, without limitation, the filing of any financing or continuation statements under the Code. Pledgor authorizes the Secured Party to file any such financing or continuation statement without the signature of Pledgor to the extent permitted by applicable law.

9. REMEDIES. If an Event of Default has occurred and is continuing, the Secured Party may exercise, in addition to all rights and remedies granted in the Line of Credit Loan Agreement, the Seventh Amended Line of Credit Note, the Term Loan Agreement, the First Amended Term Loan Note, the Related Documents, and this Agreement, all rights and remedies of a secured party under the Code. The rights and remedies of the Secured Party are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.

10. ATTORNEY-IN-FACT. Pledgor irrevocably constitutes and appoints the Secured Party, or its representative, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Pledgor, and in the name of Pledgor or in the Secured Party's name, after an Event of Default has occurred and for so long as it is continuing, for the purpose of carrying out the terms of this Agreement. Anything to the contrary contained herein notwithstanding, the Secured Party may not exercise the rights granted to them in this Section 10 unless the Pledgor has been provided with prior written notice of such exercise. The powers conferred on the Secured Party are solely to protect its interests in the Collateral and will not impose any duty upon the Secured Party to exercise any such powers. The Secured Party will be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither the Secured Party, nor any of its officers, directors, employees or agents will be responsible to Pledgor or to the Subsidiaries for any act or failure to act.

11. LIMITATION ON DUTIES REGARDING COLLATERAL. The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under the Code or otherwise, will be to deal with it in the same manner as the Secured Party deals with similar securities and property for its own account. Neither the Secured Party, nor any of its directors, officers, employees or agents will be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or, except as provided by applicable law, will be under any obligation to sell or otherwise dispose of any Collateral upon the request of Pledgor or otherwise.

12. NO WAIVER. The Secured Party will not by any act, delay, omission or otherwise be deemed to have waived any right or remedy under this Agreement or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions of this Agreement except by a written instrument executed by the Secured Party. No single or partial exercise of any right, power or privilege under this Agreement will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy under this Agreement on any one occasion will not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion.

13. AMENDMENTS. The terms and provisions of this Agreement may not be waived or modified except by a written instrument executed by Pledgor and the Secured Party.

14. BENEFIT AND BINDING EFFECT. This Agreement will be binding upon the successors and permitted assigns of Pledgor and will inure to the benefit of the Secured Party and its successors and assigns.

15. COUNTERPARTS; REPRODUCTIONS. This Agreement may be executed in

counterparts, each of which shall be deemed to be an original and all of which together shall constitute one instrument. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals..

16. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Michigan.

[signatures on following page]

IN WITNESS WHEREOF, Pledgor and the Secured Party have executed this First Amended and Restated Limited Liability Company Interest Security And Pledge Agreement as of the date first above written.

PLEDGOR:

ORIGEN FINANCIAL L.L.C., a Delaware limited liability company

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

SECURED PARTY:

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

EXHIBIT 10.45

SECOND AMENDED AND RESTATED GUARANTY

THIS SECOND AMENDED AND RESTATED GUARANTY (the "Second Amended Guaranty") is made December 30, 2002 by Bingham Financial Services Corporation, a Michigan corporation ("Bingham"), in favor of Sun Home Services, Inc., a Michigan corporation ("SHS").

RECITALS:

A. Bingham has executed and delivered to Sun Communities Operating Limited Partnership ("SCOLP") an Amended and Restated Guaranty dated February 1, 2002, (the "First Amended Guaranty"), pursuant to which Bingham guaranteed the payment and performance when due of certain obligations owing from Origen Financial L.L.C. ("Borrower") to SCOLP, including without limitation under the line of credit loan (the "Line of Credit") evidenced by the Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 between Borrower and SCOLP (collectively, the "Original Line of Credit Loan Agreement") and the Sixth Amended and Restated Promissory Note dated December 4, 2002 in the original principal amount of $27,500,000 executed by Borrower in favor of SCOLP (the "Original Line of Credit Note").

B. SCOLP made a term loan (the "Term Loan") in the amount of $10,000,000 to Borrower pursuant to a Subordinated Term Loan Agreement dated December 4, 2002 between SCOLP and Borrower (the "Original Term Loan Agreement") and a Term Promissory Note dated December 4, 2002 in the original principal amount of $10,000,000 delivered by Borrower to SCOLP (the "Original Term Loan Note").

C. SCOLP assigned its interest in the First Amended Guaranty, the Line of Credit, the Term Loan, the Original Line of Credit Loan Agreement, the Original Line of Credit Note, the Original Term Loan Agreement, the Original Term Loan Note and related documents to SHS pursuant to an Assignment of Loans of even date herewith.

D. Borrower and SHS have entered into the First Amendment to Second Amended and Restated Subordinated Loan Agreement of even date herewith (together with the Original Line of Credit Loan Agreement as it may further be amended from time to time, the "Line of Credit Loan Agreement") and Borrower has delivered to SHS the Seventh Amended and Restated Promissory Note of even date herewith (as it may further be amended from time to time, the "Seventh Amended Line of Credit Note"), pursuant to which the credit limit of the Line of Credit has been increased to $48,000,000.

E. Borrower and SHS have entered into a First Amendment to Subordinated Term Loan Agreement of even date herewith (together with the Original Term Loan Agreement as it may further be amended from time to time, the "Term Loan Agreement") and Borrower has delivered to SHS the First Amended and Restated Term Promissory Note of even date herewith (as it may further be amended from time to time, the "First Amended Term Loan Note"), pursuant to which SHS is reflected as the lender.

F. The Line of Credit is secured by the collateral described in the First Amended and Restated Security Agreement of even date herewith between Borrower and SHS, as amended

from time to time, (ii) the Second Amended and Restated Stock Pledge Agreement of even date herewith between Borrower and SHS, as amended from time to time, and (iii) the First Amended and Restated Limited Liability Company Interest Security and Pledge Agreement of even date herewith between Borrower and SHS, as amended from time to time, and various Uniform Commercial Code financing statements filed to perfect the security interests granted under the foregoing agreements (as they may be amended from time to time, the "Origen Security Documents").

G. The Borrower may from time to time request loans, advances or other financial accommodations from SHS and SHS may, in its discretion, honor such requests in whole or part and thereby the Borrower may from time to time be indebted to SHS, including without limitation, under (i) the Line of Credit Loan Agreement; (ii) the Seventh Amended Line of Credit Note; (iii) the Term Loan Agreement; (iv) the First Amended Term Loan Note; and (v) the Origen Security Documents (collectively, the "Origen Loan Documents").

H. SHS is unwilling to make loans, advances or extend other financial accommodations to or otherwise do business with the Borrower unless Bingham continues to unconditionally guarantee payment of all present and future indebtedness and obligations of Borrower to SHS and as a condition of amending the Line of Credit and the Term Loan, SHS has required that Bingham execute and deliver this Second Amended Guaranty.

I. Bingham is a member of Borrower and will directly benefit from SHS's making of loans, advances or extending other financial accommodations to or otherwise doing business with the Borrower.

J. Bingham desires to amend and restate the First Amended Guaranty in its entirety in accordance with the terms and conditions set forth in this Second Amended Guaranty.

NOW, THEREFORE, in order to induce SHS to make loans, advances or extend other financial accommodations to and otherwise do business with the Borrower and for other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, Bingham hereby covenants and agrees with SHS as follows:

1. GUARANTY. Bingham hereby irrevocably and unconditionally guarantees to SHS and its successors and assigns: (a) the full and prompt payment and performance when due of the Indebtedness, as hereinafter defined; and (b) the payment, compliance with and performance of all other obligations, covenants, representations and warranties of every kind, nature and description in accordance with all instruments and documents executed by Borrower in favor of SHS, whether now owing or existing or heretofore or hereafter created or arising, regardless of whether such obligations, covenants, representations or warranties are held to be unenforceable, void or of no effect against Borrower and including without limitation, those under any loan agreement and/or promissory note executed and delivered by Borrower to SHS, and any extensions, modifications or renewals thereof. The term "Indebtedness" shall mean all principal, interest, attorneys' fees, commitment fees, liabilities for costs and expenses and all other indebtedness, obligations and liabilities under and in accordance with the terms of all instruments and documents executed by Borrower in favor of SHS, including, without limitation, the Origen

Loan Documents, whether direct or indirect, absolute or contingent and whether now owing or existing or heretofore or hereafter created or arising, and regardless of whether such indebtedness, obligations or liabilities are held to be unenforceable, void or of no effect against Borrower, and all costs, expenses and fees, including reasonable attorneys' fees, arising in connection with the collection or enforcement of any or all amounts, indebtedness, obligations and liabilities of Borrower to SHS, as described above, regardless of whether Borrower is held to be liable for such amounts. Bingham acknowledges and agrees that any indebtedness of Borrower to SHS as evidenced by any promissory note may be extended or renewed upon maturity at the sole discretion of SHS and that the Indebtedness as defined herein, the payment of which is hereby guaranteed, shall include, without limitation, all indebtedness and other obligations as extended or renewed and as may be evidenced by any renewal promissory note.

2. GUARANTY UNCONDITIONAL. This is an irrevocable, unconditional and absolute guaranty of payment, and not of collection, and Bingham agrees that its liability on this Second Amended Guaranty shall be immediate and SHS may have immediate recourse against Bingham for full and immediate payment of the Indebtedness at any time after the Indebtedness or any part thereof, has not been paid when due (whether by acceleration or otherwise) or Borrower has defaulted or otherwise failed to perform when due any of its obligations, covenants, representations or warranties to SHS.

3. LIABILITY NOT CONTINGENT. The liability of Bingham on this Second Amended Guaranty shall not be contingent upon the exercise or enforcement by SHS of whatever remedies it may have against Borrower or others, or the enforcement of any lien or realization upon any security or collateral SHS may at any time possess. Any one or more successive and/or concurrent actions may be brought hereon against Bingham either in the same action, if any, brought against Borrower or in separate actions, as often as SHS, in its sole discretion, may deem advisable. No election to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of SHS's right to proceed in any other form of action or proceeding or against other parties unless SHS has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by SHS against Borrower under any document or instrument evidencing or securing the Indebtedness shall serve to diminish the liability of Bingham, except to the extent SHS realizes payment by such action or proceeding, notwithstanding the effect of any such action or proceeding upon Bingham's right of subrogation against Borrower. Receipt by SHS of payment or payments with knowledge of the breach of any provision with respect to any of the Indebtedness shall not, as to Bingham, be deemed a waiver of such breach. All rights, powers and remedies of SHS hereunder and under any other agreement now or at any time hereafter in force between SHS and Bingham shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to SHS by law.

4. LIABILITY ABSOLUTE. Bingham agrees that its liability hereunder is absolute and unconditional and that SHS shall not be obligated (although it may do so at its sole option) before being entitled to direct recourse against Bingham to take any steps, whatsoever to preserve, protect, accept, perfect SHS's interest in, foreclose upon or realize on collateral security, if any, for the payment of the Indebtedness or any other guaranty of the Indebtedness or

in any other respect exercise any diligence whatever in collecting or attempting to collect the Indebtedness by any means.

5. NO IMPAIRMENT OF LIABILITY. The liability of Bingham shall in no way be affected or impaired by: (a) any amendment, alteration, extension, renewal, waiver, indulgence or other modification of the Indebtedness; (b) any settlement or compromise in connection with the Indebtedness; (c) any subordination of payments under the Indebtedness to any other debt or claim; (d) any substitution, exchange, release or other disposition of all or any part of any collateral for the Indebtedness; (e) any failure, delay, neglect, act or omission by SHS to act in connection with the Indebtedness; (f) any advances for the purpose of performing any covenant or agreement of Borrower, or curing any breach; (g) the filing by or against Borrower of bankruptcy, insolvency, reorganization or other debtor's relief afforded Borrower pursuant to the present or future provisions of the Bankruptcy Code or any other state or federal statute or by the decision of any court; or (h) any other matter whether similar or dissimilar to the foregoing. The obligations of Bingham are unconditional, notwithstanding any defect in the genuineness, validity, regularity or enforceability of the Indebtedness or any other circumstances whether or not referred to herein, which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor.

6. WAIVERS. Bingham hereby waives each and every defense which, under principles of guaranty or suretyship law or otherwise, would otherwise operate to impair or diminish the liability of Bingham hereunder, including, without limitation: (a) notice of acceptance of this Second Amended Guaranty and of creations of Indebtedness of Borrower to SHS; (b) any subrogation to the rights of SHS against Borrower until the Indebtedness has been paid in full; (c) presentment and demand for payment of any Indebtedness of Borrower; (d) protest, notice of protest, and notice of dishonor or default to Bingham or to any other party with respect to any of the Indebtedness; (e) all other notices to which Bingham might otherwise be entitled; (f) any demand for payment under this Second Amended Guaranty; (g) any defense arising by reason of any disability or other defense of Borrower by reason of the cessation from any cause whatsoever of the liability of Borrower; (h) any rights to extension, composition or otherwise under the Bankruptcy Code or any amendments thereof, or under any state or other federal statute; (i) any right or claim or claim of right to cause a marshalling of Borrower's assets; and (j) any participation in any of the Indebtedness by a third party. No notice to or demand on Bingham shall be deemed to be a waiver of the obligation of Bingham or of the right of SHS to take further action without notice or demand as provided herein; nor in any event shall any modification or waiver of the provisions of this Second Amended Guaranty be effective unless in writing nor shall any such waiver be applicable except in the specific instance for which given.

7. WARRANTIES AND REPRESENTATIONS. Bingham represents, warrants and covenants to SHS that, as of the date of this Second Amended Guaranty: Bingham is meeting its current liabilities as they mature; any financial statements of Bingham furnished SHS are true and correct and include in the footnotes thereto all contingent liabilities of Bingham; since the date of said financial statements there has been no material adverse change in the financial condition of Bingham; there are not now pending any material court or administrative proceedings or undischarged judgments against Bingham and no federal or state tax liens have been filed or

threatened against Bingham, nor is Bingham in default or claimed default under any agreement for borrowed money.

8. NOTICES. Bingham agrees to immediately give SHS written notice of any material adverse change in its financial condition, including but not limited to litigation commenced, tax liens filed, default claimed under its indebtedness for borrowed money or bankruptcy proceedings commenced by or against Bingham. Bingham agrees to deliver, timely to SHS, annual financial statements for the preceding fiscal year; and at such reasonable times as SHS requests to furnish its current financial statements to SHS and permit SHS or its representatives to inspect at Bingham's offices, its financial records and properties and make extracts therefrom in order to evaluate the financial condition of Bingham.

9. MISCELLANEOUS. This Second Amended Guaranty shall inure to the benefit of SHS and its successors and assigns, including each and every holder or owner of any of the indebtedness guaranteed hereby. In the event that any person other than SHS shall become a holder or owner of any of the Indebtedness, each reference to SHS hereunder shall be construed as if it referred to each such holder or owner. This Second Amended Guaranty shall be binding upon Bingham and its successors and assigns. Bingham agrees that recourse may be had against its earnings and separate property for all of Bingham's obligations under this Second Amended Guaranty. This Second Amended Guaranty and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the State of Michigan.

10. JURY WAIVER. BINGHAM ACKNOWLEDGES THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. BINGHAM, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR ITS BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS SECOND AMENDED GUARANTY OR THE INDEBTEDNESS.

11. COLLATERAL. This Second Amended Guaranty is secured by the collateral described in: (i) the Second Amended and Restated Security Agreement of even date herewith between SHS and Bingham; (ii) the Amended and Restated Membership Pledge Agreement of even date herewith between SHS and Bingham; (iii) the Amended and Restated Stock Pledge Agreement of even date herewith between SHS and Bingham; and (iv) various Uniform Commercial Code financing statements filed to perfect the security interests granted under the foregoing agreements.

12. GUARANTY FREELY GIVEN. THIS SECOND AMENDED GUARANTY IS FREELY AND VOLUNTARILY GIVEN TO SHS BY BINGHAM, WITHOUT ANY DURESS OR COERCION, AND AFTER BINGHAM HAS EITHER CONSULTED WITH COUNSEL OR BEEN GIVEN AN OPPORTUNITY TO DO SO, AND BINGHAM HAS CAREFULLY AND COMPLETELY READ ALL OF THE TERMS AND PROVISIONS OF THIS SECOND AMENDED GUARANTY.

13. INTEGRATION. This Second Amended and Guaranty and any other documents executed in connection herewith together constitute the full and entire understanding and agreement among the parties with respect to the subject matter herein contemplated, and shall supersede all prior understandings or agreements relating thereto, whether written or oral, including without limitation the First Amended Guaranty, all of which are declared to be null and void and of no further force or effect.

IN WITNESS WHEREOF, this Second Amended and Restated Guaranty was executed and delivered by the undersigned on the date stated in the first paragraph above.

BINGHAM FINANCIAL SERVICES CORPORATION

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

EXHIBIT 10.46

SECOND AMENDED AND RESTATED SECURITY AGREEMENT

THIS SECOND AMENDED AND RESTATED SECURITY AGREEMENT (the "Agreement") is entered into as of December 30, 2002 by and between BINGHAM FINANCIAL SERVICES CORPORATION, a Michigan corporation whose address is 260 E. Brown Street, Suite 200, Birmingham, Michigan 48009 ("Borrower") and SUN HOME SERVICES, INC., a Michigan corporation whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, MI 48334 ("Secured Party").

RECITALS:

A. Borrower has executed and delivered to Sun Communities Operating Limited Partnership ("SCOLP") an Amended and Restated Security Agreement dated December 13, 1999, (the "First Amended Security Agreement"), pursuant to which Borrower granted SCOLP a security interest in substantially all of Borrower's assets to secure the performance by Borrower of, among other obligations, Borrower's obligations under a guaranty (the "Original Guaranty") of the obligations of Origen Financial L.L.C. ("Origen") under a line of credit (the "Line of Credit") from SCOLP to Origen and a term loan (the "Term Loan") from SCOLP to Origen.

B. SCOLP has assigned its interest in the First Amended Security Agreement, the Original Guaranty, the Line of Credit and the Term Loan and related documents to Secured Party pursuant to an Assignment of Loans of even date herewith.

C. The Line of Credit has been amended and is evidenced by a Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 between Borrower and SCOLP, as amended by a First Amendment to Second Amended and Restated Subordinated Loan Agreement of even date herewith between Origen and Secured Party and a Seventh Amended and Restated Promissory Note of even date herewith in the principal amount of $48,000,000 delivered by Origen to Secured Party.

D. The Term Loan has been amended and is evidenced by a Subordinated Term Loan Agreement dated December 4, 2002 between Borrower and SCOLP, as amended by a First Amendment to Subordinated Term Loan Agreement of even date herewith between Origen and Secured Party and a First Amended and Restated Term Promissory Note of even date herewith in the principal amount of $10,000,000 delivered by Origen to Secured Party.

E. The Original Guaranty has been amended by the Second Amended and Restated Guaranty (the "Second Amended Guaranty") of even date herewith delivered by Borrower to Secured Party.

F. To secure the payment of all amounts due to Secured Party by Borrower under the Second Amended Guaranty and to secure all of Borrower's other obligations to Secured Party of any nature now or in the future owing from Borrower to Secured Party (the "Obligations"), Borrower and Secured Party desire to amend and restate the First Amended Security Agreement in accordance with the terms and conditions of this Agreement.

THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS. Unless otherwise defined herein, the following terms shall have the following meanings:

(a) "Accounts" means all "accounts", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(b) "Books" means all books, records and correspondence relating to the Collateral (as defined herein).

(c) "Chattel Paper" means any and all "chattel paper", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(d) "Code" means the Uniform Commercial Code as the same may from time to time be in effect in the State of Michigan.

(e) "Contracts" means any and all contracts, instruments, undertakings, documents, leases or other agreements in or under which Borrower may now or hereafter has any right, title or interest and which pertain to the purchase, lease, sale or other disposition by Borrower of any Inventory, Equipment, Fixtures, real property or any interest in real property, as any of the same may from time to time be amended, supplemented or otherwise modified.

(f) "Current Accounts" means an Account that arises from a bona fide outright sale of goods by Borrower, or from services performed by Borrower that is not subject to any claim of reduction, counterclaim, set-off, allowances, adjustments, or the like, and is not outstanding more than 60 days from the date of its invoice.

(g) "Documents" means any and all "documents" and "instruments", as such terms are defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(h) "Equipment" means all "equipment", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(i) "Fixtures" means, to the extent not otherwise included as Equipment, all machinery, apparatus, equipment, fittings, fixtures, furniture and furnishings in which Borrower now or hereafter has any right, title or interest located upon or affixed to or which becomes affixed to any real property owned or leased by Borrower, or any part thereof, and used or usable in connection with any future occupancy or use of such premises, including replacements and additions thereto.

(j) "General Intangibles" means all "general intangibles", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest. General Intangibles shall also include all equity interests of Borrower in other entities, including but not limited to membership interest in Origen Financial L.L.C., Bloomfield Acceptance Company, L.L.C., Bloomfield Servicing Company, L.L.C., and Hartger & Willard Mortgage Associates, Inc.

(k) "Inventory" means all "inventory", as such term is defined in the Code, in which Borrower now or hereafter has any right, title or interest.

(l) "Loans" means any loan originated by or acquired by Borrower, whether an original loan, an additional loan or a substitution for an existing loan including all indebtedness of any Borrower with respect to such loans or any collateral pledge with respect to such loans including but not limited to any manufactured homes, together with all other collateral provided as security for such loans; servicing agreements, backup servicing agreements, servicing records, insurance, guarantees, indemnitees, and warranties and proceeds thereof, financing statements and other agreements or arrangements of whatever character from time to time relating to the loans, income if any from the loans, all hedges, all insured closing letters, all escrow instructions covering all or any of the loans, all collections from such loans, all blocked accounts and all amounts and deposits therein, all collection accounts and escrow accounts relating to any loan, all dealer financing agreements, all loan agreements, all loan documents, all consignment agreements, sale contracts, security agreements, the right to payment of interest or finance charges and collateral securing such obligations, and any other rights and other assets relating to such loans or any interest in the loans, whether constituting real or personal property, accounts, chattel paper, equipment, goods, instruments, general intangibles, inventory or proceeds, or securities backed by or representing an interest in such loans and any and all replacements, substitutions, distributions on or proceeds of any and all of the foregoing.

(m) "Proceeds" means all "proceeds", as such term is defined in the Code.

2. SECURITY INTEREST. Borrower hereby grants to Secured Party a continuing security interest in all of its right, title and interest in, to and under all Accounts, Current Accounts, Books, Chattel Paper, Contracts, Documents, Equipment, Fixtures, General Intangibles, Inventory, Loans and Proceeds (collectively, the "Collateral"). This grant is made for the purpose of securing the Obligations owing by Borrower to Secured Party. Borrower promises punctually to pay the Obligations when it is so required in accordance with the obligations and any note or agreement evidencing the Obligations, including the Second Amended Guaranty.

3. SUBORDINATION. The security interests in the Collateral granted to Secured Party are subordinate to and subject to liens or security interests that Credit Suisse First Boston Mortgage Capital, L.L.C. (the "Senior Creditor") may now or hereafter have in the Collateral as a result of any indebtedness (the "Senior Indebtedness") owed to the Senior Creditor.

4. WARRANTIES AND COVENANTS. Borrower represents, warrants and covenants to Secured Party as follows:

(a) Except for the security interests granted hereby and any other security interests authorized by this Agreement or any other agreement between Borrower and Secured Party, Borrower is, or, as to Collateral to be acquired by Borrower after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance other than those identified on the attached Exhibit A; and Borrower agrees to defend the Collateral and proceeds thereof against any claims and demands of all persons at any time claiming the same or any interest therein.

(b) The security interests hereby created are valid and Borrower has the authority and right to subject the Collateral to the security interests hereby created.

(c) All financial statements, certificates and other information concerning the financial condition of Borrower, and proceeds hereafter furnished by Borrower to Secured Party shall be in all respects true and correct at the time the same are provided and shall be deemed, for all purposes, to have been furnished by Borrower to Secured Party for the purpose of obtaining credit or an extension of credit.

(d) This Agreement has been duly executed and delivered by a duly authorized officer of Borrower and constitutes the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

(e) Borrower does not conduct Borrower's business under any other name than that given above, and agrees not to change or reorganize the business entity under which it does business except upon the Secured Party's prior written approval.

(f) There are no actions or proceedings either threatened or pending against Borrower which might result in any material adverse change in Borrower's financial condition or materially affect any of Borrower's assets.

(g) Borrower's place of business or, if more than one, its chief executive office, is as set forth on the first page of this Agreement.

All of Borrower's warranties contained in this Section 4 shall be continuing warranties until Borrower has no remaining Obligations to Secured Party.

5. LOSS OR DEPRECIATION OF COLLATERAL. Borrower shall immediately notify Secured Party of any vent causing a material loss or depreciation in value of Collateral and the amount of such loss or depreciation.

6. RECORDS, INSPECTION, AUDIT AND COVENANT FOR FURTHER ASSURANCES.

(a) At the request of Secured Party, Borrower will advise Secured Party of the places where its books of Accounts and records, including all records of the Collateral and the dispositions made thereof by Borrower and of its Accounts and all collections thereon, are kept and maintained.

(b) Borrower will keep and maintain such books and records with respect to the Collateral as Secured Party may from time to time reasonably prescribe for the purpose of enabling Secured Party to audit the same.

(c) Borrower shall at all reasonable times and from time to time allow Secured Party, by or through any of his agents, attorneys or accountants, to examine or inspect the Collateral wherever located and to examine, inspect and make extracts from Borrower's books and records. Borrower shall do, make, execute and deliver all such additional and

further acts, things, deeds, assurances and instruments as Secured Party may reasonably require, to assure to Secured Party its rights hereunder.

7. PRESERVATION AND DISPOSITION OF THE COLLATERAL AND PROCEEDS.

(a) Borrower will keep the Collateral in good condition and will not waste or destroy any of the same. Borrower will not use the Collateral in violation of any statute or ordinance.

(b) Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against the Collateral before the same become delinquent and before penalties accrue thereon.

(c) At its option, Secured Party may discharge taxes, liens, other encumbrances or security interests not otherwise authorized by this Agreement or any other agreement between Borrower and Secured Party at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral. Borrower agrees to reimburse Secured Party, on demand, for any payment made or any expense incurred by Secured Party pursuant to the foregoing authorization.

(d) Borrower, at its own expense, shall keep all of the Collateral fully insured against loss or damage by fire, theft, explosion, business interruption, and all other risks, in such amounts, with such companies, under such policies, and in such form as shall be satisfactory to Secured Party.

(e) Borrower, unless in default, may use, consume and sell Inventory in carrying on its business in the ordinary course; but a sale in the ordinary course of business shall not include any transfer or sale in satisfaction, partial or complete, of a debt owed by Borrower. Borrower shall not, without the prior written consent of Secured Party, otherwise sell or dispose of the Collateral or any portion thereof.

8. COLLECTIONS. In the absence of contrary instructions from Secured Party, Borrower at its own expense shall take all necessary action promptly to collect its Accounts and Loans. Upon an Event of Default (as defined below) and when and to the extent required by Secured Party, Borrower shall (a) pay or deliver all cash proceeds of Accounts and Loans to Secured Party immediately upon receipt in the exact form received without commingling with other property, or (b) immediately upon receipt, deposit all such proceeds in a collateral collection account established and controlled by Secured Party at a financial institution of its choosing, and/or (c) notify account Borrowers that their accounts, Loans and/or contract rights (to the extent included in Accounts) have been assigned to Secured Party and shall be paid directly to Secured Party. At its option, at any time after an Event of Default and at Borrower's expense, Secured Party may, in addition to its other rights hereunder, sue, compromise on terms it considers proper, endorse, sell or otherwise deal with the Accounts and Loans and proceeds of any Collateral either in its own name or that of Borrower. After deduction of any expenses, including, without limitation, attorneys fees and expenses, to the extent permitted under applicable law, all proceeds received by Secured Party may be applied by Secured Party to payment of any Obligations, if due, whether at maturity, by acceleration or otherwise, in such order as Secured Party may choose. At any time and from time to

time, Secured Party may make like application of the balance of the collateral collection account or it may release all or a part of the balance to Borrower.

9. ASSIGNMENTS, INVOICES AND INFORMATION. At Secured Party's request, Borrower shall:

(a) give Secured Party assignments in the form specified by Secured Party of specific Accounts and Loans as the Accounts and Loans arise;

(b) furnish Secured Party with the original or a copy of invoices, and contracts applicable to each Account and Loan noting thereon, if Secured Party so requires, Secured Party's assignment and any additional statement required; and/or

(c) notify Secured Party immediately if any Account or Loan arises out of a contract with the United States or any of its agencies and take any action required by Secured Party with reference to the Federal Assignment of Claims Act.

10. NOTATION OF ASSIGNMENT, INFORMATION AND PAYMENT OF ACCOUNTS. When and to the extent required by Secured Party, Borrower shall:

(a) mark records of Accounts, Loans and contract rights (to the extent included in Accounts) in a manner satisfactory to Secured Party to show Secured Party's interest therein;

(b) furnish to Secured Party satisfactory evidence of performance of contracts and Loans; and

(c) give Secured Party lists of account Borrowers (showing names, addresses and amounts owing) and such other data concerning its Accounts and Loans as Secured Party may from time to time specify.

11. FINANCING STATEMENTS.

(a) Borrower irrevocably authorizes Secured Party to prepare and file any financing statement, amendments, continuations, and all other documents, as Secured Party deems necessary to perfect and maintain the security interest and lien granted herein. This authorization shall remain in full force and effect and may be relied on by Secured Party as long as any Obligations remain outstanding.

(b) Borrower agrees to promptly execute and deliver to Secured Party, concurrently with this Agreement and at any time thereafter, at Secured Party's request, all financing statements, assignments, promissory notes, certificates of title, affidavits, reports, notices, schedules of Accounts, designations of Inventory, letters of authority, stock certificates and any and all other documents and agreements, in form satisfactory to Secured Party, to perfect and maintain its security interest in the Collateral.

(c) Except as otherwise provided in this Agreement or any other agreement between Borrower and Secured Party, without the prior written consent of Secured Party, Borrower will not allow or suffer any adverse financing statement covering the Collateral, or any portion thereof, to be on file in any public office.

12. EVENTS OF DEFAULT. Borrower shall be in default under this Agreement and all Obligations of Borrower to Secured Party shall, without demand or notice of any kind and notwithstanding the maturity date or dates expressed in any evidence of any Obligations, become immediately due and payable upon the happening of any of the following events of default ("Events of Default"):

(a) Default in the punctual payment or performance of any of the Obligations referred to herein, or any part thereof, following any grace period provided in the written documents evidencing the Obligations;

(b) Default in the punctual performance of any covenant or agreement contained in or referred to herein following any applicable grace period;

(c) Any warranty, representation or statement made or furnished to Secured Party by or on behalf of Borrower proves to have been false in any material respect when made or furnished;

(d) Loss, theft, encumbrance (except as permitted hereunder) to or of a material portion or all of the Collateral;

(e) Any sale, merger, consolidation or other disposition of Borrower of any substantial portion of its assets or property, except in the ordinary course of business;

(f) The closure of the business of Borrower, or the dissolution or liquidation of Borrower, or Borrower not being qualified to conduct business in any jurisdiction in which its failure to conduct business would have a material adverse effect on Borrower or its business;

(g) Any of the following events continuing for sixty (60) days or more:

(i) The execution by Borrower of any assignment for the benefit of creditors;

(ii) The levy against the Collateral of any execution, attachment, sequestration or other writ;

(iii) The appointment of a receiver of Borrower, of the Collateral, or of any substantial part thereof;

(iv) The filing by or against Borrower of any petition under the United States Bankruptcy Code, or any similar federal or state statute; or

(v) The insolvency of Borrower;

(h) Any default of Borrower under the terms of any security agreement or promissory note with any third party, which default is not cured within the time, if any, provided for cure in such security agreement or promissory note and/or the commencement or undertaking by any third party of efforts to enforce any security interest in the Collateral; or

(i) The filing or attachment of any tax lien, or any other form of lien or levy to any or all of the Collateral, which lien or levy is not effectively stayed, discharged, or indemnified against, to the Secured Party's satisfaction, within sixty (60) days after such filing or attachment.

13. RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default, and at any time thereafter, Secured Party shall have the rights and remedies of a secured party under the Code in addition to the rights and remedies provided herein or in any other instrument or agreement executed by Borrower. Without limiting the generality of the foregoing, Borrower expressly agrees that in any such event Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Borrower or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange broker's board or at any of Secured Party's offices or elsewhere at such prices as Secured Party may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right of equity of redemption, which equity of redemption Borrower hereby releases. Secured Party may require Borrower to assemble the Collateral and proceeds and make them available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to all parties. Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safe-keeping or otherwise of any or all of the Collateral or in any way relating to the rights of Secured Party hereunder, including, without limitation, reasonable attorneys fees and expenses, to the payment in whole or in part of the Obligations, in such order as Secured Party may elect, Borrower remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Secured Party of any other amount required by any provision of law, need Secured Party account for the surplus, if any, to Borrower. To the extent permitted by applicable law, Borrower waives all claims, damages and demands against Secured Party arising out of the repossession, retention or sale of the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower, at least ten (10) days before the time of the sale or disposition.

Borrower shall pay to Secured Party on demand any and all expenses, including, without limitation, reasonable attorneys fees and expenses, to the extent permitted under applicable law, incurred or paid by Secured Party in protecting or enforcing the Obligations and other rights of Secured Party hereunder including his rights to take possession of Collateral and proceeds thereof.

14. SECURED PARTY'S APPOINTMENT AS ATTORNEY-IN-FACT. Borrower hereby irrevocably constitutes and appoints Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in the sole and absolute discretion of Secured Party, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments, including without limitation, any financing statements necessary or helpful to perfect or continue Secured Party's security interest in the Collateral, which may be necessary or desirable to accomplish the purposes of this Agreement. This power of attorney being coupled by an interest shall be irrevocable so long as any Obligations remain unpaid. All acts of any such attorney are ratified and approved, and except for willful misconduct, he or she will not be liable for any act or omission or for any error of judgment or mistake of law.

15. SECURITY NOT CONTINGENT. Secured Party's rights under this Agreement shall not be contingent upon the exercise or enforcement by Secured Party of any other rights or remedies he may have against Borrower or others. No election by Secured Party to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Secured Party's right to enforce his rights under this Agreement.

16. GENERAL. Secured Party shall not be deemed to have waived any of its rights hereunder or under any other agreement or instrument signed by Borrower unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All of Secured Party's rights and remedies, whether evidenced hereby or by any other agreement or instrument, shall be cumulative and may be exercised singularly or concurrently. Any demand upon or notice to Borrower that Secured Party may elect to give shall be effective when deposited in the mails addressed to Borrower at its principal place of business. Demands or notices addressed to Borrower's address at which Secured Party customarily communicates with Borrower shall also be effective. This Agreement shall be terminated only by the filing of a termination statement in accordance with the applicable provisions of the Code and/or when there are no outstanding Obligations and no commitments on the part of Borrower to Secured Party under any agreement which might give rise to any Obligations. Prior to such termination this shall be a continuing agreement in every respect. This Agreement and all rights and obligations hereunder including matters of construction, validity and performance, shall be governed by the laws of the State of Michigan. This Agreement is intended to take effect when signed by Borrower and delivered to Secured Party. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one instrument. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

[Remainder of page intentionally left blank. Signatures on following page.]

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Security Agreement as of the day and year above written.

"BORROWER"

BINGHAM FINANCIAL SERVICES
CORPORATION, a Michigan corporation

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

"SECURED PARTY"

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

EXHIBIT 10.47

AMENDED AND RESTATED STOCK PLEDGE AGREEMENT

THIS AMENDED AND RESTATED STOCK PLEDGE AGREEMENT (this "Agreement") is made as of December 30, 2002 by BINGHAM FINANCIAL SERVICES CORPORATION, a Michigan corporation whose address is 260 E. Brown Street, Suite 200, Birmingham, Michigan 48009 ("Pledgor"), in favor of SUN HOME SERVICES, INC., a Michigan corporation whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, MI 48334 ("Secured Party").

RECITALS:

A. Pledgor has executed and delivered to Sun Communities Operating Limited Partnership ("SCOLP") a Stock Pledge Agreement dated December 13, 1999, (the "Original Pledge Agreement"), pursuant to which Pledgor pledged its stock in Hartger & Willard Mortgage Associates, Inc. ("H&W") and another former subsidiary of Pledgor to SCOLP to secure the performance by Pledgor of, among other obligations, Pledgor's obligations under a guaranty (the "Original Guaranty") of the obligations of Origen Financial L.L.C. ("Origen") under a line of credit (the "Line of Credit") from SCOLP to Origen and a term loan (the "Term Loan") from SCOLP to Origen.

B. SCOLP has assigned its interest in the Original Pledge Agreement, the Original Guaranty, the Line of Credit and the Term Loan and related documents to Secured Party pursuant to an Assignment of Loans of even date herewith.

C. The Line of Credit has been amended and is evidenced by a Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 between Pledgor and SCOLP, as amended by a First Amendment to Second Amended and Restated Subordinated Loan Agreement of even date herewith between Origen and Secured Party and a Seventh Amended and Restated Promissory Note of even date herewith in the principal amount of $48,000,000 delivered by Origen to Secured Party.

D. The Term Loan has been amended and is evidenced by a Subordinated Term Loan Agreement dated December 4, 2002 between Pledgor and SCOLP, as amended by a First Amendment to Subordinated Term Loan Agreement of even date herewith between Origen and Secured Party and a First Amended and Restated Term Promissory Note of even date herewith in the principal amount of $10,000,000 delivered by Origen to Secured Party.

E. The Original Guaranty has been amended by the Second Amended and Restated Guaranty (the "Second Amended Guaranty") of even date herewith delivered by Pledgor to Secured Party.

F. To secure the payment of all amounts due to Secured Party by Pledgor under the Second Amended Guaranty and to secure all of Pledgor's other obligations to Secured Party of any nature now or in the future owing from Pledgor to Secured Party (the "Obligations"), Pledgor and Secured Party desire to amend and restate the Original Pledge Agreement in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants contained herein, the parties agree as follows:

1. GRANT OF SECURITY INTEREST. As security for the prompt and complete payment and performance when due of all liabilities, obligations or indebtedness owing by Pledgor to Secured Party under the Second Amended Guaranty and all of Pledgor's other obligations to Secured Party of any nature now or in the future owing from Pledgor to Secured Party

(collectively, the "Obligations"), Pledgor pledges and grants to Secured Party a continuing security interest in, and lien on, all of Pledgor's right, title and interest in and to the common stock and the preferred stock of H&W (collectively, the "Shares"), together with all certificates, options, warrants or other distributions or rights issued as an addition to, in substitution or in exchange for, or on account of, the Shares, and all proceeds of the foregoing, including, without limitation, any and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any of the above (collectively, the "Pledged Stock").

2. DELIVERY OF CERTIFICATES. Concurrent with the execution and delivery of this Agreement, Secured Party has retained possession of the stock certificates evidencing the Shares (the "Certificates"). The Certificates have been retained by Secured Party in order to perfect the pledge established hereunder and this Agreement shall be interpreted so as to cause the pledge of the Shares to be perfected. Secured Party acknowledges that, for all other purposes, Pledgor is the lawful and beneficial owner of the Shares. Secured Party shall hold the Certificates in accordance with the terms and conditions of this Agreement.

3. FUTURE RECEIPTS. If Pledgor receives or becomes entitled to receive any:

(a) stock certificate(s) issued in respect of the Pledged Stock, including, without limitation, any certificate representing a stock dividend or payable in respect of the Pledged Stock or issued in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spin-off or split-off;

(b) option, warrant or right, whether issued as an addition to, in substitution or in exchange for, or on account of, any of the Pledged Stock; or

(c) dividends or distributions on the Pledged Stock payable other than in cash, including securities issued by a party other than H&W;

Pledgor shall accept the same as Secured Party's agent, in trust for Secured Party, and shall deliver same to Secured Party, in the exact form received with, as applicable, Pledgor's endorsement when necessary or appropriate stock powers duly executed in blank. Any property received by Secured Party hereunder shall be held by Secured Party pursuant to the terms of this Agreement as additional security for the Obligations.

4. CASH DIVIDENDS AND DISTRIBUTIONS. Upon the occurrence of any violation or breach by Pledgor of the terms and conditions of the Guaranty or this Agreement (an "Event of Default"), Pledgor may receive for its own use all cash dividends and distributions on the Pledged Stock.

5. VOTING AND OTHER RIGHTS. So long as no Event of Default has occurred and is continuing, Pledgor may exercise any and all voting and other consensual rights with respect to the Pledged Stock for any purpose not inconsistent with the terms of this Agreement.

6. SECURED PARTY'S DUTIES. Subject to applicable law, Secured Party shall have no duty with respect to the Pledged Stock beyond the exercise of reasonable care to assume the safe custody of the Pledged Stock while held hereunder. Without limiting the generality of the foregoing, Secured Party shall have no obligation to take any steps to preserve rights in the Pledged Stock against any other parties or to exercise any rights represented thereby; provided, however, that Secured Party may, at its option, do so and Pledgor shall reimburse the Secured Party for all expenses incurred in connection therewith.

7. COVENANTS AND WARRANTS OF PLEDGOR. Pledgor covenants that, until the

Obligations have been satisfied in full, Pledgor will not sell, convey or otherwise dispose of any of the Pledged Stock or any interest therein, or create, incur, or permit to exist any pledge, mortgage, lien, charge, encumbrance or any security interest whatsoever in or with respect to any of the Pledged Stock except for that created hereby. Pledgor warrants, and will at the Pledgor's expense defend, the Secured Party's right, title and security interest in and to the Pledged Stock against the claims of any person.

8. EVENT OF DEFAULT AND REMEDIES. Upon the occurrence of an Event of Default, the Secured Party, in its discretion, shall have the right to exercise each and all of the following remedies (which remedies are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law, including, without limitation, the rights and remedies of a secured party under the Michigan Uniform Commercial Code):

(a) Cash Dividends. All cash dividends and distributions on the Pledged Stock shall be paid to the Secured Party. In the event Pledgor shall receive any such cash dividends or distributions, Pledgor shall hold same as Secured Party's agent, in trust for Secured Party, and shall deliver same to Secured Party in the exact form received with the Pledgor's endorsement when necessary.

(b) Voting Rights. Secured Party, at its option, may vote the Pledged Stock in its discretion. Pledgor hereby grants to Secured Party or its nominee an irrevocable proxy to exercise all voting and other rights and privileges relating to the Pledged Stock, which proxy shall be effective immediately upon the occurrence of an Event of Default and written notice to Pledgor of Secured Party's election to exercise such proxy, and shall be coupled with an interest. After the occurrence of an Event of Default and upon request of Secured Party, Pledgor agrees to deliver to Secured Party such further evidence of such irrevocable proxy to vote the Pledged Stock as Secured Party may request. Any or all of the Pledge Stock held by Secured Party hereunder may at any time be registered in the name of Secured Party or its nominee, and upon Secured Party's request, Pledgor will cause the issuer of the Pledged Stock to effect such registration. Pledgor hereby appoints Secured Party as its attorney-in-fact to arrange for the transfer of the Pledged Stock to the name of Secured Party or its nominee and all acts of Secured Party as attorney-in-fact are hereby ratified and confirmed and such power is coupled with an interest and is irrevocable until the Obligations are paid in full. Secured Party may exercise all rights and privileges herein granted with respect to the Pledged Stock without liability and Secured Party shall have no duty to exercise any of the aforesaid rights or privileges and shall not be responsible for any failure to do so or delay in so doing.

(c) Disposition of Pledged Stock. Secured Party may, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to Pledgor or any other person realize upon the Pledged Stock or any part thereof, and may sell or otherwise dispose of and deliver the Pledged Stock or any part thereof or interest therein, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at the Secured Party's offices or elsewhere, at such prices and on such terms (including, without limitation, a requirement that any purchaser purchase the Pledged Stock for investment and without any intention to make a distribution thereof) as they may deem best, for cash or on credit, or for future delivery without assumption of any credit risk, with the right to Secured Party or any purchaser to purchase upon any such sale the whole or any part of the Pledged Stock free of any right or equity of redemption in Pledgor, which right or equity is hereby expressly waived and released. Secured Party need not give more than five (5) days notice of the time and place of any public sale or of the time

after which a private sale may take place, which notice Pledgor hereby deems reasonable.

(d) Application of Proceeds. Any cash dividend or distribution received by Secured Party and the proceeds of any disposition of the Pledged Stock by Secured Party shall be applied as follows:

(i) First, to the costs and expenses incurred in connection with enforcing this Agreement or incidental thereto or to the care or safekeeping of any of the Pledged Stock or in any way relating to the rights of Secured Party, including reasonable attorneys' fees and legal expenses;

(ii) Second, to the satisfaction of the Obligations;

(iii) Third, to the payment of any other amounts required by applicable law (including, without limitation, the Michigan Uniform Commercial Code); and

(iv) Fourth, to Pledgor to the extent of any surplus proceeds.

9. FURTHER ASSURANCES. Pledgor shall, at any time and from time to time, upon the written request of Secured Party, execute and deliver such further documents and do such further acts and things as Secured Party may reasonably request to effect the purposes of this Agreement.

10. TERMINATION. Upon the satisfaction in full of the Obligations and the payment of all additional costs and expenses of Secured Party hereunder, this Agreement shall terminate and Secured Party shall deliver, or cause to be delivered, to Pledgor the Certificates necessary to transfer title to the Shares to Pledgor.

11. WITHHOLDING TAXES. Pledgor shall pay all withholding taxes on the Shares, and Pledgor hereby indemnifies Secured Party and its officers, directors, agents and representatives from and against any and all liability associated with the withholding taxes on the Shares.

12. MISCELLANEOUS PROVISIONS.

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan.

(b) All of the terms contained herein shall survive the consummation of the transactions contemplated herein, and shall be binding upon and inure to the benefit of and be enforceable by and against, the parties and their respective successors, assigns, heirs at law, legal representatives and estates.

(c) This Agreement and any other documents executed in connection herewith together constitute the full and entire understanding and agreement among the parties with respect to the transactions herein contemplated, and shall supersede all prior understandings or agreements relating thereto, whether written or oral, all of which are declared to be null and void and of no further force or effect.

(d) This Agreement may only be amended or modified, and any of the terms, conditions, covenants, representations or warranties contained herein may only be waived, by a written instrument duly executed by the parties.

(e) The paragraph headings in this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. This Agreement may be executed in counterparts and all counterparts, when taken together, shall constitute but one and the same agreement. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Stock Pledge Agreement as of the day and year above written.

PLEDGOR:

BINGHAM FINANCIAL SERVICES CORPORATION, a Michigan corporation

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

SECURED PARTY:

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

EXHIBIT 10.48

AMENDED AND RESTATED MEMBERSHIP PLEDGE AGREEMENT

THIS AMENDED AND RESTATED MEMBERSHIP PLEDGE AGREEMENT (this "Agreement") is made as of December 30, 2002 by BINGHAM FINANCIAL SERVICES CORPORATION, a Michigan corporation whose address is 260 E. Brown Street, Suite 200, Birmingham, Michigan 48009 ("Pledgor"), in favor of SUN HOME SERVICES, INC., a Michigan corporation whose address is 31700 Middlebelt Road, Suite 145, Farmington Hills, MI 48334 ("Secured Party").

RECITALS:

A. Pledgor has executed and delivered to Sun Communities Operating Limited Partnership ("SCOLP") a Membership Pledge Agreement dated December 13, 1999, (the "Original Pledge Agreement"), pursuant to which Pledgor pledged its membership interests in Bloomfield Acceptance Company, L.L.C., and Bloomfield Servicing Company, L.L.C. (the "Subsidiaries") to secure the performance by Pledgor of, among other obligations, Pledgor's obligations under a guaranty (the "Original Guaranty") of the obligations of Origen Financial L.L.C. ("Origen") under a line of credit (the "Line of Credit") from SCOLP to Origen and a term loan (the "Term Loan") from SCOLP to Origen.

B. SCOLP has assigned its interest in the Original Pledge Agreement, the Original Guaranty, the Line of Credit and the Term Loan and related documents to Secured Party pursuant to an Assignment of Loans of even date herewith.

C. The Line of Credit has been amended and is evidenced by a Second Amended and Restated Subordinated Loan Agreement dated December 4, 2002 between Pledgor and SCOLP, as amended by a First Amendment to Second Amended and Restated Subordinated Loan Agreement of even date herewith between Origen and Secured Party and a Seventh Amended and Restated Promissory Note of even date herewith in the principal amount of $48,000,000 delivered by Origen to Secured Party.

D. The Term Loan has been amended and is evidenced by a Subordinated Term Loan Agreement dated December 4, 2002 between Pledgor and SCOLP, as amended by a First Amendment to Subordinated Term Loan Agreement of even date herewith between Origen and Secured Party and a First Amended and Restated Term Promissory Note of even date herewith in the principal amount of $10,000,000 delivered by Origen to Secured Party.

E. The Original Guaranty has been amended by the Second Amended and Restated Guaranty (the "Second Amended Guaranty") of even date herewith delivered by Pledgor to Secured Party.

F. To secure the payment of all amounts due to Secured Party by Pledgor under the Second Amended Guaranty and to secure all of Pledgor's other obligations to Secured Party of any nature now or in the future owing from Pledgor to Secured Party (the "Obligations"), Pledgor and Secured Party desire to amend and restate the Original Pledge Agreement in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. GRANT OF SECURITY INTEREST. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all of the Obligations, Pledgor grants to the Secured Party a first security interest in and to Pledgor's right, title and interest as a member (the "Membership Interests") in each of the Subsidiaries, including, without limitation, any and all moneys or other property payable or to become payable to Pledgor or to which Pledgor now or in the future may be entitled, in its capacity as a member in the Subsidiaries, including, without limitation, by way of distribution, return of capital or otherwise in respect of the Membership Interests, and, to the extent not otherwise included, all "proceeds" of the Membership Interests as such term is defined in the Uniform Commercial Code (the "Code") from time to time in effect in the State of Michigan (collectively, the "Collateral").

2. DISTRIBUTIONS. So long as no default has occurred and is continuing under the Second Amended Guaranty or this Agreement (an "Event of Default"), Pledgor shall be entitled to receive for its own use all distributions with respect to the Membership Interests. If an Event of Default has occurred and is continuing, Pledgor shall not be entitled to receive or retain other distributions paid in respect of the Membership Interests, whether in redemption of, or in exchange for the Membership Interests, or whether in connection with a reduction of capital, capital surplus or paid-in surplus or the Membership Interests or otherwise, other than for the payment of personal taxes of the members of the Subsidiaries associated with their investment in Subsidiaries, and any and all such dividends or distributions shall be forthwith delivered to the Secured Party to hold as Collateral and shall, if received by Pledgor, be received in trust for delivery to the Secured Party, be segregated from the other property or accounts of Pledgor, and be forthwith delivered to the Secured Party as Collateral in the same form as so received (with any necessary endorsements), with such Proceeds to be applied by the Secured Party to reduce the Obligations.

3. REGISTRATION OF PLEDGE. Concurrently with the execution of this Agreement, Pledgor has sent to each of the Subsidiaries written instructions in the form of Exhibit A, and has obtained from each of the Subsidiaries an executed acknowledgment and consent in the form of Exhibit A.

4. VOTING RIGHTS. So long as no Event of Default has occurred and is continuing, Pledgor may exercise all voting and membership rights with respect to the Membership Interests; provided, however, that no vote will be cast or membership right exercised or other action taken which would be inconsistent with or result in a breach of any provision of the Second Amended Guaranty or this Agreement.

5. EVENT OF DEFAULT. If an Event of Default has occurred and is continuing, the Secured Party may direct the Subsidiaries to register the Membership Interests in the name of the Secured Party or its nominee, and the Secured Party or its nominee may thereafter receive all distributions with respect to, and exercise all voting, membership and other rights pertaining to, the Membership Interests as if it were the absolute owner of the Membership Interests.

6. REPRESENTATIONS AND WARRANTIES OF PLEDGOR. Pledgor represents and warrants to the Secured Party that (a) Pledgor is the record and beneficial owner of, and has good and legal title to, the Membership Interests, free of any and all liens or options in favor of, or claims of, any other person, except the lien created by this Agreement, and (b) Pledgor has the legal right to execute and deliver, to perform its obligations under, and to grant the security interest in the Collateral pursuant to, this Agreement.

7. ASSIGNMENT; PLEDGE; AMENDMENT. Without the prior written consent of the Secured Party, Pledgor will not (i) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Collateral; (ii) create or permit to exist any lien or option in favor of, or any claim of, any person with respect to any of the Collateral, except, in either case, for the lien created by this Agreement; or (iii) amend or modify the operating agreement of any of the Subsidiaries (as amended from time to time, collectively, the "Operating Agreements"), or enter into any agreement or arrangement with any Subsidiary or its respective members which amends or modifies the rights and obligations of such Subsidiary and its respective members as set forth in such Subsidiary's Operating Agreement. Pledgor will defend the right, title and interest of the Secured Party in and to the Collateral against the claims and demands of all other persons.

8. FURTHER ASSURANCES. At any time and from time to time, upon the written request of the Secured Party, Pledgor will promptly execute and deliver such further instruments and documents and take such further actions as the Secured Party may reasonably request for the purposes of obtaining or preserving the security interest created by this Agreement, including, without limitation, the filing of any financing or continuation statements under the Code. Pledgor authorizes the Secured Party to file any such financing or continuation statement without the signature of Pledgor to the extent permitted by applicable law.

9. REMEDIES. If an Event of Default has occurred and is continuing, the Secured Party may exercise, in addition to all rights and remedies granted in the Guaranty and this Agreement, all rights and remedies of a secured party under the Code. The rights and remedies of the Secured Party are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.

10. ATTORNEY-IN-FACT. Pledgor irrevocably constitutes and appoints the Secured Party, or its representative, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Pledgor, and in the name of Pledgor or in the Secured Party's name, after an Event of Default has occurred and for so long as it is continuing, for the purpose of carrying out the terms of this Agreement. Anything to the contrary contained herein notwithstanding, the Secured Party may not exercise the rights granted to them in this Section 10 unless the Pledgor has been provided with prior written notice of such exercise. The powers conferred on the Secured Party are solely to protect its interests in the Collateral and will not impose any duty upon the Secured Party to exercise any such powers. The Secured Party will be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither the Secured Party, nor any of its officers, directors, employees or agents will be responsible to Pledgor or to the Subsidiaries for any act or failure to act.

11. LIMITATION ON DUTIES REGARDING COLLATERAL. The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under the Code or otherwise, will be to deal with it in the same manner as the Secured Party deals with similar securities and property for its own account. Neither the Secured Party, nor any of its directors, officers, employees or agents will be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or, except as provided by applicable law, will be under any obligation to sell or otherwise dispose of any Collateral upon the request of Pledgor or otherwise.

12. NO WAIVER. The Secured Party will not by any act, delay, omission or otherwise be deemed to have waived any right or remedy under this Agreement or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions of this Agreement except by a written instrument executed by the Secured Party. No single or partial exercise of any right, power or privilege under this Agreement will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy under this Agreement on any one occasion will not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion.

13. AMENDMENTS. The terms and provisions of this Agreement may not be waived or modified except by a written instrument executed by Pledgor and the Secured Party.

14. BENEFIT AND BINDING EFFECT. This Agreement will be binding upon the successors and permitted assigns of Pledgor and will inure to the benefit of the Secured Party and its successors and assigns.

15. COUNTERPARTS; REPRODUCTIONS. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one instrument. Facsimile copies of signatures to this Agreement shall be deemed to be originals, and the parties may rely upon such facsimile copies to the same extent as the originals.

16. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Michigan.

[signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Stock Pledge Agreement as of the day and year above written.

PLEDGOR:

BINGHAM FINANCIAL SERVICES CORPORATION, a Michigan corporation

By: /s/ Ronald A. Klein

Its: Chief Executive Officer

SECURED PARTY:

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

EXHIBIT 10.49

SECOND AMENDED AND RESTATED PARTICIPATION AGREEMENT

THIS SECOND AMENDED AND RESTATED PARTICIPATION AGREEMENT ("Agreement") by and among SUN HOME SERVICES, INC. ("Lender"), WOODWARD HOLDING, LLC ("Woodward") and the MILTON M. SHIFFMAN SPOUSE'S MARITAL TRUST UNDER TRUST AGREEMENT DATED APRIL 22, 1994 (the "Trust" and together with Woodward, the "Participants") is entered into as of December 30, 2002.

RECITALS

A. Lender, as assignee of Sun Communities Operating Limited Partnership ("SCOLP"), has provided to Origen Financial L.L.C. (the "Borrower") a line of credit facility in the amount of $48,000,000 (the "Line of Credit") pursuant to the terms and conditions of a certain Second Amended and Restated Subordinated Loan Agreement of even date herewith, (the "Line of Credit Loan Agreement"), as evidenced by a Seventh Amended and Restated Promissory Note of even date herewith in the principal amount of $48,000,000 (the "Line of Credit Note") executed and delivered by the Borrower.

B. Lender, as assignee of SCOLP, has made a term loan in the amount of $10,000,000 (the "Term Loan", and together with the Line of Credit, the "Origen Loans") to Borrower pursuant to the terms and conditions of a certain Subordinated Term Loan Agreement of even date herewith (the "Term Loan Agreement", and together with the Line of Credit Loan Agreement, the "Loan Agreements"), as evidenced by a Term Promissory Note of even date herewith in the principal amount of $10,000,000 (the "Term Note" and together with the Line of Credit Note, the "Origen Notes") executed and delivered by the Borrower. All capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to such terms in the Loan Agreements.

C. The payment and performance of the Origen Notes is secured by substantially all assets of the Borrower (the "Collateral") as described in and evidenced by (i) a First Amended and Restated Security Agreement between Borrower and Lender of even date herewith, (ii) a First Amended and Restated Limited Liability Company Interest Security and Pledge Agreement between Borrower and Lender of even date herewith, and (iii) a Second Amended and Restated Stock Pledge Agreement between Borrower and Lender of even date herewith (collectively, the "Collateral Documents"). The payment and performance of the Origen Notes is guaranteed by Bingham Financial Services Corporation as evidenced by a Second Amended and Restated Guaranty of even date herewith (the "Guaranty"). The Loan Agreements, Origen Notes, Collateral Documents and Guaranty together with all other documents, agreements and instruments executed in connection therewith, are collectively referred to as the "Enumerated Loan Documents."

D. SCOLP and Woodward entered into an Amended and Restated Participation Agreement dated as of March 22, 2002, as amended by the First Amendment to Amended and Restated Participation Agreement dated as of June 18, 2002 and Second Amendment to Amended and Restated Participation Agreement dated as of August 12, 2002 (the "Original

Participation Agreement") under which Woodward purchased a participation in the Participation Loan (as defined in Section 1 below). SCOLP assigned its rights, duties and obligations in the Original Participation Agreement to Lender pursuant to an Assignment of Loans of even date herewith.

E. Lender has agreed to sell and Woodward has agreed to purchase an additional participation interest in the Participation Loan on the terms and conditions herein set forth.

F. Lender has agreed to sell and the Trust has agreed to purchase a participation in the Participation Loan on the terms and conditions herein set forth.

G. Lender, Woodward and the Trust desire to amend and restate the Original Participation Agreement in its entirety in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contained, Lender and Participants hereby agree as follows:

1. Participation. SCOLP has previously sold and Woodward has previously purchased a participation interest (a "Participation") in the Line of Credit. Lender hereby sells and Woodward hereby purchases an additional Participation in the Line of Credit and the Term Loan so that Woodward's Participation in the Origen Loans as a whole and in each of the Line of Credit and the Term Loan separately is as set forth on the attached Exhibit A. Lender hereby sells and the Trust hereby purchases a Participation in the Line of Credit and the Term Loan so that the Trust's Participation in the Origen Loans as a whole and in each of the Line of Credit and the Term Loan separately is as set forth on the attached Exhibit A. Exhibit A also sets forth (i) Lender's retained interest in the Origen Loans as a whole and in each of the Line of Credit and the Term Loan separately, (ii) the amount of the Shared Committed Amount (as defined below), (iii) each party's Participation Percentage, and (iv) the amounts of an Non-Participation Loans (as defined below) made by any party. The percentage of each Participant's participation interest in the Shared Committed Amount, subject to adjustment in accordance with Section 3 below, shall be such Participant's "Participation Percentage". The "Shared Committed Amount" means the committed principal lending limit shared by the parties hereto under the Origen Loans as set forth on Exhibit A. The "Participation Loan" shall mean the Shared Committed Amount allocated to the Term Loan plus the Shared Committed Amount allocated to the Line of Credit (including any amounts outstanding on the date hereof and any Shared Committed Advances (as defined below) made hereafter), each as set forth on Exhibit A, together with any Future Advances (as defined in Section 3) in which Lender and Woodward from time to time acquire and hold an interest pursuant to Section 3. The "Loan Documents" shall mean all documents, agreements and instruments executed in connection with the Participation Loan, including, without limitation, the Enumerated Loan Documents. The interest of each Participant under this Agreement shall include but not be limited to (a) participation in (i) the currently outstanding amounts up to the Shared Committed Amount under the Line of Credit and the Term Loan, including the right to receive payments of principal and interest payable under the Origen Notes, and (ii) participation in any advances made under the Line of Credit up to the Shared Committed

Amount thereunder ("Shared Committed Advances"), and (b) the right to (i) receive a pro rata portion of the commitment fee paid and payable by Borrower with respect to the Shared Committed Amount, (ii) purchase, at its option, interests in Future Advances pursuant to Section 3, (iii) receive the proceeds received upon the disposition of the Collateral, and (iv) the benefits and burdens arising from the Loan Documents as each of the Loan Documents is amended by Lender (either individually or collectively) subsequent to the date hereof in accordance with the terms of this Agreement, all for the pro rata account and risk of each Participant to the extent of its Participation Percentage in the Participation Loan. Each Participant's right to receive its Participation Percentage in the interest, however, shall be limited to interest which accrues and is paid on or after the date such Participant pays Lender for its Participation in the Participation Loan. This Agreement constitutes a nonrecourse sale of a Participation equal to each Participant's Participation Percentage and shall not be construed as a loan by either Participant to Lender or as a sale of securities by Lender to either Participant or as creating any other relationship.

2. Payment of Purchase Price.

a. Woodward has previously paid SCOLP the sum of $15,000,000 for the purchase of its undivided Participation in the Participation Loan. The Trust has paid Lender the sum of $2,500,000 for the purchase of its undivided Participation in the Participation Loan. During each calendar month during the term of this Agreement, Lender shall fund all Shared Committed Advances for the accounts of Lender and each Participant; provided, however, that each Participant shall be obligated to remit to Lender such Participant's Participation Percentage in such Shared Committed Advances in accordance with this Section 2.

b. If during any calendar month the aggregate Shared Committed Advances multiplied by Woodward's Participation Percentage exceed the aggregate repayments of principal with respect to the Participation Loan multiplied by Woodward's Participation Percentage by $500,000.00 or more, Woodward shall deliver immediately available funds to Lender no later than five (5) business days after the delivery of the monthly accounting required under Section 9 (or such other date, as mutually agreed by Lender and Woodward) in an amount equal to the total amount of the net Shared Committed Advance paid by Lender during such month multiplied by Woodward's Participation Percentage. If during any calendar month the aggregate Shared Committed Advances multiplied by Woodward's Participation Percentage exceed the aggregate repayments of principal with respect to the Participation Loan multiplied by Woodward's Participation Percentage, but by less than $500,000.00, Woodward's pro rata portion of the aggregate Shared Committed Advances shall be carried over to the following month or months until they equal or exceed $500,000.00 at the end of any month, at which time Woodward shall deliver to Lender Woodward's share of such net Shared Committed Advances in accordance with the procedure set forth above.

c. If during any calendar month the aggregate Shared Committed Advances multiplied by the Trust's Participation Percentage exceed the aggregate repayments of principal with respect to the Participation Loan multiplied by the Trust's Participation Percentage by $100,000.00 or more, the Trust shall deliver immediately available funds to Lender no later than

five (5) business days after the delivery of the monthly accounting required under Section 9 (or such other date, as mutually agreed by Lender and the Trust) in an amount equal to the total amount of the net Shared Committed Advance paid by Lender during such month multiplied by the Trust's Participation Percentage. If during any calendar month the aggregate Shared Committed Advances multiplied by the Trust's Participation Percentage exceed the aggregate repayments of principal with respect to the Participation Loan multiplied by the Trust's Participation Percentage, but by less than $100,000.00, the Trust's pro rata portion of the aggregate Shared Committed Advances shall be carried over to the following month or months until they equal or exceed $100,000.00 at the end of any month, at which time the Trust shall deliver to Lender the Trust's share of such net Shared Committed Advances in accordance with the procedure set forth above.

d. Each Participant shall remit the purchase price for its Participation in the Shared Committed Amount (including any Shared Committed Advance) by wire transfer, in accordance with the following wire instructions:

Bank: Bank One, 611 Woodward Avenue, Detroit, MI 48226
ABA #072000326
For Credit to Sun Home Services, Inc.
Account #1404854

Each Participant's Participation under this Agreement with respect to the Shared Committed Amount under the Origen Notes or any Shared Committed Advances shall be effective as of the day the purchase price for such Participation interest is received by Lender. The obligation of each Participant to provide Lender with the purchase price of such Participant's Participation in any Shared Committed Advance is irrevocable and shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment that such Participant may have or have had against Lender.

3. Future Advances.

a. If Lender or either Participant (an "Advancing Party"), desires to loan money to Borrower after the date hereof (in addition to, and exclusive of, any Shared Committed Advances) (a "Future Advance"), the Advancing Party shall send the other parties to this Agreement (the "Other Parties") a notice of the amount and other terms of the Future Advance; provided, however, that an Advancing Party shall not be required to deliver such notice to the Other Parties until such time as all Future Advances made by such Advancing Party hereunder, in the aggregate, equal or exceed $1,000,000.00. Each Other Party shall then have the right (but not the obligation) to purchase a participation interest in the Future Advance equal to such Other Party's then current Participation Percentage. If an Other Party does not respond to the Advancing Party's notice within five (5) business days after the Other Party's receipt of such notice (or such other date, as mutually agreed by the Advancing Party and the Other Party), the Other Party shall be deemed to have declined to purchase a participation interest in the Future Advance. If an Other Party wishes to purchase a participation interest in the Future Advance, the Other Party shall deliver immediately available funds to the Advancing Party no later than five

(5) business days after the Advancing Party funds the Future Advance (or such other date, as mutually agreed by the Advancing Party and the Other Party) in an amount equal to the product of (i) the percentage interest purchased by the Other Party in the Future Advance, multiplied by (ii) the total amount of the Future Advance. Any participation in a Future Advance by an Other Party shall be effective as of the day the purchase price for such participation interest is received by the Advancing Party. To the extent an origination fee shall be payable by Borrower in connection with any Future Advance, the Advancing Party shall remit to or give a credit for a portion of such origination fee to the extent of each Other Party's percentage interest in the total amount of the Future Advance. If an Other Party purchases a participation interest in any Future Advance, each Participant's Participation Percentage in the Participation Loan shall be adjusted so that it is equal to (i) the total dollar amount of such Participant's advances under the Participation Loan (without giving effect to credits for or receipt of any origination fees), divided by (ii) the total principal amount of the Participation Loan.

b. If Lender or the Trust is the Advancing Party with respect to a Future Advance and Woodward does not purchase a participation interest in the Future Advance or if such Future Advance is not yet offered to the Other Parties in accordance with Section 3.a. above, then the entire amount of the Future Advance shall be a "Non-Participation Loan." Currently outstanding Non-Participation Loans are set forth on Exhibit A.

c. All indebtedness owing from Borrower to an Advancing Party under a Non-Participation Loan shall at all times be wholly subordinate and junior in right to payment in full of the Participation Loan and all Senior Debt (as defined in the Loan Agreements). Upon the request of the Other Parties, the Advancing Party agrees to enter into a subordination agreement reasonably acceptable to the Other Parties effecting such subordination upon the making of a Non-Participation Loan.

d. If an affiliate of Lender or either Participant is the lender of record with respect to any advance constituting any part of the Participation Loan or a Non-Participation Loan, upon the request of any party to this Agreement, the parties agree to enter into (and to cause their respective affiliates, as the case may be, to enter into) a mutually acceptable intercreditor agreement on terms substantially in accordance with this Agreement.

4. Certificate of Participation. No participation certificate shall be issued by Lender to Participants as this Agreement alone shall evidence the Participants' participation interests in the Participation Loan.

5. Receipt of Documents.

a. By entering into this Agreement, each Participant acknowledges that it has received and is satisfied with and hereby approves the form and substance of the Enumerated Loan Documents including any exhibits thereto.

b. Each Participant acknowledges that it has received the same information regarding the Borrower as has the Lender. Each Participant waives any right to require Lender to

furnish or make available to such Participant any of the Lender's internal credit analysis of the Borrower. Any such analysis was prepared solely for internal purposes and each Participant acknowledges and agrees that it is not and would not be entitled to rely thereon in making its credit decision.

6. Application of Payments.

a. Promptly upon receipt by Lender of any payment of interest on the Participation Loan, Lender shall remit to each Participant its share thereof in an amount equal to the amount of the interest payment multiplied by such Participant's Participation Percentage in the Participation Loan (after deducting any amount due from such Participant to Lender under this Agreement). Lender shall hold all repayments of principal on the Participation Loan during any calendar month for the accounts of both Lender and the Participants; provided, however, that Lender shall be obligated to remit to each Participant its share thereof in an amount equal to the aggregate repayments of principal multiplied by such Participant's Participation Percentage in the Participation Loan (after deducting any amount due from such Participant to Lender under this Agreement) in accordance with this Section 6.

b. If during any calendar month the aggregate repayments of principal with respect to the Participation Loan multiplied by Woodward's Participation Percentage exceed the Shared Committed Advances multiplied by Woodward's Participation Percentage by $500,000.00 or more, Lender shall deliver immediately available funds to Woodward no later than five (5) business days after the delivery of the monthly accounting required under Section 9 (or such other date, as mutually agreed by Lender and Woodward) in an amount equal to the total amount of the net repayments of principal received during such month multiplied by Woodward's Participation Percentage. If during any calendar month the aggregate repayments of principal multiplied by Woodward's Participation Percentage exceed the aggregate Shared Committed Advances multiplied by Woodward's Participation Percentage, but by less than $500,000.00, such net repayments of principal shall be carried over to the following month or months until they equal or exceed $500,000.00 at the end of any month, at which time Lender shall deliver to Woodward its share of such net repayments of principal in accordance with the procedure set forth above.

c. If during any calendar month the aggregate repayments of principal with respect to the Participation Loan multiplied by the Trust's Participation Percentage exceed the Shared Committed Advances multiplied by the Trust's Participation Percentage by $100,000.00 or more, Lender shall deliver immediately available funds to the Trust no later than five (5) business days after the delivery of the monthly accounting required under Section 9 (or such other date, as mutually agreed by Lender and the Trust) in an amount equal to the total amount of the net repayments of principal received during such month multiplied by the Trust's Participation Percentage. If during any calendar month the aggregate repayments of principal multiplied by the Trust's Participation Percentage exceed the aggregate Shared Committed Advances multiplied by the Trust's Participation Percentage, but by less than $100,000.00, such net repayments of principal shall be carried over to the following month or months until they equal or exceed $100,000.00 at the end of any month, at which time Lender shall deliver to the

Trust its share of such net repayments of principal in accordance with the procedure set forth above.

d. Without limiting the foregoing, all payments of principal and interest received by the Lender from the Borrower (whether with respect to the Participation Loan or a Non-Participation Loan and whether any such Non-Participation Loan is evidenced by the Enumerated Loan Documents or other Loan Documents) shall be applied first to the respective accounts of Lender and each Participant in accordance with their interests in the Participation Loan and then to amounts owing under any Non-Participation Loan.

7. Reports, Notice of Default, etc. Lender shall promptly furnish to each Participant copies of all reports and financial statements received from Borrower pursuant to the Loan Documents. Lender shall have no responsibility to either Participant for any errors or omissions in any such reports, financial statements or other information and shall not otherwise be liable to either Participant for failing to comply with the provisions of this Section, unless such failure is due to Lender's gross negligence or willful misconduct.

Lender shall promptly notify each Participant of the occurrence of any Event of Default, as defined in the Loan Documents, of which the officer of Lender responsible for the Origen Loans has actual knowledge. Similarly, each Participant will promptly notify Lender and the other Participant of the occurrence of any Event of Default under the Loan Documents of which the officer of such Participant responsible for administration of such Participant's interest has actual knowledge. Failure to give any notice required under this Section shall not result in any liability of the any party to the other parties, or relieve the parties from any of their obligations hereunder.

8. Loan Documents. Lender shall hold all Loan Documents delivered in connection with the Participation Loan for the benefit of itself and the Participants in accordance with their respective proportionate shares. Lender shall at all times keep proper books of account and records at its principal office reflecting each Participant's proportionate share in the Participation Loan, which records shall be accessible for inspection by each Participant at all reasonable times during business hours and upon reasonable notice to Lender.

9. Servicing of Participation Loan; Management and Enforcement of Loan Documents. Lender shall be responsible for the normal routine servicing of loan advances and payments under the Participation Loan on behalf of itself and each Participant in accordance with the terms of this Agreement. No later than three (3) business days after the end of each calendar month during the term of this Agreement, Lender shall deliver to each Participant an accounting of all advances, repayments and other activity with respect to the Participation Loan. However, so long as Woodward has any outstanding Participation interest in the Participation Loan, Lender and Woodward shall jointly manage and enforce the terms of the Loan Documents. Specifically, without the prior written consent of Woodward, Lender shall not (i) agree to any amendment or modification of any of the Loan Documents of any kind or nature, (ii) waive any condition or provision of the Loan Documents, (iii) declare any Event of Default or enforce any remedy under the Loan Agreements or provided by law or in equity (whether such Event of Default arises in

whole or in part from any Non-Participation Loan), or (iv) release any Collateral securing the Participation Loan.

10. Collection After Maturity. If Lender liquidates Collateral or receives a payment after maturity of the Participation Loan, by acceleration or otherwise, and whether pursuant to a demand for payment or as a result of legal proceedings against Borrower or through payment by or action against any other person in any way liable for the indebtedness evidenced by the Loan Documents, or from any source whatsoever, such payment shall be applied in the following order:

a. To the unreimbursed costs and expenses, including attorney's fees, incurred by Lender or Participants, in effecting such recovery or in enforcing any right or remedy under the Loan Documents or in realizing upon the Collateral;

b. To accrued interest payable under the Participation Loan, of which the portion due to each Participant shall be paid to each Participant;

c. To the unpaid principal amount of the Participation Loan, of which the portion due to each Participant shall be paid to each Participant; and

d. To the unpaid principal, interest and origination fees payable with respect to any Non-Participation Loan (whether any such Non-Participation Loan is evidenced by the Enumerated Loan Documents or other Loan Documents).

The foregoing notwithstanding, it is expressly understood that if any loss (including any un-reimbursed expenses in connection with the Loan Documents) is sustained with respect to the Participation Loan, that portion of the total loss which is equal to each Participant's Participation Percentage shall be borne by such Participant with the balance of the loss being borne by Lender.

11. Adjustments to Payments.

a. If (i) Lender shall pay an amount to a Participant pursuant hereto in the belief or expectation that a related payment has been or will be received or collected in connection with the Participation Loan, and (ii) such related payment is not received or collected by Lender, then such Participant will, within three (3) business days of demand by Lender, return such amount to Lender, together with interest thereon at the overnight Federal Funds Rate. The Federal Funds Rate shall be the weighted average of the rates on overnight Federal Funds transactions, with members of the Federal Reserve System only, arranged by federal funds brokers, as published as of such day by the Federal Reserve Bank of New York.

b. Notwithstanding anything to the contrary contained herein, if Lender determines at any time that any amount received or collected by Lender with respect to the Participation Loan must be returned to Borrower or paid to any other person or entity pursuant to any insolvency law or sharing clause or otherwise, then Lender will not be required to distribute any portion thereof to Participants and each Participant will, within three (3) business days of

demand by Lender, repay any portion thereof that Lender shall have distributed to such Participant, together with interest thereon at such rate(s), if any, as Lender shall be required to pay to Borrower or such other person or entity with respect thereto.

c. If either Participant shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) on account of its Participation in excess of its Participation Percentage of payments on account of the Participation Loan, such Participant shall promptly remit such excess to Lender.

12. No Recourse; Limitation of Lender's Liability. Lender's only obligation to Participants with respect to any payment of principal or of interest on the Participation Loan or for any fees or other amounts payable by Borrower under any of the Loan Documents shall be to remit to each Participant its share of any such payment if, when, and as received by Lender. Neither Lender nor either Participant shall have any recourse against another party to this Agreement as a result of Borrower's failure to make any payment due under the Participation Loan or for any fee or other amounts payable by Borrower under the Loan Documents. Neither Lender nor either Participant shall have any responsibility with respect to any representations, warranties or statements made by Borrower in the Loan Documents. All losses, including but not limited to those resulting from the foregoing matters, shall be borne by the parties in proportion of their respective proportionate shares of the Participation Loan.

Although Lender will exercise the same care in administering the Participation Loan as if the Participation Loan were made entirely for Lender's own account, Lender shall have no liability to either Participant for any loss except for any actual loss suffered by such Participant due to Lender's own gross negligence or willful misconduct.

Without limiting the foregoing, Lender shall be fully protected in relying upon any certificate, document or other communication which appears to it to be genuine and to have been signed or presented by the proper person or persons and upon the advice of legal counsel, independent accountants and other appropriate experts (including those retained by Borrower), and shall not be required to make any inquiry concerning the performance by Borrower of its obligations under or compliance by Borrower with the terms and conditions of any of the Loan Documents. Except as otherwise expressly set forth herein, Lender shall not be deemed to be a trustee or fiduciary for either Participant in connection with this participation, the Origen Loans or any Loan Documents, and has no duties to either Participant.

13. Reimbursement and Indemnification.

a. Except as otherwise provided in this Agreement, Lender and each Participant (the "Indemnifying Party") shall reimburse each of the other parties (the "Indemnified Parties") immediately on demand for each Indemnified Party's proportion of all out-of-pocket expenses, including reasonable attorney's fees, incurred by such Indemnified Party in connection with the making, managing, or collection of the Participation Loan or Collateral or any portion thereof, to the extent not recovered from Borrower, and shall indemnify and hold the Indemnified Parties harmless from and against the Indemnifying Party's proportion of the amount of any

costs, expenses (including reasonable attorneys' fees and disbursements), claims, damages, actions, losses or liabilities, that the Indemnified Parties may suffer or incur in connection with this Agreement or any of the Loan Documents, or the transactions contemplated hereby or thereby, or any action taken or omitted to be taken by the Indemnifying Party hereunder or thereunder (collectively, the "Liabilities"). Notwithstanding the foregoing, however, the Indemnifying Party shall have no obligation to reimburse the Indemnified Parties for any of the Indemnified Parties' fees or costs incurred in connection with the negotiation, drafting or execution of this Agreement. In the event that an Indemnified Party recovers any such amounts from Borrower after the Indemnifying Party has reimbursed such Indemnified Party for its proportion of any or all such Liabilities, such Indemnified Party shall return to the Indemnifying Party its proportion of the amounts recovered from Borrower. Notwithstanding anything else set forth in this Agreement, the obligations and indemnities under this paragraph shall survive the payment in full of the Participation Loan and termination of the Loan Documents and this Agreement.

b. In the event that the Indemnifying Party does not, on the date on which the Indemnifying Party is advised by an Indemnified Party of the payment by such Indemnified Party of any of the foregoing Liabilities, pay such Indemnified Party in the amount of its proportionate share of Liabilities, the Indemnifying Party shall pay such Indemnified Party, for each day until the date of delivery to such Indemnified Party of such amount in immediately available funds, interest on its proportionate share of the Liabilities at a rate equal to the overnight Federal Funds Rate.

14. Other Relationships with Borrower.

a. Lender and each Participant may accept deposits from, make loans or otherwise extend credit to Borrower (in compliance with Section 3), and generally engage in any kind of financial services business with Borrower, or any affiliate of Borrower, and receive payment on such loans or extensions of credit (subject to Section 3) and otherwise act with respect thereto fully and without accountability to the other parties to this Agreement in the same manner as if the Participation did not exist and the transactions described herein were not in effect.

b. No Other Party shall have any interest in any collateral (other than the Collateral) to support any Non-Participation Loans made by an Advancing Party to or for the account of Borrower. Any payment by Borrower to an Advancing Party under any Non-Participation Loans (whether voluntary, involuntary, through the exercise of a right of setoff or otherwise) shall be applied first in reduction of amounts outstanding under the Participation Loan.

c. No Advancing Party shall have any obligation to make any claim against, or assert any lien upon or right of setoff against, any property held by such party as security for a Non-Participation Loan which does not constitute Collateral security for the Participation Loan.

15. Lender's Warranties. Lender represents and warrants that:

a. Except pursuant to the Original Participation Agreement, it has not heretofore sold, assigned or otherwise disposed of any interest in the Origen Loans.

b. It has full power and authority to enter into and perform this Agreement and the officer(s) of Lender signing the Agreement on behalf of Participant have been duly authorized to do so.

c. It will remain in possession of the original Loan Documents or duplicate original copies of the Loan Documents.

d. The principal amount outstanding as of the date of this Agreement under the Origen Notes is $50,470,676.92.

e. Lender's officer responsible for the Origen Loans is not aware of the existence of any Event of Default as defined in the Loan Documents as of the date of this Agreement.

Lender and each Participant agree that Lender has not made and shall not at any time be deemed to have made any further representation or warranty, express or implied, with respect to (i) the due execution, authenticity, legality, accuracy, completeness, validity or enforceability of any of the Loan Documents, (ii) the financial condition or creditworthiness or insolvency of Borrower or any other entity which may have liability for the Participation Loan, or the collectibility of the Participation Loan, or (iii) any other matter having any relation to the Participation, the Participation Loan or the Loan Documents.

16. Participants' Warranties. Each Participant represents, warrants and acknowledges that:

a. It has full power and authority to enter into and perform this Agreement and the officers of such Participant signing the Agreement on behalf of such Participant have been duly authorized to do so.

b. It has reviewed and approved the form and substance of each of the Enumerated Loan Documents.

c. Its decision to purchase this Participation and any future decisions it makes with respect to its Participation in the Participation Loan was based and will be based solely on its own independent evaluation of the Participation Loan, the creditworthiness of Borrower and any other entity which may have liability for the Participation Loan, and its own investigation of the legality, sufficiency, and enforceability of the Loan Documents, and of the risks involved in the transactions contemplated in the Loan Documents and it is not and will not rely on Lender with respect thereto.

17. Assignment Upon Certain Events. Lender hereby assigns and transfers to each Participant all right, title and interest of Lender, if any, in and to such Participant's Participation interest in the Participation Loan; provided, however, that, notwithstanding anything to the contrary herein, such assignment shall become effective only upon the occurrence of an Assignment Event (as defined below). An "Assignment Event" shall have occurred if (a) Lender ceases doing business or Lender's existence is terminated by sale, dissolution, merger or otherwise, (b) any assignment is made for the benefit of Lender's creditors, (c) any receiver of Lender is appointed, (d) any insolvency, liquidation or reorganization proceeding under the U.S. Bankruptcy Code or otherwise shall be filed by or against Lender, or (e) an event of default shall have occurred under, and the payment of any indebtedness of Lender shall have been accelerated under, the terms of any loan agreement pursuant to which Lender has incurred debt. Upon an Assignment Event, Lender shall execute and deliver or cause to be executed and delivered such further instruments of conveyance, assignment and transfer and shall take such other action as either Participant may reasonably request to give effect to the foregoing assignment.

18. Termination. This Agreement shall terminate upon the complete payment of all amounts due and satisfaction of all obligations of the Borrower under the Participation Loan.

19. Notices. All notices, demands, consents, approvals and other communications hereunder (collectively, "notices") shall be in writing or by facsimile transmission and delivered to the parties at their respective addresses set forth below, and the same shall be deemed to have been given or made when delivered by courier or if made by facsimile transaction, upon receipt of the answer back code of the designed party after transmission to the designated party or if made by mail, then three days after having been deposited in the United States mail, postage prepaid by registered or certified mail.

Woodward:	Woodward Holding, LLC 2300 Harmon Road Auburn Hills, MI 48326 Attn: Paul Halpern Telephone: (248) 340-2264 Facsimile: (248) 340-2258
With a copy to:	Woodward Holding, LLC 2300 Harmon Road Auburn Hills, MI 48326 Attn: Alan L. Schlang Telephone: (248) 340-2170 Facsimile: (248) 340-2175
The Trust:	The Milton M. Shiffman Spouse's Marital Trust under Trust Agreement dated April 22, 1994 One Woodward Avenue, Suite 2400 Detroit, MI 48226 Attn: Arthur A. Weiss

Telephone: (313) 961-8380
Facsimile: (313) 961-8358

With a copy to: Jaffe, Raitt, Heuer & Weiss, P.C.
One Woodward Avenue, Suite 2400
Detroit, MI 48226
Attn: Joel S. Golden
Telephone: (313) 961-8380
Facsimile: (313) 961-8358

Lender: Sun Home Services, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attn: Gary A. Shiffman
Telephone: (248) 932-3100
Facsimile: (248) 932-3072

With a copy to: Jaffe, Raitt, Heuer & Weiss, P.C.
One Woodward Avenue, Suite 2400
Detroit, MI 48226
Attn: Matthew Murphy
Telephone: (313) 961-8380
Facsimile: (313) 961-8358

20. Assignments; Successors and Assigns. Each Participant warrants and represents to Lender that its Participation in the Participation Loan was or is being purchased for its own account and not for the purpose or intent of resale. Each Participant hereby acknowledges that in reliance upon the foregoing warranty and representation of such Participant, Lender has not registered this loan participation under the Federal Securities Act of 1933 (as amended) or under any state or local laws. Except as otherwise permitted in this Agreement, neither Lender nor either Participant shall sell, pledge, assign or otherwise transfer all or a portion of its interest in the Participation Loan or any of its rights or obligations under this Agreement without the prior written consent of the other parties. Subject to the foregoing, all provisions contained in this Agreement or related hereto shall inure to the benefit of and shall be binding upon the respective permitted successors and assigns of Lender and each Participant.

21. No Partnership; No Trust. Neither the execution of this Agreement, nor any agreement to share in the profits or losses arising as a result of the Participation created hereby, is intended to be or to create, nor will be construed to be or create, a partnership, joint venture or other joint enterprise between Lender and Participants.

Neither the execution of this Agreement, nor Lender's holding the Loan Documents in its own name, nor the servicing of the Participation Loan by Lender, nor any other right, duty, or obligation of Lender under or pursuant to any Loan Document or this Agreement, is intended to be or to create, nor will be a constructive trust or other fiduciary relationship between Lender and

either Participant. Notwithstanding the foregoing, (a) Lender and each Participant agree that any payment relating to a purchase of a participation interest by any party to this Agreement received by another party pursuant to Section 2 or 3 shall not be deemed to be the property of the receiving party and shall be held in trust by the receiving party for the benefit of the purchasing party until either (i) advanced by the receiving party under an advance request or (ii) applied by the receiving party as reimbursement for an advance made by the receiving party prior to receipt by the receiving party of an amount equal to the purchasing party's participation percentage in such advance, and (b) Lender agrees that a pro rata portion (based on each Participant's Participation Percentage) of (i) any proceeds of Collateral received by Lender, and (ii) any payments of principal, interest, penalties, fees or costs received by Lender with respect to the Participation Loan, shall not be deemed to be the property of Lender and shall be held in trust by Lender for the benefit of each Participant until remitted to each Participant in accordance with this Agreement.

22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

23. Captions. The paragraph captions in this Agreement have been inserted solely for ease of reference, and are not a part of this Agreement.

24. Entire Agreement. This Agreement embodies the entire agreement and understanding between Lender and Participants and supersedes any and all prior agreements and understandings with respect to the subject matter hereof, including, without limitation, the Original Participation Agreement. This Agreement may not be amended or in any manner modified unless such amendment or modification is in writing and signed by all parties. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. If any provision hereof would be invalid under applicable law, then such provision shall be deemed to be modified to the extent necessary to render it valid, while most nearly preserving its original intent; no provision hereof shall be affected by another provision being held invalid.

25. Dispute Resolution. Any and all disputes, controversies or claims arising out of or related in any way to this Agreement shall be resolved as provided in this Section 25; provided, however, that any party may seek a preliminary injunction or other provisional judicial relief if, in its judgment, such action is necessary to avoid irreparable damage or to preserve the status quo. Despite any such action, the parties will continue to participate in good faith in the procedures set forth in this Section 25. The parties shall meet promptly to make a good faith effort to resolve any dispute arising under this Agreement. If the good faith attempts to resolve the dispute are unsuccessful, the parties shall submit such dispute to arbitration. All such arbitration proceedings shall be held in the Detroit, Michigan metropolitan area and shall be conducted under the rules of the American Arbitration Association (the "Rules"). A single arbitrator (the "Arbitrator") mutually agreeable to the parties shall preside over such proceedings and shall make all decisions with respect to the resolution of the dispute, controversy or claim between the parties. In the event the parties are unable to agree on the Arbitrator within fifteen

(15) days after either party has filed for arbitration in accordance with the Rules, they shall select a truly neutral arbitrator in accordance with the Rules for the selection of neutral arbitrators, who shall be the "Arbitrator" for the purposes of this Section 25. The decision of the Arbitrator shall be final and binding on the parties, and a judgment may be entered in a court of competent jurisdiction in order to enforce the Arbitrator's award. The parties shall be entitled to reasonable levels of discovery (as determined by the Arbitrator in his or her sole and absolute discretion) in accordance with the Federal Rules of Civil Procedure. The parties also hereby acknowledge that it is their intent to expedite the resolution of the dispute, controversy or claim in question, and that the Arbitrator shall schedule the timing of the hearing consistent with that intent. During the course of the proceedings, all fees to be paid to the Arbitrator, and all expenses incurred by the Arbitrator in connection with the arbitration, shall be borne equally by the parties. However, the Arbitrator shall award all costs, expenses and fees, including without limitation the Arbitrator's costs, expenses and fees and the prevailing party's reasonable attorneys' fees, to the party prevailing in the Arbitration as part of any award.

[signature page attached]

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Participation Agreement as of December 30, 2002.

"LENDER"

SUN HOME SERVICES, INC., a Michigan corporation

By: /s/ Jeffrey P. Jorissen

Its: Chief Financial Officer

"WOODWARD"

Woodward Holding, LLC,
a Michigan limited liability company

By: /s/ Paul A. Halpern

Paul A. Halpern, Manager

"TRUST"

/s/ Arthur A. Weiss

Arthur A. Weiss, solely in his capacity as co-Trustee of the Milton M. Shiffman Spouse's Marital Trust under Trust Agreement dated April 22, 1994

/s/ Lois T. Shiffman

Lois T. Shiffman, solely in her capacity as co-Trustee of the Milton M. Shiffman Spouse's Marital Trust under Trust Agreement dated April 22, 1994

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into on this 31st day of December, 2002, but shall be effective as of January 1, 2003, by and between SUN HOME SERVICES, INC., a Michigan corporation (the "Company"), and BRIAN W. FANNON (the "Executive").

PRELIMINARY NOTE

This Agreement is entered into contemporaneously with that certain Employment Agreement (the "Sun Agreement") by and between the Executive and Sun Communities, Inc., a Maryland corporation ("Sun Communities"), and, in the event of any contradiction between the terms of this Agreement and the terms of the Sun Agreement, the Sun Agreement shall control.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. Employment.

(a) The Company agrees to employ the Executive and the Executive accepts the employment, on the terms and subject to the conditions set forth below. During the term of employment hereunder, the Executive shall serve as the Chief Executive Officer of the Company, and shall do and perform diligently all such services, acts and things as are customarily done and performed by such officers of companies in similar business and in size to the Company, together with such other duties as may reasonably be requested from time to time by the Board of Directors of the Company (the "Board"), which duties shall be consistent with the Executive's position as set forth above.

(b) For service as an officer and employee of the Company, the Executive shall be entitled to the full protection of the applicable indemnification provisions of the Articles of Incorporation and Bylaws of the Company, as they may be amended from time to time.

2. Term of Employment.

Subject to the provisions for termination provided below, the term of the Executive's employment under this Agreement shall commence on January 1, 2003 and shall continue thereafter for a period of three (3) years ending on December 31, 2005; provided, however, that the term of this Agreement shall be automatically extended for successive terms of one (1) year each, unless either party notifies the other party in writing of its desire to terminate this Agreement at least thirty (30) days before the end of the term then in effect.

3. Devotion to the Company's Business.

The Executive shall devote his best efforts, knowledge, skill, and his entire productive time, ability and attention to the business of the Company and its Affiliates (as defined in paragraph 12 of the Sun Agreement) during the term of this Agreement.

4. Compensation.

(a) General Statement. During the term of this Agreement, the Company shall pay or provide, as the case may be, to the Executive the compensation and other benefits and rights set forth in paragraphs 4, 5 and 6 of this Agreement.

(b) Base Compensation. As compensation for the services to be performed hereafter, the Company shall pay to the Executive, during his employment hereunder, an annual base salary (the "Base Salary") of Two Hundred Sixty Seven Thousand Dollars ($267,000.00) per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly).

(c) Bonus. The Executive shall be entitled to an annual bonus of up to fifty percent (50%) of the Base Salary upon the Company's attainment of certain performance milestones in accordance with the Company's executive employee bonus program (as the same may change from time to time in the discretion of the Board).

5. Benefits.

(a) Insurance. The Company shall provide to the Executive life, medical and hospitalization insurance for himself, his spouse and eligible family members as may be determined by the Board to be consistent with the Company's standard policies.

(b) Benefit Plans. The Executive, at his election, may participate, during his employment hereunder, in all retirement plans, 401(K) plans and other benefit plans of the Company generally available from time to time to other executive employees of the Company and for which the Executive qualifies under the terms of the plans (and nothing in this Agreement shall or shall be deemed to in any way affect the Executive's right and benefits under any such plan except as expressly provided herein). The Executive shall also be entitled to participate in any equity, stock option or other employee benefit plan that is generally available to senior executives, as distinguished from general management, of the Company. The Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(c) Annual Vacation. The Executive shall be entitled to the vacation time specified in the Sun Agreement. Any vacation time used by the Executive under the Sun Agreement shall be deemed vacation time under this Agreement and any vacation time used by the Executive under this Agreement shall be deemed vacation time under the Sun Agreement.

6. Reimbursement of Business Expenses.

The Company shall reimburse the Executive or provide him with an expense allowance during the term of this Agreement for travel, car telephone, and other expenses reasonably and necessarily incurred by the Executive in connection with the Company's business. The Executive shall furnish such documentation with respect to reimbursement to be paid hereunder as the Company shall reasonably request.

7. Termination of Employment.

This Agreement, and the Executive's employment hereunder, shall be automatically terminated upon termination of the Sun Agreement.

8. Severance Compensation.

(a) In the event that Sun Communities terminates the Executive's employment under the Sun Agreement without "cause" pursuant to paragraph 7(a)(i) thereof, the Executive shall be entitled to any unpaid Base Salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination and the Company shall pay the Executive monthly an amount equal to one-twelfth (1/12) of the Base Salary in effect on the date of such termination for a period of up to twelve (12) months if the Executive fully complies

with paragraph 12 of the Sun Agreement (the "Severance Payment"). Notwithstanding the foregoing, the Company, in its sole discretion, may elect to make the Severance Payment to the Executive in one lump sum due within thirty (30) days of the Executive's termination of employment.

(b) In the event of termination of the Executive's employment under the Sun Agreement for "cause" or if the Executive voluntarily terminates his employment under this Agreement or the Sun Agreement, the Executive shall be entitled to no further compensation or other benefits under this Agreement, except only as to any unpaid Base Salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination.

(c) Regardless of the reason for termination of the Executive's employment hereunder, bonuses and benefits shall be prorated for any period of employment not covering an entire year of employment.

(d) Notwithstanding anything to the contrary in this paragraph 8, the Company's obligation to pay, and the Executive's right to receive, any compensation under this paragraph 8, including, without limitation, the Severance Payment, shall terminate upon the Executive's breach of any provision of paragraph 12 of the Sun Agreement or the Executive's breach of any provision of that certain Reimbursement Agreement by and between the Executive and Sun Communities Operating Limited Partnership. In addition, the Executive shall promptly forfeit any compensation received from the Company under this paragraph 8, including, without limitation, the Severance Payment, upon the Executive's breach of any provision of paragraph 12 of the Sun Agreement.

9. Affiliates. Upon any termination of the Executive's employment under this Agreement, the Executive shall be deemed to have resigned from any and all offices or directorships held by the Executive in the Company and/or the Affiliates.

10. Effect of Change of Control.

(a) The Company or its successor shall pay the Executive the Change in Control Benefits (as defined below) if there has been a Change in Control (as defined in the Sun Agreement) and any of the following events has occurred: (i) the Executive's employment under this Agreement is terminated in accordance with paragraph 7(a)(i) of the Sun Agreement, (ii) upon a Change in Control under paragraph 10(f)(ii) of the Sun Agreement, the Company or its successor does not expressly assume all of the terms and conditions of this Agreement, or (iii) there are less than eighteen (18) months remaining under the term of this Agreement.

(b) For purposes of this Agreement, the "Change in Control Benefits" shall mean the following benefits:

(i) A cash payment equal to Seven Hundred Ninety Eight Thousand Three Hundred Thirty Dollars ($798,330.00), payable within sixty (60) days of the Change in Control; and

(ii) Continued receipt of all compensation and benefits set forth in paragraphs 5(a) and 5(b) of this Agreement, until the earlier of (i) one year following the Change in Control (subject to the Executive's COBRA rights) or (ii) the commencement of comparable coverage from another employer. The provision of any one benefit by another employer shall not preclude the Executive from continuing participation in Company benefit programs provided under this paragraph 10(b)(ii) that are not provided by the subsequent employer. The Executive shall promptly notify the Company upon

receipt of benefits from a new employer comparable to any benefit provided under this paragraph 10(b)(ii).

(c) Notwithstanding anything to the contrary herein, (i) in the event that the Executive's employment under the Sun Agreement is terminated in accordance with paragraph 7(a)(i) thereof within sixty (60) days prior to a Change in Control, such termination shall be deemed to have been made in connection with the Change in Control and the Executive shall be entitled to the Change in Control Benefits; and (ii) in the event that the Executive's employment under the Sun Agreement is terminated by the Company or its successor in accordance with paragraph 7(a)(i) thereof after a Change in Control and the Executive was not already entitled to the Change in Control Benefits under paragraph 10(a)(iii), the Company or its successor shall pay the Executive an amount equal to the difference between the Change in Control Benefits and the amounts actually paid to the Executive under this Agreement after the Change in Control but prior to his termination.

(d) The Change in Control Benefits are in addition to any and all other Company benefits to which the Executive may be entitled, including, without limitation, Base Salary, annual bonus, and the exercise or surrender of stock options as a result of the Change in Control; provided, however, that the Change in Control Benefits are in lieu of the Severance Payment.

(e) Notwithstanding anything to the contrary contained herein, the Change in Control Benefits shall be reduced by all other payments to the Executive which constitute "excess parachute payments" under Section 280(G) of the Internal Revenue Code of 1986, as amended.

11. Arbitration. Any dispute or controversy arising out of, relating to, or in connection with this Agreement or Executive's employment hereunder, whether in contract, tort, or otherwise (including, without limitation, claims of wrongful termination of employment, claims under Title VII of the Civil Rights Act, the Fair Labor Standards Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, or comparable state or federal laws, and any other laws dealing with employees' rights and remedies), or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled finally and exclusively by arbitration in the State of Michigan in accordance with the expedited procedures of the Commercial Arbitration Rules of the American Arbitration Association then in effect. Such arbitration shall be conducted by an arbitrator(s) appointed by the American Arbitration Association in accordance with its rules and any finding by such arbitrator(s) shall be final and binding upon the parties. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the courts of the State of Michigan for this purpose. The parties hereby acknowledge that it is their intent to expedite the resolution of any dispute, controversy or claim hereunder and that the arbitrator shall schedule the timing of discovery and of the hearing consistent with that intent. Nothing contained in this paragraph 11 shall be construed to preclude the Company from obtaining injunctive or other equitable relief to secure specific performance or to otherwise prevent a breach or contemplated breach of the Sun Agreement by the Executive as provided in paragraph 12 thereof.

12. Notice. Any notice, request, consent or other communication given or made hereunder shall be given or made only in writing and (a) delivered personally to the party to whom it is directed; (b) sent by first class mail or overnight express mail, postage and charges prepaid, addressed to the party to whom it is directed; or (c) telecopied to the party to whom it is directed, at the following addresses or at such other addresses as the parties may hereafter indicate by written notice as provided herein:

If to the Company:

Sun Home Services, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Fax: (248) 932-3072
Attn: Gary A. Shiffman, President

If to the Executive:

Brian W. Fannon
21555 Chase Drive
Novi, Michigan 48375
Fax: (248) 348-0468

In all events, with a copy to:

Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Fax: (313) 961-8358
Attn: Arthur A. Weiss

Any such notice, request, consent or other communication given or made: (i) in the manner indicated in clause (a) of this paragraph shall be deemed to be given or made on the date on which it was delivered; (ii) in the manner indicated in clause (b) of this paragraph shall be deemed to be given or made on the third business day after the day in which it was deposited in a regularly maintained receptacle for the deposit of the United States mail, or in the case of overnight express mail, on the business day immediately following the day on which it was deposited in the regularly maintained receptacle for the deposit of overnight express mail; and (iii) in the manner indicated in clause (c) of this paragraph shall be deemed to be given or made when received by the telecopier owned or operated by the recipient thereof.

13. Miscellaneous.

(a) The provisions of this Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions and any partially unenforceable provision to the extent enforceable in any jurisdiction nevertheless shall be binding and enforceable.

(b) The rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding on, the Company and its successors and assigns, and the rights and obligations (other than obligations to perform services) of the Executive under this Agreement shall inure to the benefit of, and shall be binding upon, the Executive and his heirs, personal representatives and assigns. This Agreement is personal to Executive and he may not assign his obligations under this Agreement in any manner whatsoever.

(c) The failure of either party to enforce any provision or protections of this Agreement shall not in any way be construed as a waiver of any such provision or provisions as to any future violations thereof, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted the parties herein are cumulative and the waiver of any single remedy shall not constitute a waiver of such party's right to assert all other legal remedies available to it under the circumstances.

(d) This Agreement (together with the Sun Agreement) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings or agreements relating thereto. This Agreement may not be modified except by written instrument executed by the Company and Executive. No modification, termination or attempted waiver shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

(e) This Agreement shall be governed by and construed according to the laws of the State of Michigan, without regard to the conflicts of laws principles of the State of Michigan.

(f) Captions and paragraph headings used herein are for convenience and are not a part of this Agreement and shall not be used in construing it.

(g) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies (whether photostatic, facsimile or otherwise) of this Agreement may be made and relied upon to the same extent as though such copy was an original.

(h) Each party shall pay his or its own fees and expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, any fees incurred in connection with any arbitration arising out of the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement on the date first written above.

COMPANY:

SUN HOME SERVICES, INC.,
a Michigan corporation

By:/s/ Gary A. Shiffman

Gary A. Shiffman, President

EXECUTIVE:

/s/ Brian W. Fannon

BRIAN W. FANNON

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into on this 31st day of December, 2002, but shall be effective as of January 1, 2003, by and between SUN COMMUNITIES, INC., a Maryland corporation (the "Company"), and BRIAN W. FANNON (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to continue the employment of the Executive, and the Executive desires to continue to be employed by the Company, on the terms and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. Employment.

(a) The Company agrees to employ the Executive and the Executive accepts the employment, on the terms and subject to the conditions set forth below. During the term of employment hereunder, the Executive shall serve as the Chief Operating Officer of the Company, and shall do and perform diligently all such services, acts and things as are customarily done and performed by such officers of companies in similar business and in size to the Company, together with such other duties as may reasonably be requested from time to time by the Board of Directors of the Company (the "Board"), which duties shall be consistent with the Executive's position as set forth above.

(b) For service as an officer and employee of the Company, the Executive shall be entitled to the full protection of the applicable indemnification provisions of the Articles of Incorporation and Bylaws of the Company, as they may be amended from time to time.

2. Term of Employment.

Subject to the provisions for termination provided below, the term of the Executive's employment under this Agreement shall commence on January 1, 2003 and shall continue thereafter for a period of three (3) years ending on December 31, 2005; provided, however, that the term of this Agreement shall be automatically extended for successive terms of one (1) year each, unless either party notifies the other party in writing of its desire to terminate this Agreement at least thirty (30) days before the end of the term then in effect.

3. Devotion to the Company's Business.

The Executive shall devote his best efforts, knowledge, skill, and his entire productive time, ability and attention to the business of the Company and its Affiliates (as defined in paragraph 12 below) during the term of this Agreement.

4. Compensation.

(a) General Statement. During the term of this Agreement, the Company shall pay or provide, as the case may be, to the Executive the compensation and other benefits and rights set forth in paragraphs 4, 5 and 6 of this Agreement.

(b) Base Compensation. As compensation for the services to be performed

hereafter, the Company shall pay to the Executive, during his employment hereunder, an annual base salary (the "Base Salary") of One Hundred Thousand Dollars ($100,000.00) per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly).

(c) Bonus. The Executive shall be entitled to an annual bonus of up to fifty percent (50%) of the Base Salary upon the Company's attainment of certain performance milestones in accordance with the Company's executive employee bonus program (as the same may change from time to time in the discretion of the Board).

5. Benefits.

(a) Insurance. The Company shall provide to the Executive life, medical and hospitalization insurance for himself, his spouse and eligible family members as may be determined by the Board to be consistent with the Company's standard policies.

(b) Benefit Plans. The Executive, at his election, may participate, during his employment hereunder, in all retirement plans, 401(K) plans and other benefit plans of the Company generally available from time to time to other executive employees of the Company and for which the Executive qualifies under the terms of the plans (and nothing in this Agreement shall or shall be deemed to in any way affect the Executive's right and benefits under any such plan except as expressly provided herein). The Executive shall also be entitled to participate in any equity, stock option or other employee benefit plan that is generally available to senior executives, as distinguished from general management, of the Company. The Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(c) Annual Vacation. The Executive shall be entitled to four (4) weeks vacation time each year without loss of compensation which shall be scheduled with the advance approval of the Company; provided, however, that, beginning January 1, 2004, the Executive shall be entitled to five (5) weeks of vacation time each year. In the event that the Executive is unable for any reason to take the total amount of vacation time authorized herein during any year, he may accrue such unused time and add it to the vacation time for any following year; provided, however, that no more than ten (10) days of accrued vacation time may be carried over at any time (the "Carry-Over Limit"). In the event that the Executive has accrued and unused vacation time in excess of the Carry-Over Limit (the "Excess Vacation Time"), the Excess Vacation Time shall be paid to the Executive within ten (10) days of the end of the year in which the Excess Vacation Time was earned based on the Base Salary then in effect. Upon any termination of this Agreement for any reason whatsoever, accrued and unused vacation time (not to exceed twenty (20) business days) shall be paid to the Executive within ten (10) days of such termination based on the Base Salary in effect on the date of such termination. For purposes of this Agreement, one-twelfth (1/12) of the applicable annual vacation shall accrue on the last day of each month that the Executive is employed under this Agreement.

6. Reimbursement of Business Expenses.

The Company shall reimburse the Executive or provide him with an expense allowance during the term of this Agreement for travel, car telephone, and other expenses reasonably and necessarily incurred by the Executive in connection with the Company's business. The Executive shall furnish such documentation with respect to reimbursement to be paid hereunder as the Company shall reasonably request.

7. Termination of Employment.

(a) The Executive's employment under this Agreement may be terminated:

(i) by either the Executive or the Company at any time for any reason whatsoever or for no reason upon not less than thirty (30) days written notice;

(ii) by the Company at any time for "cause" (as defined below), without prior notice; and

(iii) upon the Executive's death.

(b) For purposes hereof, for "cause" shall mean: (i) the breach of any material provision of this Agreement or the Sun Homes Agreement (as defined in paragraph 9 below) by Executive, which breach is not cured within thirty (30) days after Executive's receipt of written notice of such breach; (ii) Executive's failure or refusal, in any material manner, to perform the services required of him pursuant to this Agreement or the Sun Homes Agreement, which failure or refusal continues for more than thirty (30) days after Executive's receipt of written notice of such deficiency; (iii) Executive's commission of fraud, embezzlement, theft or other act of dishonesty, or a crime constituting moral turpitude, in any case whether or not involving the Company, that in the opinion of the Company renders Executive's continued employment harmful to the Company; (iv) Executive's misappropriation of Company assets or property, including, without limitation, obtaining reimbursement through fraudulent vouchers or expense reports; (v) Executive's conviction for a felony; or (vi) Executive's substance abuse.

8. Severance Compensation.

(a) In the event that the Company terminates the Executive's employment under this Agreement without "cause" pursuant to paragraph 7(a)(i) hereof, the Executive shall be entitled to any unpaid Base Salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination and the Company shall pay the Executive monthly an amount equal to one-twelfth (1/12) of the Base Salary in effect on the date of such termination for a period of up to twelve (12) months if the Executive fully complies with paragraph 12 of this Agreement (the "Severance Payment"). Notwithstanding the foregoing, the Company, in its sole discretion, may elect to make the Severance Payment to the Executive in one lump sum due within thirty (30) days of the Executive's termination of employment.

(b) In the event of termination of the Executive's employment under this Agreement for "cause" or if the Executive voluntarily terminates his employment hereunder, the Executive shall be entitled to no further compensation or other benefits under this Agreement, except only as to any unpaid Base Salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination.

(c) Regardless of the reason for termination of the Executive's employment hereunder, bonuses and benefits shall be prorated for any period of employment not covering an entire year of employment.

(d) Notwithstanding anything to the contrary in this paragraph 8, the Company's obligation to pay, and the Executive's right to receive, any compensation under this paragraph 8, including, without limitation, the Severance Payment, shall terminate upon the Executive's breach of any provision of paragraph 12 hereof or the Executive's breach of any provision of that certain Reimbursement Agreement by and between the Executive and Sun Communities Operating Limited Partnership. In addition, the Executive shall promptly forfeit

any compensation received from the Company under this paragraph 8, including, without limitation, the Severance Payment, upon the Executive's breach of any provision of paragraph 12 hereof.

9. Affiliates. Upon any termination of the Executive's employment under this Agreement, (a) the Executive shall be deemed to have resigned from any and all offices or directorships held by the Executive in the Company and/or the Affiliates, including, without limitation, Sun Home Services, Inc. ("Sun Homes"), and (b) that certain Employment Agreement, of even date herewith, between Sun Homes and the Executive (the "Sun Homes Agreement") shall be automatically terminated.

10. Effect of Change of Control.

(a) The Company or its successor shall pay the Executive the Change in Control Benefits (as defined below) if there has been a Change in Control (as defined below) and any of the following events has occurred: (i) the Executive's employment under this Agreement is terminated in accordance with paragraph 7(a)(i), (ii) upon a Change in Control under paragraph 10(f)(ii), the Company or its successor does not expressly assume all of the terms and conditions of this Agreement, or (iii) there are less than eighteen (18) months remaining under the term of this Agreement.

(b) For purposes of this Agreement, the "Change in Control Benefits" shall mean the following benefits:

(i) A cash payment equal to Two Hundred Ninety Nine Thousand Dollars ($299,000.00), payable within sixty (60) days of the Change in Control; and

(ii) Continued receipt of all compensation and benefits set forth in paragraphs 5(a) and 5(b) of this Agreement, until the earlier of (i) one year following the Change in Control (subject to the Executive's COBRA rights) or (ii) the commencement of comparable coverage from another employer. The provision of any one benefit by another employer shall not preclude the Executive from continuing participation in Company benefit programs provided under this paragraph 10(b)(ii) that are not provided by the subsequent employer. The Executive shall promptly notify the Company upon receipt of benefits from a new employer comparable to any benefit provided under this paragraph 10(b)(ii).

(c) Notwithstanding anything to the contrary herein, (i) in the event that the Executive's employment under this Agreement is terminated in accordance with paragraph 7(a)(i) within sixty (60) days prior to a Change in Control, such termination shall be deemed to have been made in connection with the Change in Control and the Executive shall be entitled to the Change in Control Benefits; and (ii) in the event that the Executive's employment under this Agreement is terminated by the Company or its successor in accordance with paragraph 7(a)(i) after a Change in Control and the Executive was not already entitled to the Change in Control Benefits under paragraph 10(a)(iii), the Company or its successor shall pay the Executive an amount equal to the difference between the Change in Control Benefits and the amounts actually paid to the Executive under this Agreement after the Change in Control but prior to his termination.

(d) The Change in Control Benefits are in addition to any and all other Company benefits to which the Executive may be entitled, including, without limitation, Base Salary, annual bonus, and the exercise or surrender of stock options as a result of the Change in Control; provided, however, that the Change in Control Benefits are in lieu of the Severance Payment.

(e) Notwithstanding anything to the contrary contained herein, the Change in Control Benefits shall be reduced by all other payments to the Executive which constitute "excess parachute payments" under Section 280(G) of the Internal Revenue Code of 1986, as amended.

(f) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred:

(i) if any person or group of persons acting together (other than (a) the Company or any person (I) who on December 1, 2002 was a director or officer of the Company, or (II) whose shares of Common Stock of the Company are treated as "beneficially owned" by any such director or officer, or (b) any institutional investor (filing reports under Section 13(g) rather than 13(d) of the Securities Exchange Act of 1934, as amended, including any employee benefit plan or employee benefit trust sponsored by the Company)), becomes a beneficial owner, directly or indirectly, of securities of the Company (including convertible securities) representing twenty percent (20%) or more of either the then-outstanding Common Stock of the Company or the combined voting power of the Company's then-outstanding voting securities;

(ii) if the directors or stockholders of the Company approve an agreement to merge into or consolidate with, or to sell all or substantially all of the Company's assets to, any person (other than a wholly-owned subsidiary of the Company formed for the purpose of changing the Company's corporate domicile); or

(iii) if the new directors appointed to the Board during any twelve-month period constitute a majority of the members of the Board, unless (I) the directors who were in office for at least twelve (12) months prior to such twelve-month period (the "Incumbent Directors") plus (II) the new directors who were recommended or appointed by a majority of the Incumbent Directors constitutes a majority of the members of the Board.

For purposes of this paragraph 10(f), a "person" includes an individual, a partnership, a corporation, an association, an unincorporated organization, a trust or any other entity.

11. Stock Options. In the event of termination of the Executive's employment under this Agreement for "cause", all stock options or other stock based compensation awarded to the Executive shall lapse and be of no further force or effect whatsoever in accordance with the Company's equity incentive plans. In the event that the Company terminates the Executive's employment under this Agreement without "cause" or upon the death of the Executive, all stock options and other stock based compensation awarded to the Executive shall become fully vested and immediately exercisable; provided, however, that such options and other stock based compensation can only be exercised during the ninety (90) day period after expiration of the Noncompetition Period (as defined in paragraph 12 below) and such stock options or other stock based compensation shall be automatically forfeited upon the Executive's breach of any of the provisions of paragraph 12 hereof. Any Stock Option Agreements between the Company and the Executive shall be amended to conform to the provisions of this paragraph 11. In the event of an inconsistency between the terms of a Stock Option Agreement and the terms of this Agreement, the terms of this Agreement shall control.

12. Covenant Not To Compete and Confidentiality.

(a) The Executive acknowledges the Company's reliance and expectation of the Executive's continued commitment to performance of his duties and responsibilities under

this Agreement. In light of such reliance and expectation on the part of the Company and as an inducement for the Company to enter into this Agreement, the Executive agrees that:

(i) for a period commencing on the date of this Agreement and ending upon the expiration of twenty-four (24) months following the termination of the Executive's employment under this Agreement for any reason, including, without limitation, the expiration of the term (the "Noncompetition Period"), the Executive shall not, directly or indirectly, engage in, or have an interest in or be associated with (whether as an officer, director, stockholder, partner, associate, employee, consultant, owner or otherwise) any corporation, firm or enterprise which is engaged in (A) the development, ownership, leasing, management or financing of manufactured housing communities, (B) the sales of manufactured homes, or (C) any other business which is competitive with the business then or at any time during the term of this Agreement conducted or proposed to be conducted by the Company, or any corporation owned or controlled by the Company or under common control with the Company (the "Affiliates"), anywhere within the continental United States or Canada; provided, however, that, notwithstanding anything to the contrary herein, (1) in the event that the Executive voluntarily terminates his employment with the Company, the Noncompetition Period shall extend until the later of the remainder of the initial 3-year term of this Agreement or the expiration of twenty-four (24) months following the termination of Executive's employment under this Agreement, (2) in the event that the Company terminates the Executive's employment hereunder without "cause", the Noncompetition Period shall be reduced to twelve (12) months, and (3) the Executive may invest in any publicly held corporation engaged, if such investment does not exceed one percent (1%) in value of the issued and outstanding capital stock of such corporation;

(ii) the Executive shall not at any time, for so long as any Confidential Information (as defined below) shall remain confidential or otherwise remain wholly or partially protectable, either during the term of this Agreement or thereafter, use or disclose, directly or indirectly, to any person outside of the Company or any Affiliate any Confidential Information;

(iii) promptly upon the termination of this Agreement for any reason, the Executive (or in the event of the Executive's death, his personal representative) shall return to the Company any and all copies (whether prepared by or at the direction of the Company or the Executive) of all records, drawings, materials, memoranda and other data constituting or pertaining to Confidential Information;

(iv) for a period commencing on the date of this Agreement and ending upon the expiration of the Noncompetition Period, the Executive shall not, directly or indirectly, divert, or by aid to others, do anything which would tend to divert, from the Company or any Affiliate any trade or business with any customer or supplier with whom the Executive had any contact or association during the term of the Executive's employment with the Company or with any party whose identity or potential as a customer or supplier was confidential or learned by the Executive during his employment by the Company; and

(v) for a period commencing on the date of this Agreement and ending upon the expiration of the Noncompetition Period, the Executive shall not, either directly or indirectly, induce or attempt to induce any person with whom the Executive was acquainted while in the Company's employ to leave the

employment of the Company or any of the Affiliates.

As used in this Agreement, the term "Confidential Information" shall mean all business information of any nature and in any form which at the time or times concerned is not generally known to those persons engaged in business similar to that conducted or contemplated by the Company or any Affiliate (other than by the act or acts of an employee not authorized by the Company to disclose such information) and which relates to any one or more of the aspects of the business of the Company or any of the Affiliates or any of their respective predecessors, including, without limitation, patents and patent applications, inventions and improvements (whether or not patentable), development projects, policies, processes, formulas, techniques, know-how, and other facts relating to sales, advertising, promotions, financial matters, customers, customer lists, customer purchases or requirements, and other trade secrets.

(b) The Executive agrees and understands that the remedy at law for any breach by him of this paragraph 12 will be inadequate and that the damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that, upon adequate proof of the Executive's violation of any legally enforceable provision of this paragraph 12, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach. Nothing in this paragraph 12 shall be deemed to limit the Company's remedies at law or in equity for any breach by the Executive of any of the provisions of this paragraph 12 which may be pursued or availed of by the Company.

13. Arbitration. Any dispute or controversy arising out of, relating to, or in connection with this Agreement or Executive's employment hereunder, whether in contract, tort, or otherwise (including, without limitation, claims of wrongful termination of employment, claims under Title VII of the Civil Rights Act, the Fair Labor Standards Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, or comparable state or federal laws, and any other laws dealing with employees' rights and remedies), or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled finally and exclusively by arbitration in the State of Michigan in accordance with the expedited procedures of the Commercial Arbitration Rules of the American Arbitration Association then in effect. Such arbitration shall be conducted by an arbitrator(s) appointed by the American Arbitration Association in accordance with its rules and any finding by such arbitrator(s) shall be final and binding upon the parties. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the courts of the State of Michigan for this purpose. The parties hereby acknowledge that it is their intent to expedite the resolution of any dispute, controversy or claim hereunder and that the arbitrator shall schedule the timing of discovery and of the hearing consistent with that intent. Nothing contained in this paragraph 13 shall be construed to preclude the Company from obtaining injunctive or other equitable relief to secure specific performance or to otherwise prevent a breach or contemplated breach of this Agreement by the Executive as provided in paragraph 12 hereof.

14. Notice. Any notice, request, consent or other communication given or made hereunder shall be given or made only in writing and (a) delivered personally to the party to whom it is directed; (b) sent by first class mail or overnight express mail, postage and charges prepaid, addressed to the party to whom it is directed; or (c) telecopied to the party to whom it is directed, at the following addresses or at such other addresses as the parties may hereafter indicate by written notice as provided herein:

If to the Company:

Sun Communities, Inc.
31700 Middlebelt Road, Suite 145

Farmington Hills, Michigan 48334
Fax: (248) 932-3072
Attn: Gary A. Shiffman, President

If to the Executive:

Brian W. Fannon
21555 Chase Drive
Novi, Michigan 48375
Fax: (248) 348-0468

In all events, with a copy to:

Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Fax: (313) 961-8358
Attn: Arthur A. Weiss

Any such notice, request, consent or other communication given or made: (i) in the manner indicated in clause (a) of this paragraph shall be deemed to be given or made on the date on which it was delivered; (ii) in the manner indicated in clause (b) of this paragraph shall be deemed to be given or made on the third business day after the day in which it was deposited in a regularly maintained receptacle for the deposit of the United States mail, or in the case of overnight express mail, on the business day immediately following the day on which it was deposited in the regularly maintained receptacle for the deposit of overnight express mail; and (iii) in the manner indicated in clause (c) of this paragraph shall be deemed to be given or made when received by the telecopier owned or operated by the recipient thereof.

15. Miscellaneous.

(a) The provisions of this Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions and any partially unenforceable provision to the extent enforceable in any jurisdiction nevertheless shall be binding and enforceable.

(b) The rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding on, the Company and its successors and assigns, and the rights and obligations (other than obligations to perform services) of the Executive under this Agreement shall inure to the benefit of, and shall be binding upon, the Executive and his heirs, personal representatives and assigns. This Agreement is personal to Executive and he may not assign his obligations under this Agreement in any manner whatsoever.

(c) The failure of either party to enforce any provision or protections of this Agreement shall not in any way be construed as a waiver of any such provision or provisions as to any future violations thereof, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted the parties herein are cumulative and the waiver of any single remedy shall not constitute a waiver of such party's right to assert all other legal remedies available to it under the circumstances.

(d) This Agreement (together with that certain Employment Agreement, of even date herewith, by and between the Executive and Sun Home Services, Inc.) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all

prior understandings or agreements relating thereto. This Agreement may not be modified except by written instrument executed by the Company and Executive. No modification, termination or attempted waiver shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

(e) This Agreement shall be governed by and construed according to the laws of the State of Michigan, without regard to the conflicts of laws principles of the State of Michigan.

(f) Captions and paragraph headings used herein are for convenience and are not a part of this Agreement and shall not be used in construing it.

(g) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies (whether photostatic, facsimile or otherwise) of this Agreement may be made and relied upon to the same extent as though such copy was an original.

(h) Each party shall pay his or its own fees and expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, any fees incurred in connection with any arbitration arising out of the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement on the date first written above.

COMPANY:

SUN COMMUNITIES, INC.,
a Maryland corporation

By: /s/ Gary A. Shiffman

Gary A. Shiffman, President

EXECUTIVE:

/s/ Brian W. Fannon

BRIAN W. FANNON

EXHIBIT 10.61

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LEASE

BETWEEN

AMERICAN CENTER LLC,

AS LANDLORD

AND

SUN COMMUNITIES
OPERATING LIMITED
PARTNERSHIP,

AS TENANT

==========

LEASE

THIS LEASE is made and entered into as of November 1, 2002, by and between AMERICAN CENTER LLC, a Michigan Limited Liability Company (the "Landlord"), having its principal office at 20500 Civic Center Drive, Suite 3000, Southfield, Michigan 48076, and Tenant named below who agree as follows:

SECTION 1.

BASIC LEASE PROVISIONS

1.01 The following basic lease provisions are an integral part of this Lease and are referred to in other Sections of this Lease.

(a) Tenant's name and jurisdiction of formation:
Sun Communities Operating Limited Partnership, a Michigan Limited Partnership

Tenant Social Security/Taxpayer Identification Number: ----------

Tenant Standard Industrial Classification (SIC) Code Number: 6531, 6798

(b) Tenant's Address: 27777 Franklin Road
Suite 200
Southfield, MI 48034

(c) Manager's Name and Address: REDICO Management, Inc.
20500 Civic Center Drive
Suite 3000
Southfield, Michigan 48076

(d) Project Name: American Center

Building Name: American Center

Building Address: 27777 Franklin Road
Southfield, MI 48034

(e) Premises: Floor: 2nd
Suite Number: 200
Square Feet: 31,346 rentable / 29,024 usable

(f) Term:

Scheduled Occupancy Date: February 1, 2003
Scheduled Expiration Date of Initial Term: January 31, 2008
Initial Term: Five (5) years

(g) Base Rent:

Date	Total Monthly Base Rent	Annual Base Rent
2/1/03 - 1/31/04	$50,284.21	$603,410.52
2/1/04 - 1/30/05	$51,590.29	$619,083.48
1/31/05 - 1/31/06	$52,896.38	$634,756.56
2/1/06 - 1/31/07	$54,202.46	$650,429.52
2/1/07 - 1/31/08	$55,508.54	$666,102.48
	AGGREGATE	$3,173,782.56

(h) INTENTIONALLY DELETED

(i) Number of Tenant's Designated Parking Spaces: six (6) at no additional cost and two (2) additional designated parking spaces at an initial increase of additional rent of $100.00 per month per space.

(j) Security Deposit: None

(k) Tenant Improvement Allowance: $784,000.00

(l)

(m) Permitted Use: Office Use

SECTION 2.

THE PREMISES

2.01 Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by Tenant, hereby leases to Tenant the premises set forth in Section 1.01(e) (the "Premises") in the building(s) (the "Building") described in Section 1.01(d), together with the right to use the parking and common areas and facilities which may be furnished from time to time by Landlord (collectively the "Common Areas"), including, without limitation, all common elevators, hallways and stairwells located within the Building, and all common parking facilities, driveways and sidewalks, in common with Landlord and with the tenants and occupants of the Project, their agents, employees, customers, clients and invitees. Tenant agrees that the Premises and the Building shall be deemed to include the number of rentable square feet set forth in Section 1.01(h) and in no event shall Tenant have the right to challenge, demand, request or receive any change in the base rent or other sums due hereunder as a result of any claimed or actual error or omission in the rentable or usable square footage of the Premises, the Building or the Project. Landlord reserves the right at any time and from time to time to make alterations or additions to the Building or the Common Areas, and to demolish improvements on and to build additional improvements on the land surrounding the Building and to add or change the name of the Building from time to time, in its sole discretion without the consent of Tenant and the same shall not be construed as a breach of this Lease provided same do not unreasonably interfere with Tenant's use or occupancy of the Premises. The Building, the other buildings listed in Section 1.01(d), the Common Areas and the land surrounding the Building and the Common Areas are hereinafter collectively referred to as the "Project".

2.02 Landlord agrees to construct the improvements to the Premises (the "Tenant Improvements") in accordance with the space plan(s) (as it may be amended by approved change orders, the "Plans"), attached as Exhibit "A". All material changes from the Plans which Landlord determines are necessary during construction shall be submitted to Tenant for Tenant's approval or rejection. If Tenant fails to notify Landlord of Tenant's approval or rejection of such changes within five (5) business days of receipt thereof, Tenant shall be conclusively deemed to have approved such changes. Landlord's approval of the Plans shall not constitute a representation, warranty or agreement (and Landlord shall have no responsibility or liability for) the completeness or design sufficiency of the Plans or the Tenant Improvements, or the compliance of the Plans or Tenant Improvements with any laws, rules or regulations of any governmental or other authority.

2.03 The provisions of Exhibit D, special provisions, shall govern the cost of constructing Tenant Improvements.

2.04 Landlord intends to construct the Tenant Improvements and deliver the Premises "ready for occupancy" (as defined below) to Tenant on the Scheduled Occupancy Date set forth in Paragraph 1.01(f). The Premises will be conclusively deemed "ready for occupancy" on the earlier to occur of when: (i) the work to be done under this Paragraph has been substantially completed and after the issuance of a conditional or temporary certificate of occupancy for the Premises by the appropriate government agency within whose jurisdiction the Building is located, or (ii) when Tenant takes possession of the Premises. The Premises will not be considered unready or incomplete if only minor or insubstantial details of construction, decoration or mechanical adjustments remain to be done within the Premises or Common Areas of the Building, or if only landscaping or exterior trim remains to be done outside the Premises, or if the delay in the availability of the Premises for Tenant's occupancy is caused in whole or in material part by Tenant. By occupying the Premises, Tenant will be deemed to have accepted the Premises and to have acknowledged that they are in the condition called for in this Lease, subject only to "punch list" items (as the term "punch list" is customarily used in the construction industry in the area where the Project is located) identified by Tenant by written notice delivered to Landlord within thirty (30) days after the date Landlord tenders possession of the Premises to Tenant. If in good faith Landlord is delayed or hindered in construction by any labor dispute, strike, lockout, fire, unavailability of material, severe weather, acts of God, restrictive governmental laws or regulations, riots, insurrection, war or other casualty or events of a similar nature beyond its reasonable control ("Force Majeure"), the date for the delivery of the Premises to Tenant "ready for occupancy" shall be extended for the period of delay caused by the Force Majeure. If Landlord is delayed or hindered in construction as a result of change orders or other requests by, or acts of, Tenant ("Tenant Delay") the date for the delivery of the Premises to Tenant "ready for occupancy" shall be accelerated by the number of days of delay caused by Tenant Delay. The Scheduled Occupancy Date as extended or accelerated as a result of the occurrence of a Force Majeure or Tenant Delay or with the consent of Tenant, is herein referred to as the Occupancy Date. In no event will the Occupancy Date be deemed to have occurred prior to the date the Premises are ready for occupancy unless there has been a Tenant Delay.

SECTION 3.

THE TERM

3.01 The initial term of this Lease (the "Initial Term or "Term"") will commence (the "Commencement Date") on the earlier of: (i) the date Tenant takes possession of the Premises; or (ii) the Occupancy Date; or (iii) the date the Occupancy Date would have occurred in the absence of Tenant Delay. Unless sooner terminated or extended in accordance with the terms hereof, the Lease will terminate the number of Lease Years and Months set forth in Paragraph 1.01(f) after the Commencement Date. If the Commencement Date is other than the first day of a calendar month, the first Lease Year shall begin on the first day of the first full calendar month following the Commencement Date. Upon request by Landlord, Tenant will execute a written instrument confirming the Commencement Date and the expiration date of the Initial Term.

3.02 It is acknowledged that the Occupancy Date and the Commencement Date are subject to Daimler Chrysler Financial Company agreeing to an early termination of Suites M-170, M200, M202, M250 effective September 30, 2002; and to the August 31, 2002 closing and early termination of Kosch Food Service in Suite MZ-220, which will be relocated to the first floor. If the above terminations are delayed beyond September 30, 2002, the Occupancy Date and Commencement Date will be delayed one month for each month of delay beyond September 30, 2002, but in no event will the delay cause the Occupancy Date and Commencement Date to be later than May 1, 2003. IN THE EVENT THE OCCUPANCY DATE DOES NOT OCCUR BY MAY 1, 2003, DUE TO A REASON OTHER THAN TENANT DELAY OR A FORCE MAJEURE, THIS LEASE MAY BE TERMINATED BY TENANT BY THE DELIVERY OF WRITTEN NOTICE(S) OF TERMINATION TO LANDLORD WITHIN FIVE (5) DAYS AFTER SUCH DATE, AND BOTH PARTIES SHALL BE RELEASED FROM ALL OBLIGATIONS HEREUNDER, EXCEPT LANDLORD SHALL PROMPTLY RETURN TO TENANT ANY AND ALL MONIES PAID BY TENANT TO LANDLORD.

SECTION 4.

THE BASE RENT

4.01 From and after the Commencement Date, Tenant agrees to pay to Landlord, as minimum net rental for the Initial Term and Option Terms of this Lease, the sum(s) set forth in Paragraph 1.01(g) (the "Base Rent"). The term "Lease Year" as used herein shall be defined to mean a period of twelve (12) consecutive calendar months. The first Lease Year shall begin on the date determined in accordance with Section 3.01. Each succeeding Lease Year shall commence on the anniversary date of the first Lease Year.

4.02 Base Rent and other sums due Landlord hereunder shall be paid by Tenant to Landlord in equal monthly installments (except as otherwise provided herein), in advance, without demand and without any setoffs or deductions whatsoever, on the first day of each and every calendar month (the "Rent Day") during the Initial Term and Option Terms, if any, at the office of Manager as set forth in Section 1.01(c), or at such other place as Landlord from time to time may designate in writing. In the event the Commencement Date is other than the first day of a calendar month, the Base Rent for the partial first calendar month of the Initial Term will be prorated on a daily basis based on the number of days in the calendar month and will be paid in addition to the rent provided in Paragraph 4.01 above. Base Rent for such partial calendar month and for the first full calendar month of the first Lease Year shall be paid upon the execution of this Lease by Tenant.

SECTION 5.

LATE CHARGES AND INTEREST

5.01 Any rent or other sums payable by Tenant to Landlord under this Lease which are not paid within five (5) days after they are due and written notice has been provided to Tenant (but if one notice has been given in any twelve (12) month period, no further notice shall be required during such twelve (12) month period), will be subject to a late charge of ten (10%) percent of the amount due. Such late charges will be due and payable as additional rent on or before the next Rent Day.

5.02 Any rent, late charges or other sums payable by Tenant to Landlord under this Lease not paid within ten (10) days after the same are due will bear interest at a per annum rate equal to the lower of: (i) Citibank or its successor's Prime Rate plus two percent (2%) per annum, or (ii) the highest rate permitted by law. Such interest will be due and payable as additional rent on or before the next Rent Day, and will accrue from the date that such rent, late charges or other sums are payable under the provisions of this Lease until actually paid by Tenant.

5.03 Any default in the payment of rent, late charges or other sums will not be considered cured unless and until the late charges and interest due hereunder are paid by Tenant to Landlord. If Tenant defaults in paying such late charges and/or interest, Landlord will have the same remedies as Landlord would have if Tenant had defaulted in the payment of rent. The obligation hereunder to pay late charges and interest will exist in addition to, and not in the place of, the other default provisions of this Lease.

SECTION 6.

OPERATING EXPENSES, UTILITIES, AND TAXES

6.06 Landlord agrees with Tenant that Landlord will furnish heat and air conditioning during normal business hours (8:00 a.m. to 6:00 p.m. Monday through Friday, excluding Building holidays), usual and customary janitorial services, as set forth in Exhibit "C", and provide water and sewer service to the Premises and hot and cold water for ordinary lavatory purposes in the common area restrooms. However, if Tenant uses or consumes water for any other purpose or in unusual quantities (of which fact Landlord shall be the sole judge) Landlord may install a water meter at Tenant's expense which Tenant shall thereafter maintain at Tenant's expense in good working order and repair, to register such water consumption. Tenant shall pay for the quantity of water shown on said meter, together with the sewer rents, debt service and other charges made by the local utilities for water and sewer service, as additional rent, at the secondary rate per gallon (general service rate) established by the applicable governmental authority or the applicable utility company providing the water. Whenever machines or equipment which generate heat are used in the Premises which affect the temperature otherwise maintained by the air-conditioning system, Landlord reserves the right to install supplementary air-conditioning equipment in the Premises, and the cost thereof, and the expense of operation and maintenance thereof, shall be paid by Tenant to Landlord. Although Landlord will provide air-conditioning and/or heat upon the prior request of Tenant in accordance with Building practices for hours other than regular business hours, Tenant will pay Landlord's charges for providing such service. Said charges shall include a cost equal to the cost to operate the equipment for Tenant's expanded business hours and days, and Landlord's maintenance, equipment amortization and other appropriate charges which Landlord determines are attributable to operating the equipment for periods in excess of the normal business hours described above.

6.07 Tenant shall pay all charges made against the Premises for electricity used upon or furnished to the Premises as and when due during the continuance of this Lease. To the extent electricity is not separately metered for the Premises, Landlord shall make a determination of Tenant's usage of electricity supplied to the Building, and Tenant agrees to pay for such electricity within thirty (30) days after request therefor from Landlord. Whether or not metered, Tenant shall pay for the electricity at the secondary rate (general service rate) established by the applicable governmental authority or the applicable utility company providing the electricity. Tenant shall also pay for fluorescent or other electric light bulbs or tubes and electric equipment used in the leased Premises.

SECTION 7.

USE OF PREMISES

7.01 Tenant shall occupy and use the Premises during the Term for the purposes set forth in Section 1.01(m) only, and for no other purpose without the prior written consent of Landlord. Tenant agrees that it will not use or permit any person to use the Premises or any part thereof for any use or purpose in violation of the laws of the United States, the laws, ordinances or other regulations of the State or municipality in which the Premises are located, or of any other lawful authorities, or any building and use restrictions, now or hereafter affecting the Premises or any part thereof.

7.02 Tenant will not do or permit any act or thing to be done in or to the Premises or the Project which will invalidate or be in conflict with any terms or conditions required to be contained in any property or casualty insurance policy authorized to be issued in the State of Michigan or any term or condition of the Insurance Services Office's (ISO) Commercial Property Insurance and/or Commercial General Liability Insurance Conditions or any different or additional terms and conditions of any insurance policy in effect on the Premises or the Project from time to time (collectively the "Building Insurance"), Nor shall Tenant do nor permit any other act or thing to be done in or to the Premises or the Project which shall or might subject Landlord to any liability or responsibility to any person or for property damage, nor shall Tenant use the Premises or keep anything on or in the Project except as now or hereafter permitted by the fire regulations, the fire department or zoning, health, safety, land use or other regulations. Tenant, at Tenant's sole cost and expense, shall comply with all requirements and recommendations set forth by any property or casualty insurer or reinsurer providing coverage for the Premises or the Project or by any person or entity engaged by Landlord or Manager to perform any loss control, analysis or assessment for the Premises or the Project. Tenant shall not do or permit anything to be done in or upon the Premises or the Project or bring or keep anything therein or use the Premises or the Project in a manner which increases the rate of premium for any Building Insurance or any property or equipment located therein over the rate in effect at the commencement of the Term of this Lease. In addition, Tenant agrees to pay Landlord the amount of any increase in premiums for insurance which may be charged during the term of this Lease resulting from the act or omissions of Tenant or the character or nature of its occupancy or use of the Project or the Premises, whether or not Landlord has consented to the same. Any scheduled or "make-up" of any insurance rate for the Premises, the Building or the Project issued by any insurance company establishing insurance premium rates for the Premises, Building or the Project shall be prima facie evidence of the facts therein stated and of the several items and charges in the insurance premium rates then applicable to the Premises, the Building or the Project. Tenant shall give Landlord notice promptly after Tenant learns of any accident, emergency, or occurrence for which Landlord is or may be liable, or any fire or other casualty or damage or defects to the Premises, the Building or the Project which Landlord is or may be responsible or which constitutes the property of Landlord.

7.03 Tenant shall not perform acts or carry on any activities or engage in any practices which may injure the Premises or any portion of the Project or which may be a nuisance or menace to other persons on or in the Project. Tenant shall pay all costs, expenses, fines, penalties, or damages which may be imposed upon Landlord by reason of Tenant's failure to comply with the provisions of this Section.

7.04 Tenant will not place any load upon any floor of the Premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Landlord reserves the right to prescribe the weight and position of all safes, business machines and mechanical equipment. Such items shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient in Landlord's judgment, to absorb and prevent vibration, noise and annoyance. If at any time any windows of the Premises are temporarily or permanently closed, darkened or covered for any reason whatsoever, including Landlord's own acts, Landlord shall not be liable for any damage Tenant may sustain thereby, and the same shall not be considered a default under this Lease and Tenant shall not be entitled to any compensation therefore nor abatement of any Base Rent or any other sums due hereunder, nor shall the same release Tenant from its obligations hereunder nor constitute an eviction, construction, actual or otherwise.

7.05 During the term hereof, and consistent with janitorial services provided by Landlord, Tenant will keep the Premises in a clean and wholesome condition, will use the same in a careful and proper manner, and generally will comply with all laws, ordinances, orders and regulations affecting the Premises and the cleanliness, safety, occupancy and use thereof. Tenant will not commit waste in or on the Premises, and will use the Premises in accordance with the Rules and Regulations of the Project, as set forth in Exhibit B, attached hereto and made a part hereof.

7.06 As between Landlord and Tenant, Tenant shall be responsible for any alterations, changes or improvements to the Premises which may be necessary in order for the Premises and Tenant's use thereof to be in compliance with the Americans with Disabilities Act of 1990 and its state and local counterparts or equivalents (the "Disabilities Act") during the term of this Lease provided Landlord shall be responsible for improvements to the Premises in accordance with Section 2.04 and all improvements to the common areas necessary to comply with the Disabilities Act.

7.07 For the purposes of this Lease, the term "Hazardous Materials" shall mean, collectively, (i) any biological materials, chemicals, materials, substances or wastes which are now or hereafter become defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances",

"toxic pollutants", or words of similar import, under any applicable Environmental Law (as defined below) and (ii) any petroleum or petroleum products and asbestos in any form that is or could become friable.

7.08 For the purposes of this Lease, the term "Environmental Laws" shall mean all federal, state, and local laws, statutes, ordinances, regulations, criteria, guidelines and rules of common law now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof, including, without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases or Hazardous Materials or otherwise related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials. Environmental Laws include but are not limited to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended; the Resource Conservation and Recovery Act, as amended; the Clean Air Act, as amended; the Clean Water Act, as amended; and their state and local counterparts or equivalents.

7.09 Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any Hazardous Materials. Tenant shall not allow the storage or use of such Hazardous Materials on the Premises or the Project in any manner prohibited by the Environmental Laws or by the highest standards prevailing in the industry for the storage and use of such Hazardous Materials, nor allow to be brought into the Premises or the Project any such Hazardous Materials except to use in the ordinary course of Tenant's business, and then only after written notice is given to Landlord of the identity of such Hazardous Materials and Landlord consents in writing to the use of such materials. Landlord shall have the right at any times during the term of this Lease to perform assessments of the environmental condition of the Premises and of Tenant's compliance with this Section 7.09. In connection with any such assessment, Landlord shall have the right to enter and inspect the Premises and perform tests (including physically invasive tests), provided such tests are performed in a manner that minimizes disruption to Tenant. Tenant will cooperate with Landlord in connection with any such assessment by, among other things, responding to inquires and providing relevant documentation and records. Tenant will accept custody and arrange for the disposal of any Hazardous Materials that are required to be disposed of as a result of those tests. Landlord shall have no liability or responsibility to Tenant with respect to any such assessment or test or with respect to results of any such assessment or test. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of Hazardous Materials, then the reasonable costs thereof shall be reimbursed by Tenant to Landlord upon demand as additional charges if such requirement applies to the Premises or Tenant's activities on the Project. If any inspection indicates any (i) non-compliance with any Environmental Law or the highest standards prevailing in the industry for the storage and use of Hazardous Materials; (ii) damage; or (iii) contamination, Tenant shall, at its cost and expense, remedy such non-compliance, damage or contamination. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence of Hazardous Materials on the Premises. Irrespective of whether Landlord elects to inspect the Premises, if Hazardous Materials are found on or about the Premises, Landlord shall have no responsibility, liability or obligation whatsoever with respect to the existence, removal or transportation of the Hazardous Material or the restoration and remediation of the Premises. Tenant's obligations under this paragraph with respect to any environmental condition shall not be applicable to the extent that such environmental condition (a) exists prior to the commencement of the initial term of this Lease or (b) results from (i) the actions or omissions of Landlord either before the commencement of this Lease, during the term hereof or after the termination of this Lease or (ii) the actions or omissions of any preceding or succeeding tenant or owner of the Premises or (iii) the actions or omissions of any person or entity who or which is not a subtenant, employee, agent, invitee, customer, visitor, licensee, contractor or designee of Tenant. Further, Landlord shall have the right to require Tenant to immediately terminate the conduct of any activity in violation of the Environmental Law, the highest standards prevailing in the industry for the storage and use of Hazardous Materials or, if none exist, the standards determined by Landlord. Prior to any inspection, Landlord shall provide Tenant reasonable prior notice except in an emergency.

7.10 Tenant further agrees that it will not, by either action or inaction, invite or otherwise cause agents or representatives of any federal, state or local governmental agency to enter onto the Premises or the Project and/or investigate the Premises or the Project. This agreement does not allow Tenant to obstruct any such entry or investigation and the mere fact of a regulatory agency entry or investigation without Tenant's involvement either by action or inaction shall not be deemed a breach of this lease. Nothing set forth in this paragraph shall prohibit Tenant from reporting any fact or condition which Tenant has been advised it has a legal obligation to report provided Tenant first notifies Landlord of such fact or condition and Tenant's intention to report the fact or condition.

7.11 Tenant shall indemnify, hold harmless and defend Landlord, its licensees, servants, agents, employees and contractors from any loss, damage, claim, liability or expense (including reasonable attorney's fees) arising out of the failure of the Premises or Tenant's use thereof to be in compliance with Disabilities Act. Tenant shall not be required to indemnify, hold harmless or defend Landlord for the failure, if any, of the common areas (including the parking areas, ramps and walkways) to comply with the Disabilities Act. Tenant shall indemnify, hold harmless and defend Landlord, its licensees, servants, agents, employees and contractors for any loss, damage, claim, liability or expense (including reasonable attorney's fees) arising out of any violation of any Environmental Law(s) by Tenant or its responsible parties (as described in Section 7.09 above) on the Premises or the Project which occurs after the date hereof. Tenant shall notify Landlord as soon as possible after Tenant learns of

the existence of or potential for any such loss, damage, claim, liability or expense arising out of any violation or suspected

violation of any Environmental Law(s) or the Disabilities Act. In the event Tenant refuses to address such violation or suspected violation within five (5) days of such notice from Landlord, and, thereafter, to investigate such violation or suspected violation, and promptly commence and diligently pursue any action required to address such violation or suspected violation, Landlord shall have the right, in addition to every other right and remedy it may have hereunder, to terminate this Lease by giving ten (10) days prior written notice thereof to Tenant, and upon the expiration of such ten (10) days, this Lease shall terminate. The covenants set forth herein shall survive the expiration or earlier termination of this Lease.

SECTION 8.

INSURANCE

8.01 Commencing on the Commencement Date, Tenant shall, during the Term of this Lease, maintain in full force and effect policies of commercial general liability insurance (including premises, operation, bodily injury, personal injury, death, independent contractors, products and completed operations, broad form contractual liability and broad form property damage coverage), in a combined single limit amount of not less than Five Million Dollars ($5,000,000), per occurrence (exclusive of defense costs), against all claims, demands or actions with respect to damage, injury or death made by or on behalf of any person or entity, arising from or relating to the conduct and operation of Tenant's business in, on or about the Premises (which shall include Tenant's signs, if any), or arising from or related to any act or omission of Tenant or of Tenant's principals, officers, agents, contractors, servants, employees, licensees and invitees. Whenever, in Landlord's reasonable judgment, good business practice and changing conditions indicate a need for additional amounts or different types of insurance coverage, Tenant shall, within ten (10) days after Landlord's request, obtain such insurance coverage, at Tenant's sole cost and expense. Landlord shall enforce such insurance coverage requirement in a consistent non-discriminatory manner for all Tenants unless the changing conditions relate only to the operation of Tenant's business.

8.02 Commencing on the Commencement Date, Tenant shall obtain and maintain policies of workers' compensation and employers' liability insurance which shall provide for statutory workers' compensation benefits and employers' liability limits of not less than that required by law.

8.03 Commencing on the Commencement Date, Tenant shall obtain and maintain insurance protecting and indemnifying Tenant against any and all damage to or loss of any personal property, fixtures, leasehold improvements, alterations, decorations, installations, repairs, additions, replacements or other physical changes in or about the Premises, including but not limited to the Tenant Improvements, and all claims and liabilities relating thereto, for their full replacement value without deduction or depreciation. In addition, if Tenant shall install or maintain one or more pressure vessels to serve Tenant's operations on the Premises, Tenant shall, at Tenant's sole cost and expense, obtain, maintain and keep in full force and effect appropriate boiler or other insurance coverage therefore in an amount not less than One Million and No/100 Dollars ($1,000,000.00) (it being understood and agreed, however, that the foregoing shall not be deemed a consent by Landlord to the installation and/or maintenance of any such pressure vessels in the Premises, which installation and/or maintenance shall at all times be subject to the prior written consent of Landlord). All insurance policies required pursuant to this Paragraph 8.03 shall be written on a so-called "all risk" form and shall be carried in sufficient amount so as to avoid the imposition of any co-insurance penalty in the event of a loss. Such insurance shall provide the broadest coverage then available, including coverage for loss of profits or business income or reimbursement for extra expense incurred as the result of damage or destruction to all or a part of the Premises.

8.04 All insurance policies which Tenant shall be required to maintain pursuant to this Section 8 shall, in addition to any of the foregoing: be written by insurers which have an A.M. Best & Company rating of "A-", Class "X", or better and who are authorized to write such business in the State of Michigan and are otherwise satisfactory to Landlord; be written as "occurrence" policy; be written as primary policy coverage and not contributing with or in excess of any coverage which Landlord or any ground or building lessor may carry; name Landlord, the Manager, and Landlord's mortgagee and ground or building lessor, if any, as additional insureds; be endorsed to provide that they shall not be cancelled, failed to be renewed, diminished or materially altered for any reason except on thirty (30) days prior written notice to Landlord and the other additional insureds; and provide coverage to Landlord, Landlord's property management company, and Landlord's mortgagee whether or not the event or occurrence giving rise to the claim is alleged to have been caused in whole or in part by the acts or negligence of Landlord, Landlord's property management company, or Landlord's mortgagee. Certificates of Insurance evidencing such coverage will be delivered by Tenant to Landlord at least ten (10) days prior to their effective date thereof, together with receipts evidencing payment of the premiums therefor. Tenant will deliver certificates of renewal for such policies to Landlord not less than thirty (30) days prior to the expiration dates thereof. No such policy shall contain a deductible or self insured retention greater than $5,000.00 per claim, nor shall any such policy be the subject of an indemnification or other arrangement by which any insured is obligated to repay any insurer with respect to loss occurring on the Premises.

8.05 If Tenant fails to provide all or any of the insurance required by this Section 8 or subsequently fails to maintain such insurance in accordance with the requirements hereof, then after giving one (1) business days written notice to Tenant, Landlord may (but will not be required to) procure or renew such insurance to protect its own interests only, and any amounts paid by Landlord for such insurance will be additional rental due and payable on or before the next Rent Day, together with late charges and interest as provided in Section 5 hereof. Landlord and Tenant agree that no insurance acquired by Landlord pursuant hereto shall cover any interest or liability of Tenant and any procurement by Landlord of any such insurance or the payment of any such premiums shall not be deemed to waive or release the default of Tenant with respect thereto.

SECTION 9.

DAMAGE BY FIRE OR OTHER CASUALTY

9.01 It is understood and agreed that if, during the Term hereof, the Project and/or the Premises shall be damaged or destroyed in whole or in part by fire or other casualty, without the fault or neglect of Tenant, Tenant's servants, employees, agents, visitors, invitees or licensees, which damage is covered by insurance carried pursuant to Section 8 above, unless Landlord elects to terminate this Lease as provided in Paragraph 9.02 below, Landlord shall cause the Project and/or the Premises to be repaired and restored to good, tenantable condition with reasonable dispatch at its expense; provided, however, Landlord shall not be obligated to expend for such repair or restoration an amount in excess of insurance proceeds made available to Landlord for such purpose, if any. Landlord's obligation hereunder shall be limited to repairing or restoring the Project and/or the Premises to substantially the same condition that existed prior to such damage or destruction.

9.02 If (i) more than fifty (50%) percent of the floor area of the Premises shall be damaged or destroyed, (ii) more than twenty-five (25%) percent of the Project shall be damaged or destroyed, or (iii) any material damage or destruction occurs to the Premises or the Project during the last twelve (12) months of the Initial Term or Option Term, as the case may be, then Landlord may elect to either terminate this Lease or repair and rebuild the Premises. In order to terminate this lease pursuant to this Paragraph, Landlord must give written notice to Tenant of its election to so terminate, such notice to be given within ninety (90) days after the occurrence of damage or destruction fitting the above description, and thereupon the term of this Lease shall expire by lapse of time ten (10) days after such notice is given and Tenant shall vacate the Premises and surrender the same to Landlord, without prejudice, however, to Landlord's rights and remedies against Tenant under the Lease provisions in effect prior to such termination, and any rent owing shall be paid up to such date and any payments of rent made by Tenant which were on account of any period subsequent to such date shall be returned to Tenant. Tenant acknowledges that Landlord will not carry insurance on Tenant's furniture and/or furnishings or any fixtures or equipment, improvements, or appurtenances removable by Tenant and agrees that Landlord will not be obligated to repair any damage thereto or replace the same.

9.03 Tenant shall give immediate notice to Landlord in case of fire or accident at the Premises. If Landlord repairs or restores the Premises as provided in Paragraph 9.01 above, Tenant shall promptly repair or replace its trade fixtures, furnishings, equipment, personal property and leasehold improvements in a manner and to a condition equal to that existing prior to the occurrence of such damage or destruction.

9.04 If the casualty, or the repairing or rebuilding of the Premises pursuant to Paragraphs 9.01 and 9.02 above shall render the Premises untenantable, in whole or in part, a proportionate abatement of the rent due hereunder shall be allowed from the date when the damage occurred until the date Landlord completes the repairs on the Premises or, in the event Landlord elects to terminate this Lease, until the date of termination. Such abatement shall be computed on the basis of the ratio of the floor area of the Premises rendered untenantable to the entire floor area of the Premises.

9.05 Tenant shall not entrust any property to any employee, contractor, licensee, or invitee of Landlord. Any person to whom any property is entrusted by or on behalf of Tenant in violation of foregoing prohibition shall be deemed to be acting as Tenant's agent with respect to such property and neither Landlord nor its agents shall be liable for any damage to property of Tenant or of others entrusted to employees of the Project, nor shall Landlord or its agents be liable for any such damage caused by other tenants or persons in, upon or about the Project or caused by operations or construction of any private, public or quasi-public work.

SECTION 10.

REPAIRS, RENOVATIONS AND ALTERATIONS

10.01 Tenant shall, at Tenant's sole expense, keep the interior of the Premises and the fixtures therein in good condition, reasonable wear and tear and damage from insured casualty excepted, and will also repair all damage or injury to the Premises and fixtures resulting from the carelessness, omission, neglect or other action or inaction of Tenant, its servants, employees, agents, visitors, invitees or licensees. Such damage shall be promptly repaired or damaged items replaced by Tenant, at its sole expense, to the satisfaction of Landlord. If Tenant fails to make such repairs or replacements, Landlord

after providing ten (10) days notice thereby allowing Tenant an opportunity for Tenant to cure, except in an emergency, may do so and the cost thereof shall become collectible as additional rent hereunder and shall be paid by Tenant within thirty (30) days after presentation of statement therefor. Landlord shall maintain, and shall make all necessary repairs and replacements to, the Building, the heating, air conditioning and electrical systems located therein, and the Common Areas, provided that at Landlord's option, (i) Tenant shall make all repairs and replacements arising from its act, neglect or default and that of its agents, servants, employees, invitees and licensees, or (ii) Landlord may make such repairs and replacements and the costs thereof shall become collectable as additional rent hereunder and shall be paid by Tenant within thirty (30) days after presentation of a statement therefore. Tenant shall keep and maintain the Premises in a clean, sanitary and safe condition, and shall keep and maintain the interior of the Premises in full compliance with the laws of the United States and State of Michigan, all directions, rules and regulations of any health officer, fire marshal, building inspector, or other proper official of any governmental agency having jurisdiction over the Premises, and the requirements of Landlord's mortgagee, all at Tenant's full cost and expense, and Tenant shall comply with all requirements of law, ordinance and regulation affecting the Premises. Tenant shall make all non-structural repairs to the Premises as and when needed to preserve them in good order and condition. All the aforesaid repairs shall be of quality or class equal to the original construction. Tenant shall give Landlord prompt written notice of any defective condition in any plumbing, heating system or electrical lines located in, servicing or passing through the Premises and following such notice, Landlord shall remedy the condition with due diligence but at the expense of Tenant if repairs are necessitated by damage or injury attributable to Tenant, Tenant's servants, agents, employees, invitees or licensees. There shall be no allowance to Tenant for diminutions of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant, or others making or failing to make any repairs, alterations, additions, or improvements in or to any portion of the Building or the Premises or in and to the fixtures, appurtenances or equipment thereof. The provisions of this Section 10 with respect to the making of repairs shall not apply in the case of fire or other casualty which are dealt with in Section 9 hereof.

10.02 Tenant shall not make any renovations, alterations, additions or improvements to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. All plans and specifications for such renovations, alterations, additions or improvements shall be approved by Landlord prior to commencement of any work. Landlord's approval of the plans, specifications and working drawings for Tenant's alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with laws, rules and regulations of governmental agencies or authorities, including but not limited to the Americans with Disabilities Act, as amended. All renovations, alterations, additions or improvements made by Tenant upon the Premises, except for movable office furniture and movable trade fixtures installed at the expense of Tenant, shall be and shall remain the property of Landlord, and shall be surrendered with the Premises at the termination of this Lease, without molestation or injury. In addition, Landlord may designate by written notice to Tenant the alterations, additions, improvements and fixtures made by or for Tenant, which shall be removed by Tenant at the expiration or termination of the Lease and Tenant shall promptly remove the same and repair any damage to the Premises caused by such removal.

10.03 Tenant agrees that all renovations, alterations, additions and improvements made by it pursuant to Paragraph 10.02, notwithstanding Landlord's approval thereof, shall be done in a good and workmanlike manner and in conformity with all guidelines provided by Landlord and all laws, ordinances and regulations of all public authorities having jurisdiction, that materials of good quality shall be employed therein, that the structure of the Premises shall not be impaired thereby, that the work shall be carried out and completed in an orderly, clean and safe manner, and that, while the work is being performed, Tenant shall maintain builder's risk insurance coverage with Landlord as a named insured, which insurance coverage shall meet the criteria set forth in Section 8.

SECTION 11.

LIENS

11.01 Tenant will keep the Premises free of liens of any sort and will hold Landlord harmless from any liens which may be placed on the Premises except those attributable to debts incurred by Landlord. In the event a construction or other lien shall be filed against the Building, the Premises or Tenant's interest therein as a result of any work undertaken by Tenant or its employees, agents, contractors or subcontractors, or as a result of any repairs or alterations made by or any other act of Tenant or its employees, agents, contractors or subcontractors, Tenant shall, within five (5) business days after receiving notice of such lien, discharge such lien either by payment of the indebtedness due the lien claimant or by filing a bond (as provided by statute) as security for the discharge of such lien. In the event Tenant shall fail to discharge such lien, Landlord shall have the right to procure such discharge by filing such bond, and Tenant shall pay the cost of such bond to Landlord as additional rent upon the next Rent Day in accordance with Section 5 hereof.

SECTION 12.

EMINENT DOMAIN

12.01 If all of the Premises are condemned or taken in any manner (including without limitation any conveyance in lieu thereof) for any public or quasi-public use, the term of this Lease shall cease and terminate as of the date title is vested in the condemning authority. If (i) more than fifty (50%) percent of the floor area of the Premises shall be condemned or taken in any manner, or (ii) more than twenty-five (25%) percent of the Building shall be condemned or taken, or (iii) any material condemnation or taking occurs during the last twelve (12) months of the Initial Term or Option Term, as the case may be, or (iv) such a portion of the parking area on the Land is so condemned or taken that the number of parking spaces remaining are less than the number required by applicable zoning laws or other building code for the Building, then Landlord may elect to terminate this Lease. In order to terminate this Lease pursuant to this Paragraph, Landlord must give Tenant written notice of its election to so terminate, such notice to be given not later than ninety (90) days after the completion of such condemnation or taking, and thereupon the term of this Lease shall expire on the date set forth in such notice, and Tenant shall vacate the Premises and surrender the same to Landlord, without prejudice, however, to Landlord's rights and remedies against Tenant under the Lease provisions in effect prior to such termination, and any rent owing shall be paid up to such date and any payments of rent made by Tenant which were on account of any period subsequent to such date shall be returned to Tenant.

12.02 If this Lease is not terminated following such a condemnation or taking, Landlord, as soon as reasonably practicable after such condemnation or taking and the determination and payment of Landlord's award on account thereof, shall expend as much as may be necessary of the net amount which is awarded to Landlord and released by Landlord's mortgagee, if any, in restoring, to the extent originally constructed by Landlord (consistent, however, with zoning laws and building codes then in existence), so much of the Building as was originally constructed by Landlord to an architectural unit as nearly like its condition prior to such taking as shall be practicable; provided, however, Landlord shall not be obligated to expend for such restoration an amount in excess of condemnation proceeds made available to Landlord, if any. Landlord's obligation hereunder shall be limited to restoring the Building and/or the Premises to substantially the same condition that existed prior to such condemnation or taking.

12.03 If this Lease is not terminated pursuant to Paragraph 12.01, the Base Rent and other sums payable by Tenant hereunder, as adjusted as provided herein, shall be reduced in proportion to the reduction in area of the Premises by reason of the condemnation or taking. If this Lease is terminated pursuant to Paragraph 12.01, the minimum net rental and other charges which are the obligation of Tenant hereunder shall be apportioned and prorated accordingly as of the date of termination.

12.04 The whole of any award or compensation for any portion of the Premises taken, condemned or conveyed in lieu of taking or condemnation, including the value of Tenant's leasehold interest under the Lease, shall be solely the property of and payable to Landlord. Nothing herein contained shall be deemed to preclude Tenant from seeking, at its own cost and expense, an award from the condemning authority for loss of its business, the value of any trade fixtures or other personal property of Tenant in the Premises or moving expenses, provided that the award for such claim or claims shall not be in diminution of the award made to Landlord.

SECTION 13.

ASSIGNMENT OR SUBLETTING

13.01 Tenant agrees not to assign or in any manner transfer this Lease or any interest in this Lease without the prior written consent of Landlord, and not to sublet the Premises or any part of the Premises or to allow anyone to use or to come in, through or under the Premises without Landlord's consent. Any attempted subletting or assignment without Landlord's consent shall be voidable in Landlord's sole discretion and, at Landlord's option, shall grant Landlord the right to terminate this Lease or to exercise any of the other rights or remedies it may have hereunder. If consented to, no assignment or subletting shall be binding upon Landlord unless the sublessee or assignee shall deliver to Landlord an instrument (in recordable form, if Landlord so requests) containing an agreement of assumption of all of Tenant's obligations under this Lease. In no event may Tenant assign, sublet or otherwise transfer this Lease or any interest in this Lease at any time while an Event of Default exists hereunder. Landlord may, in its sole discretion, refuse to give its consent to any proposed subletting or assignment or exercise its other rights hereunder for any reason, including, but not limited to, the financial condition, creditworthiness or business reputation of the proposed sublessee or assignee, the prevailing market or quoted rental rates for space in the Building or other comparable buildings, and the proposed use of the Premises by, or business of, the proposed sublessee or assignee. One consent by Landlord to a subletting or assignment will not be deemed a consent to any subsequent assignment, subletting, occupation or use by any other person. Neither the consent to any assignment or subletting nor the acceptance of rent from an assignee, subtenant or occupant will constitute a release of Tenant from the further performance of the obligations of Tenant contained in this Lease. A dissolution, merger, consolidation, or other reorganization of Tenant and the issuance or transfer of twenty (20%) percent or more of the voting capital of Tenant to persons other than shareholders as of the beginning of such period within any twelve (12) month period, shall each be deemed to be an assignment of this Lease, and as such, prohibited without Landlord's prior written consent. Notwithstanding anything in this paragraph to the contrary, Landlord shall allow the occupancy of

the Premises by Tenant's parent company or a subsidiary or an affiliate which is wholly owned by Tenant (the "Related Entity"), or the assignment of this Lease or the subletting of all or a portion of the Premises to a Related Entity provided that: (i) Tenant shall give written notice to Landlord at least sixty (60) days prior to said proposed occupancy, assignment or subletting setting forth the terms thereof together with such financial and other information Landlord may request; and (ii) any such occupancy, assignment or subletting shall not constitute a release of Tenant from the further performance of the obligations of Tenant contained in this Lease; and (iii) any such occupancy, assignment or subletting shall be subject to Sections 13.03 and 13.04.

13.02 In the event Tenant desires to sublet all or a portion of the Premises or assign this Lease, Tenant shall give notice to Landlord setting forth the terms of the proposed subletting or assignment together with such financial and other information Landlord may request. Landlord shall have the right, exercisable by written notice to Tenant within thirty (30) days after receipt of Tenant's notice, (i) to consent or refuse to consent thereto in accordance with Paragraph 13.01 above, or (ii) to terminate this Lease which termination may, in Landlord's sole discretion, be conditioned upon Landlord and the proposed subtenant/assignee entering into a new Lease. However, in the event Landlord desires to elect to terminate this Lease, it shall first notify Tenant of its desire whereupon Tenant may withdraw the request within ten (10) days after Landlord's notice by the delivery of written withdrawal thereof to Landlord whereupon Landlord shall withdraw its recapture option and Tenant shall remain fully obligated under this Lease.

13.03 Upon the occurrence of an Event of Default, as defined under Section 18, if all or any part of the Premises are then sublet or assigned, Landlord, in addition to any other remedies provided by this Lease or by law, may, at its option, collect directly from the sublessee or assignee all rent becoming due to Landlord by reason of the subletting or assignment. Any collection by Landlord from the sublessee or assignee shall not be construed to constitute a waiver or release of Tenant from the further performance of its obligations under this Lease or the making of a new Lease with such sublessee or assignee.

13.04 In the event Tenant shall sublet all or a portion of the Premises or assign this Lease, all of the sums of money or other economic consideration received by Tenant or its affiliates, directly or indirectly, as a result of such subletting or assignment, whether denominated as rent or otherwise, which exceed in the aggregate the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to that portion of the Premises subject to such sublease) shall be payable to Landlord as additional rent under this Lease without effecting or reducing any other obligation of Tenant hereunder.

SECTION 14.

INSPECTION OF PREMISES

14.01 Tenant agrees to permit Landlord to enter the Premises for the purpose of inspecting the same and to show same to prospective purchasers, tenants or mortgagees of the Project, and to make such repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord shall be allowed to take all material into and upon the Premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part and the rent reserved shall in no way abate while said repairs, alterations, improvements, or additions are being made, by reason of loss or interruption of business of Tenant, or otherwise. Landlord will give Tenant reasonable notice prior to an entry by Landlord pursuant to this Section 14.01, except in the case of emergencies in which event no notice need be given.

SECTION 15.

FIXTURES AND EQUIPMENT

15.01 All fixtures and equipment paid for by Landlord and all fixtures and equipment which may be paid for and placed on the Premises by Tenant from time to time but which are so incorporated and affixed to Premises that their removal would involve damage or structural change to Premises will be and remain the property of Landlord.

15.02 All tenant furnishings, office equipment and tenant fixtures (other than those specified in Sections 10.02 and 15.01), which are paid for and placed on the Premises by Tenant from time to time (other than those which are replacements for fixtures originally paid for by Landlord) will remain the property of Tenant.

SECTION 16.

PARKING AREAS

16.01 Tenant and its agents, employees, customers, licensees and invitees shall have the non-exclusive right to use in common with Landlord and all other tenants and occupants of the Building and their respective agents, employees, customers, licensees and invitees, the Common Area parking and loading dock facilities, if any, on the Land, and all driveways, entrances and exits located within the Project necessary to provide a means of ingress and egress to and from the Premises. Such use of parking facilities shall be subject to, and consistent with, the Rules and Regulations of the Project (as set forth in Exhibit B), together with such reasonable modifications and additions as may be made thereto during the term of this Lease. Landlord shall designate the number of parking spaces set forth in Paragraph 1.01(i) in the parking lot of the Project for the exclusive use of Tenant (the "Tenant's Designated Parking Spaces"). Tenant shall pay Landlord, as additional rent on each Rent Day, an amount set forth in Section 1.01(i). Such sums may be increased by Landlord from time to time by the delivery of thirty (30) days prior written notice to Tenant. Within thirty (30) days of receipt of such notification, Tenant may: (i) accept such increase; or (ii) reject such increase for all or any of its exclusive spaces, in which event Tenant's exclusive parking rights for such spaces shall terminate. If Tenant accepts such increase or fails to reject such increase within the thirty (30) day period, then commencing with the next Rent Day following Landlord's notice, the amount of additional rent payable hereunder shall be increased accordingly. Notwithstanding anything contained herein to the contrary, Landlord shall have the right to relocate Tenant's Designated Parking Spaces within the parking lot of the Project, and Landlord shall have the right to designate other parking spaces in the parking lot for the exclusive use of others. Tenant agrees to be bound by parking regulations in effect at the Project, together with reasonable modifications or additions as may be necessary during the term of this Lease, as more fully described in Exhibit "B", attached hereto and made part hereof.

SECTION 17.

NOTICE OR DEMANDS

17.01 All bills, notices, requests, statements, communications, or demands (collectively, "notices or demands") to or upon Landlord or Tenant desired or required to be given under any of the provisions hereof must be in writing. Any such notices or demands from Landlord to Tenant will be deemed to have been duly and sufficiently given if a copy thereof has been personally delivered, mailed by United States certified mail, return receipt requested, postage prepaid, or sent via overnight courier service to Tenant at the address of the Premises or at such other address as Tenant may have last furnished in writing to Landlord for such purpose. Any such notices or demands from Tenant to Landlord will be deemed to have been duly and sufficiently given if delivered to Landlord in the same manner as provided above at the address set forth at the heading of this Lease or at the address last furnished by written notice from Landlord to Tenant. The effective date and the delivery date of such notice or demand will be deemed to be the time when it is personally delivered, three (3) days after it is mailed or the day after it is sent via overnight courier as herein provided.

SECTION 18.

BREACH; INSOLVENCY; RE-ENTRY

18.01 Each of the following shall constitute an Event of Default under this Lease: (i) Tenant's failure to pay rent or any other sum payable hereunder for more than five (5) business days after written notice of such failure has been delivered to Tenant (but if one notice has been given in any twelve (12) month period, no further notice shall be required during such twelve (12) month period); (ii) Tenant's failure to perform any of the non-monetary terms, conditions or covenants of this Lease to be observed or performed by Tenant for more than seven (7) business days after written notice of such failure shall have been delivered to Tenant except in connection with a breach which cannot be remedied or cured within said seven (7) business day period, in which event the time of Tenant within which to cure such breach shall be extended for such time as shall be necessary to cure the same, but only if Tenant, within such seven (7) business day period, shall have commenced and diligently proceeded to remedy or cure such breach; (iii) if Tenant is named as the debtor in any bankruptcy proceeding, or similar debtor proceeding, and any such proceeding, if involuntary, is not dismissed or set aside within sixty (60) days from the date thereof; (iv) if Tenant makes an assignment for the benefit of creditors or petitions for or enters into an arrangement with creditors or if a receiver of any property of Tenant in or upon the Premises is appointed in any action, suit or proceeding by or against Tenant, or if Tenant shall admit to any creditor or to Landlord that it is insolvent, or if the interest of Tenant in the Premises shall be sold under execution or other legal process; or (v) if Tenant shall suffer this Lease to be taken under any writ of execution. Upon the occurrence of any Event of Default and after the delivery of written notice thereof to the extent required under applicable Michigan law, Landlord, in addition to any other rights and remedies it

may have hereunder or by law, shall have the immediate right of re-entry, and may remove all persons and property from the Premises and it shall have the right to abandon or otherwise dispose of such property in any way it may deem fit which is not in contravention of applicable law. In addition, Landlord shall have the right, but not the obligation, to store all or some of the property which may have been removed in a public warehouse or elsewhere at the cost of, and for the account of, Tenant, all without service of notice or resort to legal process and all without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

18.02 In the event Landlord shall elect to re-enter the Premises in accordance with Paragraph 18.01, or should Landlord take possession of Premises pursuant to legal proceedings or pursuant to any notice provided by law, Landlord may either terminate this Lease or may from time to time without terminating this Lease, make such alterations and repairs as Landlord may deem necessary in order to relet the Premises, and relet the Premises or any part thereof for any such term or terms (which may be for a term extended beyond the term of this Lease) and at such rental or rentals, and upon such other terms and conditions as Landlord may deem advisable.

18.03 Upon the reletting of the Premises in accordance with Paragraph 18.02, all rentals received by Landlord from such reletting shall be applied in the following order of priority: (a) to the payment of any additional rent payable as provided in Section 5 hereof, including interest and late charges; (b) to the payment of any other indebtedness other than rent due hereunder from Tenant to Landlord; (c) to the payment of the actual costs and expenses of obtaining possession, restoring and repairing the Premises and the actual costs and expenses of reletting, including brokerage and attorneys' fees; and (d) to the payment of any rent and other sums due and unpaid under this Lease. The remainder, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If the rental received from such reletting during any month is less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord monthly. No such re-entry or taking possession of the Premises or any part thereof by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction.

18.04 Notwithstanding any reletting of the Premises without termination in accordance with Paragraph 18.02, Landlord may at any time after the occurrence of any Event of Default, terminate this Lease and, in addition to any other remedies Landlord may have, Landlord may recover from Tenant all damages it may incur by reason of Tenant's breach, including, without limitation, the reasonable cost of recovering and reletting the Premises and reasonable attorneys' fees incidental thereto and the worth at the time of the termination of the amount of rent and other charges payable hereunder for the remainder of the Term, all of which amounts shall be immediately due and payable by Tenant to Landlord.

18.05 In case suit shall be brought or an attorney otherwise consulted, for recovery of possession of the leased premises, for the recovery of rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of Tenant to be kept and performed, or any other action against Tenant by Landlord, or because of any claimed breach of this Lease by Landlord or any other action against Landlord by Tenant, (and Landlord shall be the prevailing party), Tenant shall pay to Landlord all expenses incurred therefor, including a reasonable attorneys' fee. In addition, Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by Landlord or Tenant against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord to Tenant, the use or occupancy of the Premises by Tenant or any person claiming through or under Tenant, any claim of injury or damage, and any emergency or other statutory remedies; provided, however, the foregoing waiver shall not apply to any action for personal injury or property damage.

18.06 Landlord and Tenant shall each use reasonable efforts to mitigate any damages resulting from a default of the other party under this Lease. Landlord's obligation to mitigate damages after a default by Tenant under this Lease shall be satisfied in full if Landlord undertakes to lease the Premises to another tenant (the "Substitute Tenant") in accordance with the following criteria:

(i) Landlord shall have no obligation to solicit or entertain negotiations with any other prospective Substitute Tenant for the Premises until Landlord obtains full and complete possession of the Premises, including, without limitation, the absolute right to relet the Premises free of any claim of Tenant.

(ii) Landlord may give priority to lease any or all available space(s) in the Project before offering the Premises to a Substitute Tenant.

(iii) Landlord shall not be obligated to lease the Premises to a Substitute Tenant for a rental less than the current fair market rental then prevailing for similar space in comparable properties in the same sub-market as the Building, nor shall Landlord be obligated to enter into a lease under other terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building.

(iv) Landlord shall not be obligated to enter into a lease with any proposed Substitute Tenant whose use would:

A. Disrupt the tenant mix of the Building;

B. Violate any restriction, covenant, or requirement contained in the lease of another tenant of the Building or Project;

C. Adversely affect the reputation of the Building or the Project; or

D. Be incompatible with the tenancy or use of the Building as a first class office building.

(v) Landlord shall not be obligated to enter into a lease with any proposed Substitute Tenant which does not have, in Landlord's reasonable opinion, sufficient financial resources to lease the Premises.

(vi) Landlord shall not be required to expend any amount of money to alter, remodel, or otherwise make the Premises suitable for use by a proposed Substitute Tenant unless:

A. Tenant pays any such sum to Landlord in advance of Landlord's execution of a lease with a Substitute Tenant (which payment shall not be in lieu of any damages or other sums to which Landlord may be entitled as a result of Tenant's default under this Lease); or

B. Landlord, in Landlord's reasonable discretion, determines that any such expenditure is financially justified in connection with entering into a lease with such Substitute Tenant.

Upon compliance with the above criteria regarding releasing of the Premises after a default by Tenant, Landlord shall be deemed to have fully satisfied Landlord's obligation to mitigate damages under this Lease and under any law or judicial ruling in effect on the date of this Lease or at the time of Tenant's default, and Tenant waives and releases, to the fullest extent legally permissible, any right to assert in any action by Landlord to enforce the terms of this Lease, any defense, counterclaim, or rights of setoff or recoupment respecting the mitigation of damages by Landlord, unless and to the extent Landlord fails to act in accordance the requirements of this section.

SECTION 19.

SURRENDER OF PREMISES ON TERMINATION

19.01 At the expiration (or earlier termination) of the Term hereof, Tenant will surrender the Premises broom clean and in as good condition and repair as they were at the time Tenant took possession, reasonable wear and tear and damages for insured casualty excepted, and promptly upon surrender will deliver all keys and building security cards for the Premises to Landlord at the place then fixed for the payment of rent. At the expiration of the Lease term, Tenant will, at its own cost and expense, repair or pay the cost of restoration with respect to any damage to the Premises arising from the removal of any trade fixtures or similar items. Tenant shall have no rights of removal as to property affixed or otherwise placed on or in the Premises by or at the expense of Landlord, its predecessors, successors or assigns. All costs and expenses incurred by Landlord in connection with repairing or restoring the Premises to the condition called for herein, together with the costs, if any, of removing any property of Tenant together with any property designated by Landlord pursuant to Section 10.02, left on the Premises, shall be paid by Tenant on demand. Tenant shall remove all property of Tenant and make all repairs necessitated thereby at its own cost, as directed by Landlord. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the Term of this Lease.

SECTION 20.

PERFORMANCE BY LANDLORD OF THE COVENANTS OF TENANT

20.01 If Tenant fails to pay any sum of money, other than Base Rent, required to be paid hereunder or fails to perform any act on its part to be performed hereunder, including, but not limited to, the performance of all covenants pertaining to the condition and repair of the Premises pursuant to Section 10 above, and if such failure shall not otherwise be cured within the time, if any, provided herein, then upon five (5) business days notice Landlord may (but shall not be required to), without waiving or releasing Tenant from any of Tenant's obligations, make any such payment or perform any such other act. All sums so paid or incurred by Landlord and all incidental costs, including, but not limited to, the cost of repair, maintenance or restoration of the Premises, shall be deemed additional rental and, together with interest thereon computed at the rate set forth in Section 5 hereof from the date of payment by Landlord until the date of repayment by Tenant to Landlord, shall be payable to Landlord on demand. On default in such payment, Landlord shall have the same remedies as on default in payment of rent. The rights and remedies granted to Landlord under this Section 20 shall be in addition to, and not in lieu of, all other remedies, if any, available to Landlord under this Lease or otherwise, and nothing contained herein shall be construed to limit such other remedies of Landlord with respect to any matters covered herein.

SECTION 21.

SUBORDINATION; ESTOPPEL CERTIFICATES

21.01 This Lease is subject and subordinate to all ground leases, underlying leases, and mortgages, if any, now or hereafter made, which may now or hereafter affect the Project and to all renewals, modifications, consolidations, replacements and extensions of any such ground leases, underlying leases and mortgages. This clause shall be self-operative and no further instrument of subordination shall be necessary. Notwithstanding the foregoing, Landlord reserves the right to declare this Lease prior to the lien of any ground lease, underlying lease, or mortgage now or hereinafter placed upon the real property of which the Premises are a part by recording a written notice of such priority with the register of deeds. Tenant covenants and agrees to execute and deliver, within ten (10) days after requested by Landlord, such further instrument or instruments subordinating this Lease (or declaring the Lease prior and superior) to any lease or proposed lease or to the lien of any such mortgage or mortgages as shall reasonably be desired by Landlord, any lessor or proposed lessor, and any mortgagees or proposed mortgagees.

21.02 In the event any proceedings are brought for foreclosure of, or in the event of the conveyance by deed in lieu of foreclosure of, or in the event of the exercise of the power of sale under, any mortgage made by Landlord covering the Premises, Tenant hereby attorns to the new owner, and covenants and agrees to execute any instrument in writing reasonably satisfactory to the new owner, whereby Tenant attorns to such successor in interest and recognizes such successor as Landlord under this Lease.

21.03 Tenant, within ten (10) days after request (at any time or times) by Landlord, will execute and deliver to Landlord an estoppel certificate, in form reasonably acceptable to Landlord, certifying: (i) to the Commencement Date and expiration date of the Term; (ii) that this Lease is unmodified and in full force and effect, or is in full force and effect as modified, stating the modifications; (iii) that Tenant does not claim that Landlord is in default in any way, or listing any such claimed defaults and that Tenant does not claim any rights of setoff, or listing such rights of setoff; (iv) to the amount of monthly rent and other sums due hereunder as of the date of the certificate, the date to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent; (v) that Tenant agrees to provide any mortgagee of Landlord with notice of any default by Landlord hereunder and give such mortgagee the opportunity to cure such default within sixty (60) days of such mortgagee's receipt of notice of such default; and (vi) such other matters as may be reasonably requested by Landlord. Any such certificate may be relied upon by any prospective purchaser, mortgagee or lessor of the Premises or any part thereof.

SECTION 22.

QUIET ENJOYMENT

22.01 Landlord agrees that at all times when no Event of Default exists under this Lease, Tenant's quiet and peaceable enjoyment of the Premises, in accordance with and subject to the terms of this Lease, will not be disturbed or interfered with by Landlord or any person claiming by, through, or under Landlord.

SECTION 23.

HOLDING OVER

23.01 If Tenant remains in possession of the Premises after the expiration of this Lease without executing a new lease, Landlord shall have the right to deem Tenant to be occupying the Premises as a tenant from month to month and the Base Rent for each month will be one hundred fifty percent (150%) of the greater of: (a) the regular monthly installment of Base Rent payable for the last month of the Term of this Lease; or (b) the then prevailing market rates of rent for the Project determined by Landlord in its sole and absolute discretion. This provision shall not preclude Landlord from terminating the lease or recovering any and all damages Landlord may incur as a result of Tenant's failure to timely deliver possession of the Premises to Landlord or from exercising any other right or remedy it may have hereunder.

SECTION 24.

REMEDIES NOT EXCLUSIVE; WAIVER

24.01 Each and every of the rights, remedies and benefits of Landlord provided by this Lease are cumulative, and are not exclusive of any other of said rights, remedies and benefits, or of any other rights, remedies and benefits allowed by law.

24.02 The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease or of any of the rules or regulations set forth or hereafter adopted by Landlord, shall not prevent a subsequent act which would have originally constituted a violation from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord. One or more waivers of any covenant or condition by either party shall not be construed as a waiver of a further or subsequent breach of the same covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval will not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rental herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

SECTION 25.

WAIVER OF SUBROGATION

25.01 Landlord and Tenant hereby release each other and their respective agents and employees from any and all liability to each other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by or resulting from risks insured against under the property insurance for loss, damage or destruction by fire or other casualty carried by the parties hereto and which was in force at the time of any such loss or damage or which would have been so covered had the insurance required hereunder been maintained; provided, however, that this release shall be applicable only with respect to loss or damage occurring during such time as the releasor's policies of insurance contain a clause or endorsement to the effect that any such release shall not adversely affect or impair such policies or prejudice the right of the releasor to recover thereunder. Landlord and Tenant each agrees that it will require its property insurance carriers to include in its policy such a clause or endorsement. However, if such endorsement cannot be obtained, or shall be obtainable only by the payment of an additional premium charge above that which is charged by companies carrying such insurance without such waiver of subrogation, then the party undertaking to obtain such waiver shall notify the other party of such fact and such other party shall have a period of ten (10) days after the giving of such notice to agree in writing to pay such additional premium if such policy is obtainable at additional cost (in the case of Tenant, pro rate in proportion of Tenant's rentable area to the total rentable area covered by such insurance); and if such other party does not so agree or the waiver shall not be obtainable, then the provisions of this Section 25.01 shall be null and void as to the risks covered by such policy for so long as either such waiver cannot be obtained or the party in whose favor a waiver of subrogation is desired shall refuse to pay the additional premium. If the release of either Landlord or Tenant, as set forth in the second sentence of this Section 25.01, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released, but no action or rights shall be sought or enforced against such party unless and until all rights and remedies against the other's insurer are exhausted and the other party shall be unable to collect such insurance proceeds. The waiver of subrogation referred to above shall extend to the agents and employees of each party (including, as to Landlord, the Manager), but only if and to the extent that such waiver can be obtained without additional charge (unless such party shall pay such charge). Nothing contained in this Section 25.01 shall be deemed to relieve either party from any duty imposed elsewhere in this Lease to repair, restore and rebuild.

SECTION 26.

RIGHT TO SHOW PREMISES

26.01 Landlord may upon reasonable advance notice except in an emergency show the Premises to prospective tenants and brokers, and may display signs about the Project and elsewhere advertising the availability of the Premises. Landlord shall use reasonable efforts not to materially disrupt, disturb or interfere with the conduct of Tenant's business during such entry.

SECTION 27.

INDEMNIFICATION

27.01 Tenant, its successors and assigns shall indemnify and hold harmless Landlord and all superior lessors or superior mortgagees and its and their respective partners, directors, officers, agents and employees from and against any and all third-party claims arising from or in connection with: (i) the

conduct or management of the Premises or of any business therein, or any work or thing whatsoever done, or any condition created in or about the Premises, during the term of this Lease; (ii) any act, omission or negligence of Tenant or any of its subtenants or licensees or its or their partners, directors, officers, agents, employees, invitees or contractors; (iii) any accident, injury or damage whatever occurring in, at or upon the Premises; and (iv) any breach or default by Tenant in the full and prompt payment and performance of Tenant's obligations under this Lease; together with all costs, expenses and liabilities incurred or in connection with each such claim or action or proceeding brought thereon, including, without limitation, all attorneys' fees and expenses. If any case any action or proceeding is brought against Landlord or any superior lessor or superior mortgagee or its or their partners, directors, officers, agents or employees and such claim is a claim for which Tenant is obligated to indemnify Landlord pursuant to this Section 27, Tenant upon notice from Landlord or such superior lessor or superior mortgagee, shall resist and defend such action or proceeding (by counsel reasonably satisfactory to Landlord). The obligation of Tenant under this Section 27 shall survive termination of this Lease.

27.02 Landlord, at its expense, will defend, indemnify, save and hold harmless Tenant, its licensees, servants, agents, employees, affiliated entities and contractors: from and against any loss, damage, claim of damage, liability or expense (including attorneys' fees) to or for any person or property, whether it is based on contract, tort, negligence or otherwise, or arising directly or indirectly out of or in connection with the condition of the Common Areas or the other parts of the Project not leased to or occupied by others, the use or misuse thereof by Landlord, its licensees, servants, agents, employees, or contractors, the failure of Landlord to comply with the terms of this Lease, or any event on or relating to the Common Areas or the other parts of the Project not leased to or occupied by others, whatever the cause, or any litigation or other proceeding by or against Landlord to which Tenant is made a party, other than the intentional, willful or malicious act of Tenant which causes injury and/or damages. The provisions of this indemnification shall survive expiration and termination of this Lease, which is either expected or intended by Tenant when it performed the act in question.

SECTION 28.

DEFINITION OF LANDLORD; LANDLORD'S LIABILITY

28.01 The term "Landlord" as used in this Lease so far as covenants, agreements, stipulations or obligations on the part of Landlord are concerned is limited to mean and include only the owner or owners of the Premises at the time in question, and in the event of any transfer or transfers of the title to such fee Landlord herein named (and in case of any subsequent transfers or conveyances the then grantor) will automatically be freed and relieved from and after the date of such transfer or conveyance of all personal liability for the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed.

28.02 This Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord is unable to fulfill any of its obligations under this Lease or is unable to supply or is delayed in supplying any service expressly or implied to be supplied or is unable to make, or is delayed in making any repairs, additions, alterations or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if Landlord is prevented or delayed from so doing by reasons of shortages of materials, acts of God, governmental restrictions, strike or labor troubles or any cause beyond Landlord's reasonable control including, but not limited to, government preemption in connection with a national emergency or by reason of any rule, order or regulation of any department or subdivision thereof of any government agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency.

SECTION 29.

INTENTIONALLY DELETED

SECTION 30.

RULES AND REGULATIONS

30.01 Tenant shall faithfully abide by and observe the rules and regulations for the Building, a copy of which is attached hereto as Exhibit B and made a part hereof, and, after notice thereof, all additions thereto and modifications thereof of uniform applicability from time to time promulgated in writing by Landlord.

SECTION 31.

SIGNS AND ADVERTISING

31.01 No signs, lighting, lettering, pictures, notices, advertisements, shades, awnings or decorations will be displayed, used or installed by Tenant except as approved in writing by Landlord. All such materials displayed in and about the Premises will be such only as to advertise the business carried on upon the Premises and Landlord will control the location, character and size thereof. Tenant shall not cause or permit to be used any advertising materials or methods which are reasonably objectionable to Landlord or to other tenants of the Building, including without limiting the generality of the foregoing: loudspeakers, mechanical or moving display devices, unusually bright or flashing lights and similar devices the effect of which may be seen or heard from outside the Premises. Tenant shall not solicit business, sell or display merchandise, or distribute hand bills or other advertising matter in the parking area or other Common Areas.

SECTION 32.

GENERAL

32.01 If, by reason of the occurrence of unavoidable delays due to acts of God, governmental restrictions, strikes, labor disturbances, shortages of materials or supplies or for any other cause or event beyond Landlord's reasonable control, Landlord is unable to furnish or is delayed in furnishing any service required by Landlord under the provisions of this Lease, or Landlord is unable to perform or make or is delayed in performing or making any installations, decorations, repairs, alterations, additions, or improvements, required to be performed or made under this Lease, or is unable to fulfill or is delayed in fulfilling any of Landlord's other obligations under this Lease, no such inability or delay shall constitute an actual or constructive eviction in whole or in part, or, except as otherwise expressly provided herein, entitle Tenant to any abatement or diminution of rental or other charges due hereunder or otherwise relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise.

32.02 This Lease is being entered into and executed in the State of Michigan, and all questions with respect to the construction of this Agreement and the rights and liabilities of the parties shall be determined in accordance with the provisions of the laws of the State of Michigan.

32.03 Many references in this Lease to persons, entities and items have been generalized for ease of reading. Therefore, references to a single person, entity or item will also mean more than one person, entity or thing whenever such usage is appropriate (for example, "Tenant" may include, if appropriate, a group of persons acting as a single entity, or as tenants-in-common). Similarly, pronouns of any gender should be considered interchangeable with pronouns of other genders.

32.04 Section headings appearing in this Lease are for convenience only. They do not define, limit or construe the contents of any paragraphs or clauses contained herein.

32.05 Landlord reserves the right should it become necessary to comply with required laws and regulations, or to assure the health, safety and welfare of Tenant or other occupants of the building to relocate Tenant in other comparable space in the Building upon not less than sixty (60) days prior written notice to Tenant. Landlord shall pay the cost of moving Tenant to new space. If Tenant does not wish to accept such relocation, Tenant may object thereto by written notice to Landlord within ten (10) days after the notice from Landlord. In the event Tenant fails to object within such ten (10) day period, Tenant shall be deemed to have accepted the relocation. In the event Tenant so objects, Landlord may rescind the notice of intention to relocate Tenant or may reaffirm said intention, in which event Tenant may terminate this Lease by written notice to Landlord within five (5) days after the affirmation notice from Landlord. In the event Tenant fails to notify Landlord of its termination within such five (5) day period, it shall be deemed to have accepted the relocation. If Tenant terminates this Lease pursuant this paragraph, Tenant must vacate the Premises within thirty (30) days following Tenant's notice to Landlord of termination.

32.06 The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, successors, administrators and executors provided, however, that no assignment by, from, through, or under Tenant in violation of any of the provisions hereof shall vest in the assigns any right, title, or interest whatsoever. All provisions of this Lease are and will be binding on the successors and permitted assigns of Landlord and Tenant.

32.07 Time shall be and is of the essence in this Lease and with respect to the performance of all obligations of Landlord and Tenant hereunder.

32.08 Any services which Landlord is required to furnish pursuant to the provisions of this Lease may, at Landlord's option, be furnished from time to time, in whole or in part, by employees of Landlord or by the managing agent of the Project or by one or more third persons.

32.09 INTENTIONALLY DELETED.

32.10 Neither Landlord nor Landlord's agents have made any representations or promises with respect to the physical condition of the Building, the Land or the Premises, or with respect to the rents, leases, expenses of operation or any other matter or thing affecting or related to the Premises except as expressly set forth herein; and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease.

32.11 Annually and at any other time, Tenant shall promptly furnish Landlord their most recent audited financial statements or quarterly updates reflecting Tenant's current financial condition. All such financial statements shall be in such form and contain such detail as Landlord shall reasonably request.

32.12 In case any provision of this Lease or any agreement or instrument executed in connection herewith shall be invalid, illegal or unenforceable, such provision shall be enforced to the fullest extent permitted by applicable law, and the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired thereby. This Lease shall not be construed more strictly against one party than against the other, merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Landlord and Tenant have contributed substantially and materially to the preparation of this Lease.

32.13 This Lease can be modified or amended only by a written agreement signed by Landlord and Tenant. This Lease and the Exhibits attached hereto and forming a part hereof set forth all of the covenants, agreements, stipulations, promises, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, agreements, stipulations, promises, conditions or understanding, either oral or written, between them other than set forth herein or therein.

32.14 Tenant will not record this Lease or a memorandum hereof, and will not otherwise disclose the terms of this Lease to anyone other than its attorneys, accountants or employees who need to know of its contents in order to perform their duties for Tenant. Any other disclosure will be an Event of Default under the Lease. Tenant agrees that Landlord shall have the right to publish a "tombstone" or other promotional description of this Lease.

32.15 Except as disclosed in writing to Landlord, Tenant represents and warrants to Landlord that there are no claims for brokerage commissions or finder's fees in connection with this Lease as a result of the contracts, contacts or actions of Tenant, and Tenant agrees to indemnify Landlord and hold it harmless from all liabilities arising from any such claim arising from an alleged agreement or act by Tenant (including, without limitation, the cost of counsel fees in connection therewith); such agreement to survive the termination of this Lease.

32.16 The matters set forth on Exhibit D, Special Provisions, if any, are hereby accepted and agreed to between Landlord and Tenant and incorporated herein by reference.

IN WITNESS WHEREOF Landlord and Tenant have executed this Lease as of the date and year first above written.

LANDLORD: AMERICAN CENTER LLC, a Michigan Limited Liability Company	TENANT: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan Limited Partnership
BY: SOUTHFIELD OFFICE MANAGER, INC.	
By: /s/ Paul A. Stodulski	By: /s/ Jeffrey P. Jorissen
Printed:: Paul A. Stodulski	Printed: Jeffrey P. Jorissen
Its: Secretary	Its: Chief Financial Officer of its General Partner, Sun Communities, Inc.

EXHIBIT 10.62

TERM LOAN AGREEMENT

This Term Loan Agreement, dated as of October 10, 2002, is among SUN FINANCIAL, LLC, a Michigan limited liability company, SUN FINANCIAL TEXAS LIMITED PARTNERSHIP, a Michigan limited partnership, SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership, SUN COMMUNITIES, INC., a Maryland corporation, the Lenders and LEHMAN COMMERCIAL PAPER INC., a New York corporation, as Lender and as Agent and the Lenders that are signatories hereto. The parties hereto agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement:

"Adjusted Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the quotient of (i) the Eurodollar Base Rate applicable to such Interest Period divided by (ii) one minus the Reserve Requirement applicable to such Interest Period (expressed as a decimal).

"Advance" means a borrowing hereunder (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the Advances and, in the case of a Eurodollar Loan, for the same Interest Period.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" means Lehman Commercial Paper Inc. in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

"Aggregate Commitment" means $48,000,000.00 as reduced from time to time pursuant to the terms hereof.

"Agreement" means this term loan agreement, as it may be amended or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

"Applicable Laws" means all existing and future federal, state and local laws, statutes, orders, ordinances, rules, and regulations or orders, writs, injunctions or decrees of any court

affecting the Borrower, the Partnership, the REIT, or any Mortgaged Property, or the use thereof including, but not limited to, all zoning, fire safety and building codes, the Americans with Disabilities Act, and all Environmental Laws.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum determined by reference to the lower of the two Unsecured Debt Ratings of the Partnership (i.e., higher pricing) set forth below:

STANDARD & POOR'S RATINGS SERVICES RATING OR A SUBSTITUTE RATING AGENCY EQUIVALENT RATING	MOODY'S INVESTORS SERVICES, INC. RATING OR A SUBSTITUTE RATING AGENCY EQUIVALENT RATING	APPLICABLE MARGIN FOR EURODOLLAR LOANS FROM THE DATE HEREOF THROUGH AND INCLUDING JANUARY 10, 2003	APPLICABLE MARGIN FOR EURODOLLAR LOAN FROM JANUARY 11, 2003 THROUGH AND INCLUDING THE MATURITY DATE	APPLICABLE MARGIN FOR FLOATING RATE LOANS
A- or higher	A3 or higher	1.00%	1.50%	In all cases the Applicable Margin for Eurodollar Loans minus 1.00%
BBB+	Baa1	1.10%	1.60%	
BBB	Baa2	1.20%	1.70%	
BBB-	Baa3	1.40%	1.90%	
BB+ or lower	Ba1 or lower	1.95%	2.45%	
If no Rating Agency or Substitute Rating Agency assigns a rating to the Borrower for whatever reason		1.95%	2.45%	

The Applicable Margin for each Eurodollar Advance shall be determined by reference to the lower of the two Unsecured Debt Ratings of Borrower in effect on the first day of the related Interest Period. The Applicable Margin for each Floating Rate Advance shall be determined by reference to the lower of the two Unsecured Debt Ratings of the Borrower in effect from time to time, and each change in such Applicable Margin shall be effective as of the date such Unsecured Debt Rating is announced.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Assets" of any Person means all assets of such Person that would, in accordance with Agreement Accounting Principles, be classified as assets of a company conducting a business the same as or similar to that of such Person, including without limitation, all Real Property Assets.

"Base Rate" for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof, "Prime Rate" shall mean the prime lending rate as set forth on the British Banking Association Telerate page 5 or such other comparable page as may, in the opinion of the Administrative Agent, replace such page for the purpose of displaying such rate), as in effect from time to time.

"Authorized Officer" means any of the President or Chief Financial Officer of the REIT, acting singly.

"Borrower" or "Borrowers" means Sun Financial and Sun LP, together or individually as the context may require.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.2.3.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in New York City for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in New York City for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Closing Date" means the date of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, together with all rules and regulations from time to time promulgated thereunder.

"Collateral Assignment" means those certain collateral assignments of mortgages/deeds of trust each dated the date hereof given by Borrowers to Lender and intended to be recorded in the appropriate real estate records, which collaterally assign Borrowers' interest in the Pledged Assets to Lender.

"Collateral Default" has the meaning provided in the Security Agreement.

"Collateral Event of Default" has the meaning provided in the Security Agreement.

"Commitment" means, for each Lender, the obligation of such Lender to make its Pro Rata Share of Advances to the Borrower in an aggregate amount not exceeding the Loan Amount.

"Control" means in (i) in the case of a corporation, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all the voting stock (exclusive of stock which is voting only as required by applicable law or in the event of nonpayment of dividends and pays dividends only on a nonparticipating basis at a fixed or floating rate), and (ii) in the case of any other entity, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all of the beneficial equity interests therein (calculated by a method that excludes from equity interests, ownership interests that are nonvoting (except as required by applicable law or in the event of nonpayment of dividends or distributions) and pay dividends or distributions only on a non-participating basis at a fixed or floating rate) or, in any case, (iii) the power directly or indirectly, to direct or control, or cause the direction of, the management policies of another Person, whether through the ownership of voting securities, general partnership interests, common directors, trustees, officers by contract or otherwise. The terms

"controlled" and "controlling" shall have meanings correlative to the foregoing definition of "Control."

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, the Partnership, the REIT or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.2.4.

"Default" means an event described in Article VII.

"Determination Date" means the date that is two Business Days prior to the first day of each Interest Period.

"Distribution" means any dividends (other than a dividend payable solely in common stock), distributions, return of capital to any stockholders, general or limited partners or members, other payments, distributions or delivery of property or cash to stockholders, general or limited partners or members, or any redemption, retirement, purchase or other acquisition, directly or indirectly, of any shares of any class of capital stock now or hereafter outstanding (or any options or warrants issued with respect to capital stock) general or limited partnership interest, or the setting aside of any funds for the foregoing.

"Dollars" and the symbol "$" each mean the lawful money of the United States of America.

"Environmental Indemnity" means that certain environmental indemnity agreement dated the date hereof given by the Partnership and the REIT to the Agent for the benefit of the Lenders, as the same may be supplemented or amended from time to time.

"Environmental Laws" has the meaning set forth in the Environmental Indemnity.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means an Advance which bears interest at a Eurodollar Rate as requested by the Borrower pursuant to Section 2.2.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the quoted offered rate for one, two or three month, as applicable, United States dollar deposits with leading banks in the London interbank market that appears as of 11:00 a.m. (London time) on the related Determination Date on the display page designated as Telerate Page 3750.

If, as of such time on any Determination Date, no quotation is given on Telerate Page 3750, then the Agent shall establish the Eurodollar Base Rate on set forth herein to provide the quotation offered by its principal London office for making one, two or three month, as applicable, United

States dollar deposits with leading banks in the London interbank market as of 11:00 a.m., London time, on such Determination Date.

(i) If two or more Reference Banks provide such offered quotations, then the Eurodollar Base Rate for the next Interest Period shall be the arithmetic mean of such offered quotations (rounded upward if necessary to the nearest whole multiple of 1/1,000%).

(ii) If only one or none of the Reference Banks provides such offered quotations, then the Eurodollar Base Rate for the next Interest Period shall be the Reserve Rate.

(iii) If on any Determination Date, Lender is required but is unable to determine the Eurodollar Base Rate in the manner provided in paragraphs (i) and (ii) above, the Eurodollar Base Rate for the next Interest Period shall be the Eurodollar Base Rate as determined on the preceding Determination Date.

The establishment of the Eurodollar Base Rate on each Determination Date by the Lender shall be final and binding.

"Eurodollar Loan" means the portion or portions of the Loan which bears interest at a Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for each Interest Period, a rate per annum equal to the sum of (i) the Eurodollar Base Rate (or, if any Lender is subject to Reserve Requirements, the Adjusted Eurodollar Base Rate) applicable to such Interest Period (expressed as a decimal) plus (ii) the Applicable Margin.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Agent is incorporated or organized or (ii) the jurisdiction in which the Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Existing Line of Credit" means that certain Credit Agreement dated July 3, 2002 between the Partnership, the REIT and Bank One, N.A. and other Lenders that are signatories thereto, as amended by that certain First Amendment dated September 30, 2002 as the same may be amended from time to time, a copy of which is attached hereto as Schedule I.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (New York City) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Base Rate changes.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.9, bears interest at the Floating Rate.

"Floating Rate Loan" means the portion of the Loan which, except as otherwise provided in Section 2.9, bears interest at the Floating Rate.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Guarantors" means the REIT and the Partnership.

"Guaranty" means that certain Guaranty dated the date hereof made by the REIT and the Partnership in favor of Agent for the ratable benefit of the Lenders, as it may be amended or modified and in effect from time to time.

"Initial Advance" is defined in Section 2.1.1.

"Intercreditor Agreements" shall mean those certain Intercreditor Agreements between Borrowers and the Subordinate Mortgagees as more fully described on Schedule II.

"Interest Period" means with respect to a Eurodollar Advance, a period of one, two, or three months commencing on the date of an Advance. Such Interest Period shall end on the day which corresponds numerically to such date one, two, or three months (as applicable) thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, or third, succeeding month (as applicable), such Interest Period shall end on the last Business Day of such next, second, or third, succeeding month (as applicable). If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day. If requested by the Borrower and agreed to by all Lenders in their sole discretion, a Eurodollar Interest Period may be a period of less than one month.

"Lenders" means Lehman Commercial Paper Inc. the lending institutions listed on the signature pages of this Agreement, if any, any New Lender, and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Agent, the office, branch, subsidiary or affiliate of such Lender or the Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Agent pursuant to Section 2.15.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the

interest of a vendor or lessor under any conditional sale, or other title retention agreement), or any encumbrance, easement, or similar restriction or covenant.

"Line of Credit Agent" shall mean the agent under the Existing Line of Credit

"Loan" means, the aggregate Advances made to Borrower pursuant to the terms of this Agreement.

"Loan Amount" means the maximum principal amount of $48,000,000.00.

"Loan Documents" means this Agreement, the Note, the Guaranty, the Environmental Indemnity, the Security Agreement, the Collateral Assignment, the UCC Financing Statements, and any other documents or instruments evidencing, securing or guaranteeing the Loan.

"Material Adverse Effect" means any condition which causes or continues the occurrence of a Default or has a material adverse effect upon (i) the business, operations, properties, assets, prospects, corporate structure or condition (financial or otherwise) of the Borrowers, the Partnership, or the REIT, taken as a whole, (ii) the ability of the Borrowers, the Partnership, or the REIT to perform any of the Obligations, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent, or the Lenders thereunder.

"Maturity Date" means March 10, 2003, or such other date on which the final payment of the principal of the Note becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise

"Moody's" means Moody's Investors Service, Inc.

"Mortgaged Properties" means the real property set forth on Schedule III hereto, which are subject to the Liens of the Pledged Assets.

"Mortgagors" means those entities set forth on Schedule IV hereto that own the fee interest in the Mortgaged Properties, and their successors and assigns.

"New Lender" means a Person, approved by the Agent, that becomes a Lender hereunder pursuant to the provisions of Section 2.5.4.

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" means that certain note dated the date hereof in the principal amount of $48,000,000.00 or so much thereof as may be advanced pursuant to this Agreement and any notes issued at the request of a Lender pursuant to Section 2.11 to evidence its Pro Rata share of the Loan.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, obligations to fund required reserves, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Agent, or any indemnified party arising under the Loan Documents.

"Other Assets" means all Assets of a Person that are not Real Property Assets.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Credit Exposure" means, as to any Lender at any time, such Lender's Pro Rata Share of the aggregate outstanding principal balance of the Loan.

"Participants" is defined in Section 12.2.1.

"Payment Date" means the first day of each calendar month.

"Permitted Liens" is defined in Section 6.25.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Pledged Assets" means those certain mortgage loans set forth on Schedule V hereto.

"Pledged Asset Documents" means all of (i) the Pledged Notes, (ii) the Pledged Mortgages and (iii) the related loan documents in connection with the Pledged Assets, the Mortgagors and the Mortgaged Properties as more particularly set forth on Schedule VI hereto and as described in the Security Agreement.

"Pledged Mortgages" shall mean the senior mortgages that have been pledged to Agent and are more fully described on Schedule VII.

"Pledged Notes" shall mean those certain promissory notes that have been pledged to Agent and are more fully described in Schedule VIII.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Commitment and the denominator of which is the Aggregate Commitment.

"Purchase Option" means that certain purchase option held by Sun/Forest LLC with respect to the Mortgaged Properties in accordance with that certain Operating Agreement of Sunchamp LLC, a Michigan limited liability company, dated October 8, 1999, as amended by Amendment effective October 8, 1999.

"Purchasers" is defined in Section 12.3.1.

"Rating Agencies" means both Standard & Poor's Ratings Services and Moody's Investor Service, Inc. If either of such agencies discontinues its rating of the Borrower or its ratings of real estate investment trusts generally, the Agent and the Required Lenders shall, within six (6) months of such discontinuance, determine another nationally recognized statistical ratings agency that assigns a rating to the Partnership (a "Substitute Rating Agency"), and the term Rating Agencies shall include such Substitute Rating Agency. During any time that only

one Rating Agency is assigning a rating to the Partnership, that Rating Agency's rating shall be used for all calculations under this Agreement.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"REIT" means Sun Communities, Inc., a Maryland corporation.

"Required Lenders" means Lenders in the aggregate having at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 66-2/3% of the aggregate unpaid principal amount of the Aggregate Outstanding Credit Exposure. Notwithstanding the foregoing, if there is only one Lender, Required Lenders shall mean that Lender.

"Reserve Rate" means the rate per annum which Agent determines to be either (i) the arithmetic mean (rounded upwards if necessary to the nearest whole multiple of 1/1,000%) of the one, two or three month United States dollar lending rates that at least three major New York City banks selected by Lender are quoting, at 11:00 a.m. (New York time) on the relevant Determination Date, to the principal London offices of at least two of the Reference Banks, or (ii) in the event that at least two such rates are not obtained, the lowest one-month United States dollar lending rate which New York City banks selected by Lender are quoting as of 11:00 a.m. (New York time) on such Determination Date to leading European banks.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Second Advance" is defined in Section 2.1.1.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Security Agreement" means those certain pledge and security agreements each dated the date hereof between Borrowers, Agent and Lenders in the aggregate principal amount of $48,000,000.00 pursuant to which Borrower has pledged to Lender and granted Lender a security interest in the Pledged Assets.

"Subordinate Mortgagees" shall mean Sun Communities Texas Mezzanine Lender Limited Partnership and Sun Communities Mezzanine Lender, the holders of the Subordinate Mortgages.

"Subordinate Mortgages" shall mean those subordinate mortgages encumbering the Mortgaged Properties as more specifically described on Schedule IX.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Substitute Rating Agency" is defined in the definition of "Rating Agencies."

"Sun Financial" means Sun Financial, LLC, a Michigan limited liability company.

"Sun LP" means Sun Financial Texas Limited Partnership, a Michigan limited partnership.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

"Title Policies" shall mean the lender's title insurance policies insuring the Liens of the Pledged Mortgages on the Mortgaged Properties.

"Transfer Documents" means the various assignment documents, allonges and related documents set forth on Schedule X with respect to the transfer of the Pledged Assets and the Pledged Asset Documents to Lender.

"Transferee" is defined in Section 12.4.

"Type" means a Eurodollar Advance or a Floating Rate Advance.

"UCC" or "Uniform Commercial Code" means the Uniform Commercial Code as in effect in the State in which each Borrower is organized and has where each Property is located.

"UCC Financing Statements" means UCC-l financing statements signed by Borrower, as debtor, naming Agent, as secured party, and filed in the appropriate offices of the jurisdictions where each Borrower is organized (each, a "UCC Financing Statement").

"UCC Searches" is defined in Section 4.2.8.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Unsecured Debt Rating" means with respect to a Person, the rating assigned by the Rating Agencies to such Person's long term unsecured debt obligations.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II
THE TERM LOAN

2.1. The Loan.

2.1.1. Advances. (i) Subject to and upon the terms and conditions herein set forth each Lender severally agrees, in accordance with the terms of this Agreement to make its Pro Rata Share of the initial Advance of $18,000,000.00 (the "Initial Advance") on or before October 15, 2002 and, thereafter, but prior to November 1, 2002 (the "Second Funding Date"), to make its Pro Rata Share of the second Advance not to exceed $30,000,000.00 (the "Second Advance") to Borrowers, which Advances shall not exceed, in the aggregate principal amount at any time outstanding, the Loan Amount.

(ii) Advances that have been prepaid pursuant to the provisions of this Agreement, including, without limitation, Section 2.7 may not be re-borrowed. All outstanding Advances shall mature on the Maturity Date, without further action on the part of Agent or any Lender.

(iii) Each Advance (other than an Advance on a date that is not a Payment Date) shall be a Eurodollar Advance (unless at the time of such Advance the Eurodollar Advances are not available pursuant to Section 3.3).

2.1.2. Intentionally Deleted.

2.1.3. Intentionally Deleted.

2.1.4. Repayment of Facility. The aggregate outstanding principal balance of the Loan, together with all accrued and unpaid interest thereon, and all other unpaid Obligations shall be paid in full by the Borrowers on the Maturity Date.

2.2. Advances.

2.2.1. Advances. Each Advance hereunder shall consist of Loans made from the several Lenders ratably according to their Pro Rata Shares.

2.2.2. Intentionally Deleted.

2.2.3. Method of Selecting Interest Periods for Advances. The Borrowers shall select the Interest Period applicable to each Eurodollar Advance from time to time.

The Borrowers shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (New York time) at least three Business Days before the Borrowing Date for each Eurodollar Advance. A Borrowing Notice shall specify:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance, and

(iii) in the case of each Eurodollar Advance, the Interest Period applicable thereto (which may not end after the Maturity Date).

2.2.4. Conversion and Continuation of Outstanding Advances. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Eurodollar Advance with an Interest Period of one month unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7 or (y) the Borrowers shall have given the Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period or (z) Eurodollar Advances are not then available pursuant to Section 3.3, in which case it shall be automatically converted to a Floating Rate Advance in accordance with Section 3.3. Subject to the terms of Section 2.6 and 3.3, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. The Borrowers shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance, or continuation of a Eurodollar Advance, not later than 10:00 a.m. (New York time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount of the Advance which is to be converted or continued, and

(iii) the amount of such Advance(s) which is to be converted or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.3. Intentionally Deleted.

2.4. Method of Borrowing. Not later than 1:00 p.m. (New York City time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available in New York City to the Agent at its address specified pursuant to Article XIII. The Agent will make the funds so received from the Lenders available to the Borrowers at the Agent's aforesaid address.

2.5. Intentionally Deleted.

2.6. Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of $1,000,000 and in multiples of $100,000 if in excess thereof). The Borrowers shall not request a Eurodollar Advance if, after giving effect to the requested Eurodollar Advance, more than six separate Eurodollar Advances would be outstanding.

2.7. Optional Principal Payments. The Borrowers may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances, or, in a minimum aggregate amount of $500,000 or any integral multiple of $100,000 excess thereof, any portion of the outstanding Floating Rate Advances upon three Business Days' prior notice to the Agent. The Borrowers may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurodollar Advances or, in a minimum aggregate amount of $500,000 or any integral multiple of $100,000 in excess thereof, any portion of the outstanding Eurodollar Advances upon three Business Days' prior notice to the Agent.

2.8. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 3.3 to but excluding the date it becomes due or is converted into a Eurodollar Advance pursuant to Section 2.2.4 hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the Eurodollar Rate as applicable to such Eurodollar Advance. No Interest Period may end after the Maturity Date.

2.9. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.2.3, Section 2.2.4 or 2.8, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrowers (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrowers (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus four percent (4%) per annum, and (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate otherwise applicable to the Floating Rate Advance plus four percent (4%) per annum, provided that, during the continuance of a Default under Section 7.5 or 7.6, the interest rates set forth in clauses (i) and (ii) above shall be applicable to all Advances without any election or action on the part of the Agent or any Lender.

2.10. Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the

Agent specified in writing by the Agent to the Borrowers, by noon (local time) on the date when due and shall be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. If the Agent fails to deliver to any Lender, within one Business Day of the Agent's receipt thereof, funds received by Agent for the account of such Lender, the Agent shall pay to such Lender interest on such funds, at the Federal Funds Effective Rate for each day thereafter until such funds are delivered to such Lender.

2.11. The Note. (a) Borrowers' obligation to pay the principal of, and interest on, the Loan shall be evidenced by the promissory note (as amended, modified, supplemented, extended or consolidated, the "Note") duly executed and delivered by Borrowers substantially in the form of Exhibit A hereto in a principal amount equal to the Loan Amount, with blanks appropriately completed in conformity herewith. The Note shall (i) be payable to the order of Agent, and the Lenders, (ii) be dated the Closing Date, and (iii) mature on the Maturity Date. If required by a Lender, Borrowers hereby agree to execute a supplemental Note in the principal amount of such Lender's Pro Rata Share of the Loan Amount substantially in the form of Exhibit A hereto, with blanks appropriately completed, and such supplemental Note shall (i) be payable to order of such Lender, (ii) be dated as of the Closing Date, and (iii) mature on the Maturity Date. Such supplemental Note shall provide that it evidences a portion of the existing indebtedness hereunder and not any new or additional indebtedness of Borrowers.

(b) Agent is hereby authorized, at its option, (i) to endorse on the schedule attached to each Note (or on a continuation of such schedule attached to each such Note and made a part thereof) an appropriate notation evidencing the date and amount of each Advance evidenced thereby and the Pro Rata Share thereof of each Lender, and the date and amount of each principal and interest payment in respect thereof, and/or (ii) to record such Advances and such payments in its books and records. Such schedule or such books and records, as the case may be, shall be conclusive and binding on Borrower absent manifest error, provided that the failure to make any notation shall not affect the obligations of Borrowers, or the rights of any Lender hereunder.

2.12. Telephonic Notices. The Borrowers hereby authorize the Lenders and the Agent to extend, convert or continue Advances, effect selections of Types of Advances, and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrowers, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices, and Conversion/Continuation Notices to be given telephonically. The Borrowers agree to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error.

2.13. Payment Dates; Interest and Fee Basis. Interest accrued on each Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, on any date on which the Advance is prepaid, whether due to acceleration or otherwise,

and at maturity. Interest and fees hereunder shall be calculated on the basis of the actual number of days elapsed in a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on an Advance, or any payments of fees, shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.14. Notification of Advances, Interest Rates and Prepayments. Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Borrowing Notice and Conversion/Continuation Notice and repayment notice received by it hereunder. The Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and if applicable will give each Lender prompt notice of each change in the Base Rate.

2.15. Lending Installations. Each Lender may book its Loans at any Lending Installation selected by such Lender, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation, and the Loans, and any Notes issued hereunder shall be deemed held by each Lender, as the case may be, for the benefit of any such Lending Installation. Each Lender may, by written notice to the Agent and the Borrowers in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it and for whose account Loan payments are to be made.

2.16. Non-Receipt of Funds by the Agent. Unless a Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrowers, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or a Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrowers, the interest rate applicable to the relevant Loan.

2.17. Joint and Several. The Borrowers shall be jointly and severally liable for the payment and performance of all Obligations.

2.18. Replacement of Lender. If the Borrowers are required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender (any Lender so affected an "Affected Lender"), the Borrowers may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, provided that no Default or Unmatured Default shall have occurred and be continuing at the time of such

replacement, and provided further that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Agent shall agree, as of such date, to purchase for cash the Advances and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit B and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrowers shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrowers hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender. At the request of the Borrowers, the Agent will assist the Borrowers in identifying a bank or other entity to replace an Affected Lender.

2.19. Intentionally Deleted.

2.20. Use of Proceeds and Limitations on Advances.

The Borrowers shall use the proceeds of the Initial Advance for working capital and the proceeds of the Second Advance to prepay a portion of the Existing Line of Credit.

2.21. Intentionally Deleted.

ARTICLE III
YIELD PROTECTION; TAXES

3.1. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender or any applicable Lending Installation to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender in respect of its Eurodollar Loans, or participations therein, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining

its Eurodollar Loans, or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its Eurodollar Loans, or participations therein, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Eurodollar Loans, or participations therein held or interest received by it, by an amount deemed material by such Lender,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation, as the case may be, of making or maintaining its Eurodollar Loans or Commitment or to reduce the return received by such Lender or applicable Lending Installation, as the case may be, in connection with such Eurodollar Loans, Commitment, or participations therein, then, within 15 days of demand by such Lender, the Borrowers shall pay such Lender, such additional amount or amounts as will compensate such Lender, as the case may be, for such increased cost or reduction in amount received.

3.2. Changes in Capital Adequacy Regulations. If any Lender determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender, or any corporation controlling such Lender is increased as a result of a Change, then, within 15 days of demand by such Lender, the Borrowers shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans, as the case may be, hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If (a) any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if (b) the Required Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Ratable Advances are not available or (ii) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Agent shall, in the case of clause (a) above, suspend the availability of Eurodollar Advances and require any affected

Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4, and, in the case of clause (b) above, suspend the availability of Eurodollar Advances and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to payment of any funding indemnification amounts required by Section 3.4.

3.4. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrowers for any reason other than default by the Lenders, the Borrowers will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5. Taxes.

(i) All payments by the Borrowers to or for the account of any Lender, or the Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrowers shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, or the Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrowers shall make such deductions, (c) the Borrowers shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrowers shall furnish to the Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrowers hereby agree to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note ("Other Taxes").

(iii) The Borrowers hereby agree to indemnify the Agent, and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Agent, or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Agent, or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement, (a) deliver to the Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any

United States federal income taxes, and (b) deliver to the Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrowers or the Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrowers and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrowers with an appropriate form pursuant to paragraph (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under paragraph (iv), above, the Borrowers shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrowers (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax, withholding therefor, or

otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrowers to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrowers (with a copy to the Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrowers in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate, as the case may be, applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrowers under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV
CONDITIONS PRECEDENT

4.1. Conditions Precedent to the Initial Advance. The obligation of the Lenders to make the Initial Advance is subject to the satisfaction by the Borrower on the Closing Date of the following conditions precedent:

4.1.1. Loan Documents.

(i) Agreement. The Borrowers, the Partnership and the REIT shall have executed and delivered this Agreement to the Agent.

(ii) The Note. The Borrowers shall have executed and delivered to the Agent the Note.

(iii) Guaranty. The REIT and the Partnership shall have executed and delivered to the Agent the Guaranty.

(iv) Security Agreement. Each Borrower shall have executed and delivered to the Agent its respective Security Agreement.

(v) Collateral Assignment. The Borrowers shall have executed and delivered their respective Collateral Assignments to Agent.

(vi) UCC Financing Statements. The Borrowers shall have executed and delivered to the Agent the UCC Financing Statements with respect to the Pledged Assets.

(vii) Environmental Indemnity. The Borrowers, the Partnership and the REIT shall have executed and delivered to the Agent the Environmental Indemnity.

(viii) Transfer Documents. The Borrowers shall have executed and delivered to Agent the Transfer Documents.

4.1.2. Organizational Documents. The Agent shall have received (i) with respect to the REIT, the certificate of incorporation of the REIT, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or the equivalent thereof) as of a date not more than thirty (30) days prior to the Closing Date, together, in each case, with a good standing certificate from such Secretary of State (or the equivalent thereof) dated a date not more than thirty (30) days prior to the Closing Date, (ii) with respect to the Borrower that is a limited partnership and the Partnership, the agreement of limited partnership of such Person, as amended, modified or supplemented to the Closing Date, in the case of Sun LP, certified to be true, correct and complete by a general partner of such Person, together with a copy of the certificate of limited partnership of such Person, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or the equivalent thereof) as of a date not more than thirty (30) days prior to the Closing Date, and in the case of the Partnership, certified to be true, correct and complete by the general partner of the Partnership, together, in each case, with a good standing certificate from such Secretary of State (or the equivalent thereof) dated not more than thirty (30) days prior to the Closing Date, (iii) with respect to the Borrower that is a limited liability company, the certificate of formation or articles of organization of such Borrower, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the appropriate Secretary of State (or the equivalent thereof) as of a date not more than thirty (30) days prior to the Closing Date, together with a good standing certificate from the Secretary of State (or the equivalent thereof) of such State to be dated a date not more than thirty (30) days prior to the Closing Date.

4.1.3. Certified Resolutions, etc. The Agent shall have received (i) a certificate of the secretary or assistant secretary of the REIT dated the Closing Date, certifying (a) the names and true signatures of the incumbent officers of the REIT authorized to sign the applicable Loan Documents, (b) the by-laws of the REIT as in effect on the Closing Date, (c) the resolutions of the REIT's board of directors approving and authorizing the execution, delivery and performance of all Loan Documents executed by the REIT either in its own capacity or as a partner or member of the Borrowers and the Partnership, and (d) that there have been no changes in the certificate of incorporation of such Person since the date of the most recent certification thereof by the appropriate Secretary of State and (ii) with respect to the Borrowers and the Partnership, comparable

certificates evidencing appropriate approvals, consents and authority with respect to the execution and delivery of the Loan Documents by Borrower, and the Partnership.

4.1.4. Intentionally Deleted.

4.1.5. Rating Agencies. The Borrower shall have delivered evidence satisfactory to the Agent that the Partnership's Unsecured Debt Rating is BBB- or higher as assigned by Standard & Poor's Ratings Services and Baa3 or higher as assigned by Moody's Investor Service, Inc.

4.1.6. Financial Statements. The Agent shall have received the consolidated audited financial statements of the Partnership and the REIT for the most recently ended fiscal year of the Partnership and the REIT and the unaudited consolidated financial statements of the Partnership and the REIT for each fiscal quarter of the Partnership and the REIT ending since the end of such entity's most recent fiscal year. Such financial statements shall be reasonably acceptable to the Agent and all of the Lenders, and each such statement shall be certified by a general partner or senior executive officer of the Partnership and the REIT that, as of the Closing Date, there has been no material adverse change in the financial condition of the Partnership or the REIT since the date thereof.

4.1.7. Pledged Assets. The Agent shall have received originals of all of the Pledged Asset Documents.

4.1.8. Insurance. The Agent shall have received insurance certificates reasonably satisfactory to Agent showing that the insurance coverage required under the Pledged Asset Documents for the Mortgaged Properties is in full force and effect.

4.1.9. Opinion. The Agent shall have received an opinion of the Borrower's and Guarantors' counsel with respect to the due execution and enforceability and the Loan Documents in form and substance reasonably satisfactory to Agent.

4.1.10. Fees. The Agent shall have received the fee provided for in the fee letter dated October 10, 2002 among the Borrower, the Guarantors, the Agent and Lehman Brothers Inc.

4.1.11. Additional Matters. The Agent shall have received such other certificates, opinions, documents and instruments relating to the transactions under this Agreement as may have been reasonably requested by the Agent or any of the Lenders, and all corporate and other proceedings and all other documents (including, without limitation, evidence of zoning compliance, leases, contracts and agreements relating to the ownership, management, leasing and operation of the Unencumbered Assets and all other documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with this Agreement shall be reasonably satisfactory in form and substance to the Agent and all of the Lenders.

4.2. Conditions Precedent to all Advances. The Lenders will not be required to make their Pro Rata Share of the Initial Advance or of the Second Advance unless on the applicable Borrowing Date:

4.2.1. No Default. There exists no Default or Unmatured Default.

4.2.2. Representations and Warranties. The representations and warranties contained in Article V are true and correct as of such Borrowing Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

4.2.3. Legal Matters. All legal matters incident to the making of such Advance shall be satisfactory to the Lenders and their counsel.

4.2.4. No Injunction. No law or regulation shall have been adopted, no order, judgment or decree of any governmental authority shall have been issued, and no litigation shall be pending or threatened, which in the good faith judgment of the Agent would enjoin, prohibit or restrain, or impose or result in the imposition of any material adverse condition upon, the making of the Advance or the Borrower's obligation to pay (or the Agent or any Lender's rights to receive payment of) the Loan and the other Obligations or the consummation of the transactions under this Agreement.

4.2.5. No Material Adverse Change. No event, act or condition shall have occurred after the Closing Date which, in the reasonable judgment of the Agent, has had or would have a Material Adverse Effect.

4.2.6. Notice of Borrowing. The Agent shall have received a fully executed Borrowing Notice or Conversion/Continuation Notice, as the case may be, in respect of the Advance to be made on such date.

4.2.7. No Litigation. Except for matters identified on Schedule XI (as the same may be amended or supplemented), no actions, suits or proceedings shall be pending or threatened with respect to the Loan or the Loan Documents, the Borrower, the Pledged Assets or the Mortgaged Properties that could, in the aggregate, result in a Material Adverse Effect, and the matters identified on Schedule XI, in the aggregate, do not result in a Material Adverse Effect.

4.2.8. Intentionally Deleted.

4.2.9. Intentionally Deleted.

4.2.10. Additional Matters. The Agent shall have received such other certificates, opinions, documents and instruments relating to the Loan as may have been reasonably requested by the Agent or any of the Lenders and all corporate and other proceedings and all other documents (including, without limitation, all documents referred to herein and not appearing as exhibits hereto) and all legal matters in connection with the Loan shall be satisfactory in form and substance to the Agent and the Required Lenders.

Each Borrowing Notice, shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2.1 and 4.2.2 have been satisfied.

4.3. Number and Funding of Advances. The Borrower shall only have the right to request the Initial Advance and the Second Advance. If the Borrower requests an Advance for less than the maximum amount of the Second Advance, it shall have no right to request the balance of the Second Advance thereafter. If the Initial Advance and the Second Advance have not been made on or prior to the Second Funding Date, Borrower shall have no right to request any Advances under the Loan and the Lenders shall have no obligation to make any Advances under the Loan.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

In order to induce the Agent and the Lenders to enter into this Agreement and to make the Loan and the Advances hereunder, the Borrower, the Partnership and the REIT make the following representations and warranties, which shall survive the execution and delivery of this Agreement and the Notes and the making of each Advance:

5.1. Existence and Standing. Each of the Borrower, the Partnership and the REIT is a corporation, partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2. Authorization and Validity. Each of the Borrower, the Partnership and the REIT has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each of the Borrower, the Partnership and the REIT of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate or other appropriate proceedings, and the Loan Documents to which each of the Borrower, the Partnership and the REIT is a party constitute its legal, valid and binding obligations enforceable against it in accordance with the terms thereof, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Borrower, the Partnership nor the REIT of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower, the Partnership or the REIT or (ii) the articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement of the Borrower, the Partnership or the REIT or (iii) the provisions of any indenture, instrument or agreement to which the Borrower, the Partnership or the REIT is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision

thereof, which has not been obtained by the Borrower, the Partnership or the REIT, is required to be obtained by the Borrower, the Partnership or the REIT in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements; Financial Condition; etc. The financial statements delivered pursuant to Section 4.1.6 were prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial condition and the results of operations of the Borrower, the Partnership, the REIT, the Pledged Assets and the Mortgaged Properties covered thereby on the dates and for the periods covered thereby, except as disclosed in the notes thereto and, with respect to interim financial statements, subject to usual year-end adjustments. Neither the Borrower, the Partnership nor the REIT has any material liability (contingent or otherwise) not reflected in such financial statements or in the notes thereto. There has been no adverse change in any condition, fact, circumstance or event that would make any such information materially inaccurate, incomplete or otherwise misleading or would affect the Borrower's, the Partnership's or the REIT's ability to perform its obligations under this Agreement.

5.5. Material Adverse Change. Since June 30, 2002 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower, the Partnership or the REIT that could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. Each of the Borrowers, the Partnership and the REIT has filed all United States federal tax returns and all other tax returns which are required to be filed and has paid all taxes (if any) due pursuant to said returns or pursuant to any assessment received by them, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Borrower, the Partnership and the REIT in respect of any taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. Except as set forth on Schedule XI, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower, the Partnership or the REIT that could reasonably be expected to have a Material Adverse Effect or that seeks to prevent, enjoin or delay the making of any Advance.

5.8. No Plan Assets. Neither Borrower is an "employee benefit plan" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, and none of the assets of either Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C. F. R. Section 2510. 3-101. In addition, (a) Neither Borrower is a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with Borrowers are not subject to State statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Code currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Agreement.

5.9. Accuracy of Information. No information, exhibit or report furnished by the Borrower, the Partnership or the REIT to the Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.10. Intentionally Deleted.

5.11. Material Agreements. Neither the Borrower, the Partnership nor the REIT is a party to any agreement or instrument or subject to any charter or other corporate, partnership or other restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower, the Partnership nor the REIT is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) except as set forth on Schedule 5.11, any agreement or instrument evidencing or governing Indebtedness; the defaults set forth on Schedule 5.11 could not reasonably be expected to have a Material Adverse Effect.

5.12. Compliance With Laws. Each of the Borrower, the Partnership and the REIT has complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses, with respect to Borrowers, or the ownership of the Pledged Assets except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.13. Ownership of Pledged Assets; Existing Security Instruments. The Borrower has good title to all of the Pledged Assets. As of the date of this Agreement, there are no options or other rights to acquire any of the Pledged Assets that run in favor of any Person and there are no mortgages, deeds of trust, indentures, debt instruments or other agreements creating a Lien against any of the Mortgaged Properties other than Permitted Liens and the Purchase Option.

5.14. No Default. No Default or Unmatured Default exists under or with respect to any Loan Document. The Borrower, is not in default in any material respect beyond any applicable grace period under or with respect to any other material agreement, instrument or undertaking to which it is a party or by which it or any of the Pledged Assets is bound in any respect, the existence of which default could result in a Material Adverse Effect. No Default or Unmatured Default exists under the Existing Line of Credit.

5.15. Intentionally Deleted.

5.16. Intentionally Deleted.

5.17. Investment Company Act. Neither the Borrower, the Partnership, nor the REIT is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

5.18. Public Utility Holding Company Act. Neither the Borrower, the Partnership nor the REIT is a "holding company" or a "subsidiary company" of a "holding company," or an

"affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. Intentionally Deleted.

5.20. Property Manager. As of the date hereof, the manager of the Mortgaged Properties is an Affiliate of the Borrower.

5.21. Intentionally Deleted.

5.22. Intentionally Deleted.

5.23. Intentionally Deleted.

5.24. Intentionally Deleted.

5.25. Intentionally Deleted.

5.26. Single Purpose.

Each Borrower is engaged only in the business of owning the Pledged Assets. No Borrower owns or has any interest in any Person. The sole partners and beneficial owners of each Borrower are and will continue to be, directly or indirectly, the Partnership and/or the REIT.

5.27. Ownership. Each Subordinate Mortgagee is wholly owned and controlled, directly or indirectly, by the Partnership and the REIT, and (c) each Borrower is wholly owned and controlled, directly or indirectly, by the partnership and the REIT.

5.28. Principal Place of Business; State of Organization. Each Borrower's principal place of business as of the date hereof is the address set forth on the signature pages hereof. Each Borrower is organized under the laws of the State of Michigan. Sun Financial's organizational identification number is B9392F, Sun LP's organizational identification number is L05659.

5.29. Taxpayer Identification Number. Sun Financial's United States taxpayer identification number is 30-0114694. Sun LP's United States taxpayer identification number has been applied for by Sun LP and Sun LP shall supply such number to Agent upon its assignment.

ARTICLE VI
COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting.

6.1.1. Financial Statements and Other Reports. The Borrowers and the Partnership shall deliver to Agent copies of all financial statements, reports, compliance certificates, comfort letters, notices of default or litigation, notices of violation, environmental notices and all other notices and information required to be delivered pursuant to the Existing Line of Credit simultaneously with their delivery to the Line of Credit Agent.

6.1.2. Intentionally Deleted.

6.1.3. Notice of Default or Litigation. Promptly after a Responsible Officer obtains actual knowledge thereof, the Borrowers shall give Agent notice of (i) the occurrence of a Default or Unmatured Default under this Agreement, (ii) the occurrence of (w) any default that is not cured, or any event of default, under any partnership agreement of the Borrower, any mortgage, deed of trust, indenture or other debt or security instrument, covering any of the Mortgaged Properties, (x) any event of default under any other material agreement to which the Borrowers are a party, which, if not cured could result in a Material Adverse Effect, (y) any Collateral Default or Collateral Event of Default, or (z) a Default, Unmatured Default or Event of Default under the Existing Line of Credit, (iii) any litigation or governmental proceeding pending or threatened (in writing) against the Borrowers, which could result in a Material Adverse Effect and (iv) any other event, act or condition which could result in a Material Adverse Effect. Each notice delivered pursuant to this Section 6.1.3 shall be accompanied by a certificate of the REIT for itself and as general partner of the Partnership setting forth the details of the occurrence referred to therein and describing the actions the Borrowers propose to take with respect thereto.

6.1.4. Intentionally Deleted.

6.1.5. Environmental Notices. The Borrower shall furnish to the Agent, as soon as possible and in any event within ten (10) days after receipt by either Borrower, a copy of (i) any notice or claim to the effect that the Borrower, the Partnership or the REIT is or may be liable to any Person as a result of the release of any toxic or hazardous waste or substance into the environment from the Mortgaged Properties, and (ii) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrowers with respect to the Mortgaged Properties.

6.1.6. Notice of Violation. The Borrowers, will give prompt notice to the Agent of the receipt by the Borrower, the Partnership or the REIT of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws with respect to the Borrowers, the Pledged Assets and that could result in a Material Adverse Effect.

6.1.7. Other Information. The Borrowers, the Partnership and the REIT shall promptly furnish to the Agent such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request.

6.1.8. Pledged Assets. (i) The Borrowers shall deliver to Agent, within two days of receipt, copies of all financial information, including rent rolls and operating statements, and all notices given by Mortgagor to Borrower under the Pledged Asset Documents or with respect to the Mortgaged Properties. Within ten (10) days of the end of each calendar month, Borrower shall deliver to Agent a report in form and substance reasonably satisfactory to Agent setting forth for such month, among other things (i) payments received under the Pledged Asset Documents, and (ii) advances made to Mortgagors pursuant the Pledged Asset Documents.

(ii) Borrowers shall furnish to Agent, within ten (10) Business Days after request, such further detailed information with respect to the operation of the Mortgaged Properties and the financial affairs of Borrowers as may be reasonably requested by Agent.

6.2. Use of Proceeds; Margin Regulations. All proceeds of each Advance will be used by the Borrowers, the Partnership and the REIT only in accordance with the provisions of Section 2.20. No part of the proceeds of any Advance will be used by the Borrower or the REIT to purchase or carry any margin stock (as defined in Regulation U) or to extend credit to others for the purpose of purchasing or carrying any margin stock.

6.3. Conduct of Business.

(i) The Borrowers, the Partnership and the REIT will, do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(ii) The Borrower shall not own any Assets other than the Pledged Assets and shall not incur any indebtedness other than the Loan.

6.4. Taxes. The Borrowers, will, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside.

6.5. Insurance. The Borrowers shall, or shall cause each Mortgagor to, maintain the insurance coverage required under the Pledged Asset Documents with respect to the Mortgaged Properties and shall deliver evidence reasonably satisfactory to the Agent that such insurance is being maintained.

6.6. Compliance with Laws. The Borrowers, will comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject,

including, without limitation, all Environmental Laws. The Borrowers, will take appropriate measures to prevent, and will not engage in or knowingly permit, any illegal activities at any Mortgaged Property.

6.7. Intentionally Deleted.

6.8. Inspection. The Borrowers, the Partnership and the REIT will permit the Agent and the Lenders, by their respective representatives and agents, to inspect, books and financial records of the Borrowers, the Partnership and the REIT, to examine and make copies of the books of accounts and other financial records of the Borrowers, the Partnership and the REIT, to discuss the affairs, finances and accounts of the Borrowers, the Partnership and the REIT.

6.9. Intentionally Deleted.

6.10. Change in Rating. The Partnership will promptly notify the Agent in writing of any change, downgrade or withdrawal, or threatened change, downgrade or withdrawal of the Partnership's Unsecured Debt Rating.

6.11. Intentionally Deleted.

6.12. Acceleration Notice. The Borrower agrees that it will, within ten (10) days after receipt of written notice that the debt secured by any Subordinate Mortgage has been accelerated, provide written notice to the Agent of such acceleration.

6.13. Intentionally Deleted.

6.14. Intentionally Deleted.

6.15. Intentionally Deleted.

6.16. Intentionally Deleted.

6.17. Intentionally Deleted.

6.18. Intentionally Deleted.

6.19. Pledged Asset Documents. Borrowers shall perform all of their obligations as lender under the Pledged Asset Documents, including the funding of required advances thereunder to which the Mortgagors are entitled under the Pledged Asset Documents. Borrowers shall not, without Agent's prior written consent, agree to any modification or amendment to any of the Pledged Asset Documents, the Intercreditor Agreements or the Subordinate Mortgages, and shall not waive any material conditions or terms of the Pledged Asset Documents.

6.20. Intercreditor Agreements. The Subordinate Mortgagees hereby agree that without the prior written consent of the Agent, they will not (a) declare a default, accelerate the debt secured by the Subordinate Mortgages, commence any foreclosure action, exercise any power-of-sale, commence any suit against any Mortgagor, commence any bankruptcy or similar insolvency proceeding with respect to any Mortgagor or take any other enforcement action with

respect to any Subordinate Mortgage, or (ii) sell, transfer, assign, pledge, encumber, convey or grant participation interests in the Subordinate Mortgages.

6.21. Purchase Option. In the event Sun/Forest LLC exercises its Purchase Option with respect to any Mortgaged Property or is required to purchase any Mortgaged Property pursuant to such Purchase Option, Sun/Forest LLC shall pay such purchase price to the applicable Borrower on account of the Pledged Mortgage, and if the purchase price so received by Borrower is less than the then outstanding principal balance of the applicable Pledged Mortgage (such difference, the "Purchase Shortfall"), then either (a) Sun/Forest LLC shall take title to such Mortgaged Property subject to, and assume all obligations under, the applicable Pledged Mortgage, the related Pledged Asset Documents and the applicable Subordinate Mortgage or (b) Borrower shall simultaneously prepay a portion of the Loan equal to the Purchase Shortfall in accordance with Section 2.7(except that the minimum repayment amounts therein shall not apply).

The Partnership agrees that it shall not permit Sun/Forest LLC to sell, transfer, assign, pledge, encumber, convey or grant participation interests in (i) its direct or indirect interest in each Mortgagor, unless an entity Controlled by the Partnership or the REIT is the general partner of Mortgagor, if the Mortgagor is a limited partnership or is the manager of the Mortgagor, if the Mortgagor is a limited liability company, or (ii) the Purchase Option.

6.22. Funding Reserve.

(a) If the Unsecured Debt Rating of the Partnership is at any time less than BBB- or its equivalent, or is withdrawn or is no longer assigned by any Rating Agency or Substitute Rating Agency, Borrower shall, within five (5) Business Days after the date such Unsecured Debt Rating is announced, deposit, in immediately available funds, an amount equal to the difference between the then aggregate outstanding principal balance of the Pledged Mortgages and the maximum aggregate stated principal amount (adjusted for any prepayments or scheduled amortization payments actually received by the applicable Borrower) of the Pledged Mortgages (such differences, the "Funding Requirement") into a reserve account to be held by Agent in Agent's name for the benefit of the Lenders (the "Funding Reserve"). The Funding Reserve is for the purpose of Funding required advances under the Pledged Mortgages.

(b) Provided no Event of Default has occurred and is continuing, Borrowers shall have the right to request a disbursement from the Funding Reserve if a Borrower is obligated to fund an advance to a Mortgagor under the related Pledged Mortgage, and upon delivery of a certificate signed by a Responsible Officer representing and warranting to Agent (i) that such Mortgagor has complied with all the applicable conditions to an advance under the related Pledged Mortgage, (ii) that the work for which the requested advance relates has been completed in a satisfactory manner and (iii) the amount of the requested advances, Agent shall disburse sums from the Funding Reserve to Borrower in amount equal to the requested advance. Prior to requesting a subsequent disbursement from the Funding Reserve, Borrowers shall deliver an estoppel from

the Mortgagor entitled to the immediately preceding disbursement stating that it has received the full amount of such advance from the applicable Borrower.

(c) Borrowers grant to Agent and the Lender a first-priority perfected security interest in the Funding Reserve and any and all monies now or hereafter deposited in the Funding Reserve as additional security for payment of the Loan. Until expended or applied in accordance herewith, the Funding Reserve shall constitute additional security for the Loan.

(d) Upon the occurrence of an Event of Default, Agent may, in addition to any and all other rights and remedies available to Agent, apply any sums then present in any or all of the Funding Reserve to the payment of the Loan in any order in its sole discretion.

(e) The Funding Reserve shall not constitute trust funds and shall be held in an interest bearing account and all earnings or interest on the Funding Reserve shall be added to and become a part of Funding Reserve and shall be disbursed in the same manner as other monies deposited in the Funding Reserve.

(f) Borrowers shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in the Funding Reserve or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Agent as the secured party, to be filed with respect thereto.

(g) Borrowers shall indemnify Agent and hold Agent harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys fees and expenses) arising from or in any way connected with the Funding Reserve or the performance of the obligations for which the Funding Reserve was established, except to the extent arising from the gross negligence or willful misconduct of Agent, its agents or employees. Borrower shall assign to Agent all rights and claims Borrowers may have against all Persons supplying labor, materials or other services which are to be paid from or secured by the Funding Reserve; provided, however, that Agent may not pursue any such right or claim unless an Event of Default has occurred and remains uncured.

(h) In the event that a Mortgagor agrees with the applicable Borrower to modify the related Pledged Mortgage to reduce the Funding Requirement and the maximum principal amount of the related Pledged Mortgage (provided that no such reduction shall reduce the maximum principal amount of the Pledged Mortgage to less than the outstanding principal balance thereof), and (i) such modification is in form and substance reasonably acceptable to Agent and (ii) it has been properly recorded in the appropriate real estate records, than, provided no Event of Default has occurred and is continuing, the Funding Reserve shall be

reduced by an amount equal to such reduction in the Funding Requirement, and such amount shall be disbursed to Borrower on request.

6.23. Incorporation by Reference.

(a) All of the terms and conditions of the Existing Line of Credit are hereby incorporated by reference and such terms and conditions shall have the same effect as if they were stated herein in their entirety. In the event that the Existing Line of Credit is repaid in full or terminated, the Partnership and the REIT shall continue to be bound by the terms and conditions of the Existing Line of Credit, and anything that would have constituted a Default, Unmatured Default or Event of Default under the Existing Line of Credit shall be a Default, or Unmatured Default or an Event of Default, as the case may be, hereunder.

(b) The Partnership and the REIT shall not modify any of the financial covenants, material economic terms or other material provisions of the Existing Line of Credit after the date hereof without the prior written consent of Agent.

6.24. Intentionally Deleted.

6.25. Liens. The Borrowers, will not, create, incur, assume or suffer to exist, directly or indirectly, any Lien on any Pledged Assets, or any Mortgaged Property, other than the following (collectively, the "Permitted Liens"):

(i) Liens existing on the Closing Date and set forth in the Title Policies;

(ii) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained;

(iii) Statutory Liens of landlords and Liens of mechanics, materialmen and other Liens imposed by Law (other than any Lien imposed by ERISA) created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings diligently conducted, and with respect to which adequate bonds have been posted if required to do so by Applicable Law;

(iv) Easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Borrower and which do not detract materially from the value of any of the Mortgaged Properties to which they attach or impair materially the use thereof by the Mortgagor or Borrower;

(v) The Liens of the Pledged Mortgages and the Subordinate Mortgages.

6.26. Restriction on Fundamental Changes.

(i) Without the prior written consent of the Agent and the Required Lenders, which consent may be withheld in the sole and absolute discretion of the Agent and the Required Lenders, the Borrowers, the Partnership, and the REIT will not enter into any merger or consolidation with, any Person other than the Borrowers, the Partnership, the REIT or a Person wholly owned and controlled by the Borrowers, the Partnership or the REIT.

(ii) Notwithstanding the foregoing, the Borrowers, or the Partnership may enter into a merger or consolidation, provided that following such merger or consolidation, the Partnership is the surviving entity of such merger or consolidation and the REIT or an entity wholly owned and controlled by the REIT (i) is the sole general partner of the Partnership, and (ii) owns at least a 51% economic ownership interest in the Partnership.

6.27. Transactions with Affiliates. The Borrowers, will not enter into any material transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Borrowers, other than on terms and conditions substantially as favorable as would be obtainable at the time in a comparable arm's-length transaction with a Person other than an Affiliate of the Borrowers.

6.28. Intentionally Deleted.

6.29. Intentionally Deleted.

6.30. Intentionally Deleted.

6.31. Organizational Documents. Neither the Borrower, the Partnership nor the REIT will make any amendments or modifications to its partnership agreement, corporate charter, by-laws, certificate of incorporation, articles of organization, operating agreement or other organizational documents which would have a Material Adverse Effect without the prior approval of the Agent and the Required Lenders; notwithstanding the foregoing, the Agent will be promptly notified of all such changes (other than modifications and amendments relating solely to the admission or deletion of limited partners or changes in their limited partnership interests, unless such limited partner is Gary Shiffman).

6.32. Intentionally Deleted.

6.33. Intentionally Deleted.

6.34. ERISA.

(i) Borrowers shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Agent of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA.

(ii) Borrowers further covenant and agree to deliver to Agent such certifications or other evidence from time to time throughout the term of the Loan, as requested by Agent in its sole discretion and represents and covenants that (A) neither Borrower is and or maintain an "employee benefit plan" as defined in Section 3(32) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (B) neither Borrower is subject to State statutes regulating investments and fiduciary obligations with respect to governmental plans; and (C) one or more of the following circumstances is true:

(a) Equity interests in each Borrower are publicly offered securities, within the meaning of 29 C. F. R. Section 2510. 3-101(b)(2);

(b) Less than twenty-five percent (25%) of each outstanding class of equity interests in each Borrower are held by "benefit plan investors" within the meaning of 29 C. F. R. Section 2510. 3-101(f)(2); or

(c) Each Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C. F. R. Section 2510. 3-101(c) or (e).

(iii) Agent, as Lender, represents and warrants that none of the funds being used to make the Advances are "plan assets" as defined under ERISA.

6.35. Transfer of Pledged Assets. The Borrower shall not sell, transfer, assign, convey, grant participations in, pledge or encumber any of the Pledged Assets or the Borrower's interest therein.

6.36. Proceeds of Equity and Debt Offerings. All net proceeds (after payment of underwriter and placement fees and other expenses directly related to such equity or debt offering) from any equity or debt offering by the REIT, the Partnership or the Borrowers shall be immediately applied to the prepayment of the outstanding principal balance of the Loan in accordance with Section 2.7.

6.37. Name, Identity, Structure, or Principal Place of Business. Neither Borrower shall change its name, identity (including its trade name or names), or principal place of business, without, in each case, first giving Agent thirty (30) days prior written notice. Neither Borrower shall change its corporate, partnership or other structure, or the place of its organization as set forth in Section 5.28, without, in each case, the consent of Agent. Upon Agent's request, Borrowers shall execute and deliver additional UCC Financing Statements, security agreements and other instruments which may be necessary to effectively evidence or perfect Agent's security interest in the Pledged Assets as a result of such change of principal place of business or place of organization.

6.38. Further Assurances. Borrowers shall execute and deliver to Agent such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the Pledged Assets at any time securing or intended to secure the obligations of Borrowers under the Loan Documents, as Agent

may reasonably require including, without limitation, the execution of additional or supplemental UCC Financing Statements and Collateral Assignments. Borrower hereby authorizes Agent to file any UCC Financing Statements required under the Security Agreement and under this Section 6.38.

6.39. Mortgage and Intangible Taxes. Borrowers and the Partnership shall pay all State, county and municipal recording, mortgage, and intangible, and all other taxes imposed upon the execution and recordation of the Collateral Assignments, UCC Financing Statements and/or upon the execution and delivery of the Transfer Documents and the Pledged Assets.

6.40. Ownership. The Partnership and the REIT shall, at all times, wholly own and control, directly or indirectly, (i) the Borrowers; and (ii) the Subordinate Mortgagees.

ARTICLE VII
DEFAULTS

Each of the following events, acts, occurrences or conditions shall constitute a Default under this Agreement, regardless of whether such event, act, occurrence or condition is voluntary or involuntary or results from the operation of law or pursuant to or as a result of compliance by any Person with any judgment, decree, order, rule or regulation of any court or administrative or governmental body:

7.1. Failure to Make Payments. The Borrowers, shall default in the payment when due of any principal or any interest on the Loan or default in the payment of any fees or other amounts owing hereunder or under any other Loan Documents when the same are due and payable.

7.2. Breach of Representation or Warranty. Any representation or warranty made by the Borrower, the Partnership or the REIT herein, in the Security Agreement or in any other Loan Document or in any certificate or statement delivered pursuant hereto or thereto shall prove to be false or misleading in any material respect on the date as of which made or deemed made: provided, however, that if such breach is capable of being cured, then the Borrowers shall have a period of thirty (30) days after delivery of notice from the Agent to cure any such breach.

7.3. Breach of Covenants.

(i) The Borrowers, the Partnership or the REIT shall fail to perform or observe any agreement, covenant or obligation arising under Sections 6.25 (other than Liens which are placed on a Mortgaged Property without the consent of the Borrower, the Partnership, or the REIT), 6.26, 6.34, 6.35, 6.36 and 6.40.

(ii) The Borrowers, the Partnership or the REIT shall fail to perform or observe any agreement, covenant or obligation arising under this Agreement (except those described in Sections 7.1, 7.2 and 7.3(i) above), and such failure shall continue uncured for thirty (30) days after delivery of notice thereof, or such longer period of time as is reasonably necessary to cure such failure, provided that the Borrowers have commenced and is diligently prosecuting the cure of such failure and cures it within ninety (90) days.

(iii) The Borrowers, the Partnership or the REIT shall fail to perform or observe any agreement, covenant or obligation arising under any provision of the Security Agreement or any of the Loan Documents other than this Agreement, which failure shall continue after the end of any applicable grace period provided therein.

7.4. Default Under Existing Line of Credit. The Partnership, or the REIT shall default beyond any applicable grace period in the payment performance or observance of any obligation or condition with respect to the Existing Line of Credit or any other event shall occur or condition exist, if the effect of such default, event or condition is to accelerate the maturity of the indebtedness under the Existing Line of Credit or such indebtedness shall become or be declared to be due and payable prior to its stated maturity and the foregoing conditions are not cured within (30) days after the condition occurs.

7.5. Bankruptcy, etc. (i) The Borrower, the Partnership, or the REIT shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commenced against the Borrower, the Partnership, or the REIT and the petition is not contested within sixty (60) days, or is not dismissed within ninety (90) days, after commencement of the case or (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower, the Partnership, the REIT, or the Borrower, the Partnership, or the REIT commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower, the Partnership, the REIT or there is commenced against the Borrower, the Partnership, or the REIT any such proceeding which remains undismissed for a period of ninety (90) days; or (iv) any order of relief or other order approving any such case or proceeding is entered; or (v) the Borrower, the Partnership, or the REIT is adjudicated insolvent or bankrupt; or (vi) the Borrower, the Partnership, or the REIT suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of ninety (90) days; or (vii) the Borrower, the Partnership, or the REIT, makes a general assignment for the benefit of creditors; or (viii) the Borrower, the Partnership, or the REIT shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (ix) the Borrower, or the Partnership, the REIT shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debt; or (x) the Borrower, the Partnership, or the REIT shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate, partnership or limited liability company action is taken by the Borrower, the Partnership, or the REIT for the purpose of effecting any of the foregoing.

7.6. Receivership. Without the application, approval or consent of the Borrower, the Partnership, or the REIT, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower, the Partnership, or the REIT, or a proceeding described in Section 7.5(iii) shall be instituted against the Borrower, the Partnership, or the REIT and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days.

7.7. Intentionally Deleted.

7.8. Intentionally Deleted.

7.9. Intentionally Deleted.

7.10. Guaranty. The Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of any Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect.

7.11. Intentionally Deleted.

7.12. Intentionally Deleted

7.13. Material Adverse Effect. If any Material Adverse Effect shall occur (other than a down grade, withdrawal or termination of the Partnership's or the REIT's Unsecured Debt Rating).

7.14. Collateral Event of Default. If any Collateral Event of Default shall occur and the Borrower fails to repay the entire Loan and all of the Obligations in full within five (5) Business Days of such occurrence.

ARTICLE VIII
ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. If any Default described in Section 7.5 or 7.6 occurs with respect to the Borrower, the obligations of the Lenders to make Advance hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent, or any Lender. If any other Default occurs, the Required Lenders (or the Agent with the consent of the Required Lenders) may terminate or suspend the obligations of the Lenders to make Loans hereunder or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives and enforce any and all of its remedies hereunder, in the Security Agreement, the other Loan Documents and as provided by Applicable Law.

8.2. Amendments. Subject to the provisions of this Section 8.2, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of all of the Lenders:

(i) Extend the final maturity of any Loan, or forgive all or any portion of the principal amount thereof or reduce the rate or extend the time of payment of interest or fees thereon.

(ii) Reduce the percentage specified in the definition of Required Lenders.

(iii) Extend the Maturity Date or increase the Loan Amount, the Aggregate Commitment, the Commitment of any Lender hereunder or permit the Borrower to assign its rights under this Agreement.

(iv) Reduce the Commitment of any Lender except for (a) reductions of a Lender's Commitment as a result of the assignment of all or a portion thereof to a Purchaser in accordance with Section 12.3 and (b) replacement of a Lender in accordance with Section 2.18.

(v) Amend this Section 8.2.

(vi) Release any Guarantor.

(vii) Provide for an Interest Period of less than one month or greater than three months.

(viii) Subject any Lender to any additional obligation.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may waive payment of the fee required under Section 12.3.2.

8.3. Preservation of Rights. No delay or omission of the Lenders, or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of an Advance notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Advance shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent, and the Lenders until the Obligations have been paid in full.

ARTICLE IX
GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Borrower, the Partnership and the REIT contained in this Agreement shall survive the making of the Advance herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent, and the Lenders and supersede all prior agreements and understandings among the Borrower, the Agent, and the Lenders relating to the subject matter thereof other than those contained in the fee letter described in Section 10.13 which is the subject of this Agreement, all of which shall survive and remain in full force and effect during the term of this Agreement.

9.5. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6. Expenses; Indemnification.

(i) The Borrowers and the Partnership shall reimburse the Agent and the Arranger for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification, and administration of the Loan Documents. The Borrowers and the Partnership also agree to reimburse the Agent, and the Lenders for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, and the Lenders, which attorneys may be employees of the Agent, or the Lenders) paid or incurred by the Agent, the Arranger, or any Lender in connection with the collection and enforcement of the Loan Documents.

(ii) The Borrower and the Partnership hereby further agree to indemnify the Agent, each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent, the Arranger, any Lender or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Advance hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower and the Partnership under this Section 9.6 shall survive the termination of this Agreement.

9.7. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

9.8. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles.

9.9. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10. Nonliability of Lenders. The relationship between the Borrower on the one hand and the Lenders, and the Agent on the other hand shall be solely that of borrower and lender. Neither the Agent, the Arranger, nor any Lender shall have any fiduciary responsibilities to the Borrower, the Partnership or the REIT. Neither the Agent, the Arranger, nor any Lender undertakes any responsibility to the Borrower, the Partnership or the REIT to review or inform them of any matter in connection with any phase of the business or operations of the Borrower, the Partnership or the REIT. The Borrower, the Partnership and the REIT agree that neither the Agent, the Arranger, nor any Lender shall have liability to the Borrower, the Partnership or the REIT (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower, the Partnership or the REIT in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Agent, the Arranger, nor any Lender shall have any liability with respect to, and the Borrower, the Partnership or the REIT hereby waive, release and agree not to sue for, any special, indirect or consequential damages suffered by the Borrower, the Partnership or the REIT in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11. Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrower, the Partnership or the REIT pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, (vii) permitted by Section 12.4 and (viii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances hereunder.

9.12. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Loan.

9.13. Disclosure. The Borrower, the Partnership the REIT and each Lender hereby acknowledge and agree that Agent and/or its Affiliates and each Lender and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower, the Partnership the REIT and their Affiliates.

9.14. Recourse. The Loans, and all other Obligations shall be full recourse to the Borrower. The Partnership and the REIT shall have no liability with respect to the Loans, or any other Obligations except as set forth in the Guaranty.

ARTICLE X
THE AGENT

10.1. Appointment; Nature of Relationship. Lehman Commercial Paper Inc. is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of the term "secured party" as defined in the New York Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2. Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

10.3. General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, the Partnership the REIT, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4. No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrower, the Partnership or the REIT. The Agent shall with reasonable promptness deliver to the Lenders (unless the Borrower has furnished the same directly to the Lenders) copies of any materials furnished to the Agent by the Borrower pursuant to the requirements of this Agreement, including without limitation those provided for in Sections 6.1, 6.10, 6.11 and 6.12, but the Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower, the Partnership or the REIT to the Agent at such time, but is voluntarily furnished by the Borrower, the Partnership or the REIT to the Agent (either in its capacity as the Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Agents and Counsel. The Agent may execute any of its duties as the Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8. Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders (and not reimbursed by the Borrower), in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents (but only to the extent not reimbursed by the Borrower), provided that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder (other than a failure to pay any or all of the Obligations from time to time payable hereunder) or of any Collateral Default unless the Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default, Unmatured Default, or Collateral Default, and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

10.10. Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower, the Partnership the REIT or any of their Subsidiaries in which the Borrower, the Partnership the REIT or such Subsidiary is not restricted hereby from engaging with any other Person.

10.11. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and the Partnership and such other documents and

information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, a successor Agent, be subject to the prior written approval of the Borrower, not to be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Borrower, the Partnership the REIT or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower, the Partnership and the REIT shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least $100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Agent, the provisions of this Article X shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents.

10.13. Agent Fees. The Borrower agrees to pay to the Agent the fees agreed to by the Borrower, the Partnership the REIT, and the Agent from time to time.

10.14. Delegation to Affiliates. The Borrower, the Partnership the REIT and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates and, notwithstanding anything to the contrary in Section 10.12, resign as Agent and appoint any of its Affiliates as a successor Agent. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles IX and X.

ARTICLE XI
SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Pro Rata Share of the Loan (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5 in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII
BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower, the Partnership the REIT and the Lenders and their respective successors and assigns permitted hereby, except that (i) neither the Borrower, the Partnership nor the REIT shall have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by Participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 12.3.2. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such

Person complies with Section 12.3; provided, however, that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2. Participations.

12.2.1. Permitted Participants; Effect. Any Lender may at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower, the Partnership the REIT and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Exposure or Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2 or of any other Loan Document.

12.2.3. Benefit of Certain Provisions. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3, provided that (i) a Participant shall not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender who sold the participating interest to such Participant would have received had it retained such

interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower, and (ii) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender.

12.3. Assignments.

12.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit B (the "Assignment and Assumption") or in such other form as may be agreed to by the parties thereto. The consent of the Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. Such consents shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate thereof shall (unless the Agent otherwise consents) be in an amount not less than the lesser of (i) $10,000,000 or (ii) the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment) or outstanding Loans (if the applicable Commitment has been terminated).

12.3.2. Notice of Assignment. Upon (i) delivery to the Agent of an executed Assignment and Assumption, together with any consents required by Section 12.3.1, and (ii) payment of a $4,000 fee to the Agent for processing such assignment, such assignment shall become effective on the effective date specified in the Assignment and Assumption. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the Partnership, the REIT, the Lenders or the Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Outstanding Credit Exposure assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

12.3.3. Register. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in New York, New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant

to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

12.4. Dissemination of Information. The Borrower, the Partnership and the REIT hereby authorize each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower, the Partnership and the REIT, including without limitation any information contained in any Reports; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII
NOTICES

13.1. Notices. Except as otherwise permitted by Section 2.12 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower, the Partnership the REIT or the Agent, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any Lender, at its address or facsimile number set forth below its signature hereto or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Agent under Article II shall not be effective until received.

13.2. Change of Address. The Borrower, the Partnership the REIT, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV
COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been

executed by the Borrower, the Partnership the REIT, the Agent, and the Lenders and each party has notified the Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV
CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2. CONSENT TO JURISDICTION. THE BORROWER, THE PARTNERSHIP, AND THE REIT HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER, THE PARTNERSHIP AND THE REIT HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION THEY MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT, OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER OR THE REIT IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER OR THE REIT AGAINST THE AGENT, OR ANY LENDER OR ANY AFFILIATE OF THE AGENT, OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

15.3. WAIVER OF JURY TRIAL. THE BORROWER, THE PARTNERSHIP THE REIT, THE AGENT, AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

IN WITNESS WHEREOF, the Borrower, the Partnership, the REIT, the Lenders and the Agent have executed this Agreement as of the date first above written.

Sun Financial Texas Limited Partnership,
a Michigan limited partnership

By: Sun Texas QRS, Inc., a Michigan corporation, its general partner

By: /s/ Jeffrey P. Jorissen

Name: Jeffrey P. Jorissen
Title: Chief Financial Officer

Sun Financial Texas Limited Partnership
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Telecopier Number: (810) 932-3072
Attention: Jeffrey P. Jorissen

With a copy to:

Jaffe, Raitt, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Telecopier Number: (313) 961-8358
Attention: Arthur A. Weiss, Esq.

SUN FINANCIAL, LLC, a Michigan limited liability company

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

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

By: /s/ Jeffrey P. Jorissen

Name: Jeffrey P. Jorissen
Title: Chief Financial Officer

Sun Financial, LLC
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Telecopier Number: (810) 932-3072
Attention: Jeffrey P. Jorissen

With a copy to:

Jaffe, Raitt, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Telecopier Number: (313) 961-8358
Attention: Arthur A. Weiss, Esq.

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

By: Sun Communities, Inc., its general partner

By: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen
Title: Chief Financial Officer

Sun Communities Operating Limited Partnership
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Telecopier Number: (810) 932-3072
Attention: Jeffrey P. Jorissen

With a copy to:

Jaffe, Raitt, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Telecopier Number: (313) 961-8358
Attention: Arthur A. Weiss, Esq.

SUN COMMUNITIES, INC.

By: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen
Title: Chief Financial Officer

Sun Communities, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Telecopier Number: (810) 932-3072
Attention: Jeffrey P. Jorissen

With a copy to:

Jaffe, Raitt, Heuer & Weiss
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Telecopier Number: (313) 961-8358
Attention: Arthur A. Weiss, Esq.

Lehman Commercial Paper Inc.

By: /s/ Francis X. Gilhool

Name: Francis X. Gilhool
Title: Authorized Signatory

With a copy to:

Lehman Commercial Paper Inc.
745 Seventh Avenue, 16th Floor
New York, New York 10019
Telecopier Number: (212) 526-6643
Attention: Diane Albanese

Lehman Brothers Inc.
399 Park Avenue, 8th Floor
New York, New York 10022
Telecopier Number: (646) 758-4672
Attention: Thomas Buffa

With copy to:

Thacher Proffitt & Wood
11 West 42nd Street
New York, New York 10036
Telecopier Number: (212) 789-3500
Attention: Mitchell G. Williams

EXHIBIT 12.1

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

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

The Company's ratio of earnings to combined fixed charges presents the relationship of the Company's earnings (as defined above) to fixed charges (as defined above).

	YEAR ENDED DECEMBER 31				
	2002	2001	2000	1999	1998
			(unaudited, in thousands)		
Earnings:					
Net income (before minority interest)	$39,745	$42,915	$40,985	$37,435	$32,054
Add fixed charges other than capitalized interest	31,926	31,016	29,651	27,289	23,987
	$71,633	$73,856	$70,547	$64,724	$56,041
Fixed Charges:					
Interest expense	$32,375	$31,016	$29,651	$27,289	$23,987
Less Hedging Transaction Valuation Adjustment	(449)				
Preferred OP Unit Distribution	7,803	8,131	7,826	3,663	2,505
Capitalized interest	2,915	3,704	3,118	2,230	1,045
Total fixed charges	$42,644	$42,851	$40,595	$33,182	$27,537
Ratio of earnings to fixed charges	1.68	1.73	1.74	1.95	2.03

SUN COMMUNITIES, INC.
EXHIBIT 21.1 -- LIST OF SUBSIDIARIES

Main operating subsidiary:

Sun Communities Operating Limited Partnership, a Michigan limited partnership

Other subsidiaries (wholly-owned):

SCF Manager, Inc., a Michigan corporation

SCN Manager, Inc., a Michigan corporation

Sun Florida QRS, Inc., a Michigan corporation

Sun Secured Financing GP, Inc., a Michigan corporation

Sun QRS, Inc., a Michigan corporation

Sun Texas QRS, Inc., a Michigan corporation

Sun MHC Development, LLC, a Michigan limited liability company

Subsidiaries of Sun Communities Operating Limited Partnership

8920 Associates, a Florida general partnership

Apple Orchard, LLC, a Michigan limited liability company

Arizona Finance L.L.C., a Michigan limited liability company

Aspen-Alpine Project, L.L.C., a Michigan limited liability company

Aspen-Arbor Terrace, L.P., a Delaware limited partnership

Aspen-Bonita Lake Resort Limited Partnership, a Michigan limited partnership

Aspen-Brentwood Project, L.L.C., a Michigan limited liability company

Aspen-Byron Project, L.L.C., a Michigan limited liability company

Aspen-Country Project, L.L.C., a Michigan limited liability company

Aspen-Ft. Collins Limited Partnership, a Michigan limited partnership

Aspen-Grand Project, L.L.C., a Michigan limited liability company

Aspen-Holland Estates, L.L.C., a Michigan limited liability company

Aspen-Indian Project Limited Partnership, a Michigan limited partnership

Aspen-Paradise Park II Limited Partnership, a Michigan limited partnership

Aspen-Siesta Bay Limited Partnership, a Michigan limited partnership

Aspen-Silver Star II Limited Partnership, a Michigan limited partnership

Aspen-Town & Country Associates II, L.L.C., a Michigan limited liability company

Bright Insurance Agency, Inc., a Michigan corporation

SUN COMMUNITIES, INC.
EXHIBIT 21 -- LIST OF SUBSIDIARIES, CONTINUED

Family Retreat, Inc., a Michigan corporation

Knollwood Estates Operating Company L.L.C., a Michigan limited liability company

Meadow Lakes Development Company LLC, a Michigan limited liability company

Miami Lakes Venture Associates, a Florida general partnership

Origen Financial, L.L.C., a Delaware limited liability company

Priority Entertainment L.L.C., a Michigan limited liability company

River Haven Operating Company L.L.C., a Michigan limited liability company

River Ridge Equities, LLC, a Michigan limited liability company

River Ridge Investments, LLC, a Michigan limited liability company

Snowbird Concessions, Inc., a Texas corporation

Sun Cave Creek L.L.C., a Michigan limited liability company

SunChamp, LLC, a Michigan limited liability company

Sunchamp Holdings, LLC, a Michigan limited liability company

Sun Communities Acquisitions, LLC, a Michigan limited liability company

Sun Communities Finance, LLC, a Michigan limited liability company

Sun Communities Financial, LLC, a Michigan limited liability company

Sun Communities Funding Limited Partnership, a Michigan limited partnership

Sun Communities Secured Financing Houston Limited Partnership, a Michigan limited partnership

Sun Communities Mezzanine Lender, LLC, a Michigan limited liability company

Sun Communities Nevada GP L.L.C., a Michigan limited liability company

Sun Communities Nevada Limited Partnership, a Michigan limited partnership

Sun Communities Texas Limited Partnership, a Michigan limited partnership

Sun Communities Texas Mezzanine Lender Limited Partnership., a Michigan limited partnership

Sun Communities Funding GP L.L.C., a Michigan limited liability company

Sun Financial, LLC, a Michigan limited liability company

Sun Financial Texas Limited Partnership, a Michigan limited partnership

Sun/Forest LLC, a Michigan limited liability company

Sun/Forest Holdings LLC, a Michigan limited liability company

Sun GP L.L.C., a Michigan limited liability company

Sun Home Services, Inc., a Michigan corporation

Sun Hunters Glen L.L.C., a Michigan limited liability company

SUN COMMUNITIES, INC.
EXHIBIT 21 -- LIST OF SUBSIDIARIES, CONTINUED

Sun Life Associates Limited Partnership, an Arizona limited partnership

Sun Life Trailer Resort Limited Partnership, an Arizona limited partnership

Sun Oakcrest Limited Partnership, a Michigan limited partnership

Sun Pheasant Ridge, LLC, a Michigan limited liability company

Sun Pine Trace Limited Partnership, a Michigan limited partnership

Sun River Ridge Limited Partnership, a Michigan limited partnership

Sun Saddle Brook Limited Partnership, a Michigan limited partnership

Sun Secured Financing, LLC, a Michigan limited liability company

SUI TRS, Inc., a Michigan corporation

Sun TRS, Inc., a Michigan corporation

Sun Water Oak Golf, Inc., a Michigan corporation

Sun/York L.L.C., a Michigan limited liability company

Woodside Terrace, Ltd., an Ohio limited liability company

INDEPENDENT AUDITORS' CONSENT

We hereby consent to the incorporation by reference in the Registration Statements, on Form S-3 (File No. 333-54718, File No. 333-86237, File No. 333-64271, File No. 333-14595, File No. 333-45273, File No. 333-72461, File No. 333-30462, File No. 333-72668, File No. 333-82392, File No. 333-19855, File No. 333-36541, File No. 333-1822 and File No. 333-96769) and on Form S-8 (File No. 333-11923, File No. 333-82479, File No. 333-76400, and File No. 333-76398) of Sun Communities, Inc. of our report dated March 12, 2003 relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Detroit, Michigan
March 28, 2003

CONSENT OF GRANT THORNTON LLP

We consent to the incorporation by reference in the registration statements of Sun Communities, Inc. on Form S-3 (File No. 333-54718, File No. 333-86237, File No. 333-64271, File No. 333-14595, File No. 333-45273, File No. 333-72461, File No. 333-30462, File No. 333-72668, File No. 333-82392, File No. 333-19855, File No. 333-36541, File No. 333-1822 and File No. 333-96769) and on Form S-8 (File No. 333-11923, File No. 333-82479, File No. 333-76400, and File No. 333-76398) of our report dated March 7, 2003, except for note I, as to which the date is March 27, 2003, relating to the consolidated financial statements of Origen Financial L.L.C. which appear in this Annual Report on Form 10-K.

/s/ GRANT THORNTON LLP

Southfield, Michigan
March 27, 2003

EXHIBIT 99.1

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 their knowledge: (a) this Annual Report on Form 10-K of Sun Communities, Inc., for the year ended December 31, 2002, 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-K fairly presents, in all material respects, the financial condition and results of operations of the issuer.

/s/ Gary A. Shiffman — Dated: March 31, 2003
- ---
Gary A. Shiffman, Chief Executive Officer

/s/ Jeffrey P. Jorissen — Dated: March 31, 2003
- ---
Jeffrey P. Jorissen, Chief Financial Officer

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.

EXHIBIT 99.2

[JAFFERAITT LETTERHEAD]

William E. Sider
wsider@jafferaitt.com

March 26, 2003

Sun Communities, Inc.
31700 Middlebelt, Suite 145
Farmington Hills, MI 48334
ATTENTION: Mr. Jeffrey P. Jorissen

Dear Mr. Jorissen:

We acted as counsel to Sun Communities, Inc., a Maryland corporation (the "Company"), and Sun Communities Operating Limited Partnership, a Michigan limited partnership (the "Partnership"), in connection with a variety of transactions, including tax matters. In connection with the Company's Form 10-K for the year ended December 31, 2002 (the "Form 10-K") and the issuance of the audit opinion in connection therewith, we are delivering this letter to you at your request.

BASIS FOR OPINIONS

The opinions set forth in this letter are based on relevant current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations thereunder (including proposed and temporary Treasury regulations), and interpretations of the foregoing as expressed in court decisions, legislative history, and administrative determinations of the Internal Revenue Service (the "IRS") (including its practices and policies in issuing private letter rulings, which are not binding on the IRS, except with respect to a taxpayer that receives such a ruling), all as of the date hereof. These provisions and interpretations are subject to changes (which may apply retroactively) that might result in material modifications of our opinions. Our opinions do not foreclose the possibility of a contrary determination by the IRS or a court of competent jurisdiction, or of a contrary position by the IRS or the Treasury Department in regulations or rulings issued in the future. In this regard, although we believe that our opinions set forth herein will be sustained if challenged, an opinion of counsel with respect to an issue is not binding on the IRS or the courts, and is not a guarantee that the IRS will not assert a contrary position with respect to such issue or that a court will not sustain such a position asserted by the IRS.

In rendering the following opinions, we have examined such statutes, regulations, records, certificates and other documents as we have considered necessary or appropriate as a basis for such opinions, including (but not limited to) the following: (1) the Articles of Amendment and Restatement of the Company, as amended through the date hereof; (2) the partnership agreement of the Partnership and the form of partnership agreement or limited liability company operating agreement, as applicable, used to organize and operate the partnerships and limited liability

companies in which the Company owns an interest (the entities referred to in this clause 2 are collectively referred to as the "Partnership Subsidiaries"); and (3) the organizational documents and stock ownership records of Sun Home Services, Inc., a company in which the Partnership owns all of the outstanding preferred stock ("SHS" and, together with the Partnership Subsidiaries and the Company, the "Group Entities"). The opinions set forth in this letter also are premised on certain written representations of the Company contained in a letter to us of even date herewith (the "Management Representation Letter").

We have made such legal and factual inquiries, including an examination of the documents set forth above, as we have deemed necessary or appropriate for purposes of rendering our opinion. For purposes of rendering our opinion, however, we have not made an independent investigation or audit of the facts set forth in the above referenced documents. We consequently have relied upon the representations in the Management Representation Letter that the information presented in such documents or otherwise furnished to us is accurate and have assumed that the information presented in such documents or otherwise furnished to us is accurate and complete in all material respects. We are not aware, however, of any material facts or circumstances contrary to, or inconsistent with, the representations we have relied upon as described herein or other assumptions set forth herein. Finally, our opinion is limited to the tax matters specifically covered herein, and we have not addressed, nor have we been asked to address, any other tax matters relevant to the Company.

In connection with our opinion, we have assumed, with your consent:

(1) that all of the representations and statements set forth in the documents (including, without limitation, the Management Representation Letter) we reviewed are true and correct, and all of the obligations imposed by any such documents on the parties thereto, including obligations imposed under the Company's articles of incorporation, have been and will be performed or satisfied in accordance with their terms;

(2) the genuineness of all signatures, the proper execution of all documents, the authenticity of all documents submitted to us as originals, the conformity to originals of documents submitted to us as copies, and the authenticity of the originals from which any copies were made;

(3) that each of the Group Entities has been and will continue to be operated in the manner described in the relevant partnership agreement, articles (or certificate) of incorporation or other organizational documents and in the Management Representation Letter; and

(4) that the Company is a validly organized and duly incorporated corporation under the laws of the State of Maryland, that each of the Partnership Subsidiaries is a duly organized and validly existing partnership or limited liability company, as the case

may be, under the applicable laws of the state in which it is purported to be organized, and that SHS is a validly organized and duly incorporated corporation under the laws of Michigan.

OPINION

Based upon, subject to, and limited by the assumptions and qualifications set forth herein, we are of the opinion that the Company has been organized and has operated in conformity with the requirements for qualification as a real estate investment trust ("REIT") under the Code for its taxable years ended December 31, 1994, through December 31, 2002, and the Company's current and proposed method of operation (as described in the Management Representation Letter) will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code.

We assume no obligation to advise you of any change in our opinions or of any new developments in the application or interpretation of the federal income tax laws subsequent to the date of this opinion letter. The Company's qualification and taxation as a REIT depend upon the Company's ability to meet on a continuing basis, through actual annual operating and other results, the various requirements under the Code with regard to, among other things, the sources of its gross income, the composition of its assets, the level of its distributions to stockholders, and the diversity of its stock ownership. We will not review the Company's compliance with these requirements on a continuing basis. Accordingly, no assurance can be given that the actual results of the operations of the Company and the other Group Entities, the sources of their income, the nature of their assets, the level of the Company's distributions to its stockholders and the diversity of the Company's stock ownership for any given taxable year will satisfy the requirements under the Code for qualification and taxation as a REIT.

This opinion letter has been prepared solely for your use in connection with the Form 10-K and speaks only as of the date hereof. This opinion may not be relied upon by you or any other person other than in connection with the Form 10-K. We hereby consent to the filing of this opinion letter as Exhibit 99.2 to the Form 10-K. In giving this consent, however, we do not admit thereby that we are an "expert" within the meaning of the Securities Act of 1933, as amended.

Sincerely,

JAFFE, RAITT, HEUER & WEISS
Professional Corporation

/s/ William E. Sider

William E. Sider

EXHIBIT 99.3

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ORIGEN FINANCIAL, L.L.C.

DECEMBER 31, 2002

CONTENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Origen Financial, L.L.C.

We have audited the accompanying consolidated balance sheet of Origen Financial, L.L.C. as of December 31, 2002 and the related consolidated statements of operations, changes in members' capital and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Origen Financial, L.L.C. as of December 31, 2002 and the consolidated results of its operations and its cash flows for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

/S/ GRANT THORNTON LLP

Southfield, Michigan
March 7, 2003, except for note I, as to
which the date is March 27, 2003

ORIGEN FINANCIAL, L.L.C.

CONSOLIDATED BALANCE SHEET
(IN THOUSANDS)

DECEMBER 31, 2002

ASSETS

ASSETS	
Cash and equivalents	$ 257
Restricted cash	2,799
Loans receivable, net of allowance for losses	173,764
Loan sale proceeds receivable	3,905
Servicing advances	8,863
Retained interests in loan securitizations	5,833
Furniture, fixtures and equipment, net	2,448
Servicing rights	7,327
Goodwill	18,332
Repossessed homes	2,863
Other assets	1,357
Total assets	$227,748

LIABILITIES AND MEMBERS' CAPITAL

LIABILITIES	
Accounts payable and accrued expenses	$ 8,093
Recourse liability	13,320
Advances under repurchase agreements	141,085
Notes payable	54,946
Total liabilities	217,444
MEMBERS' CAPITAL:	
Contributed capital	39,106
Retained earnings (deficit)	(28,802)
Total members' capital	10,304
Total liabilities and members' capital	$ 227,748

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ORIGEN FINANCIAL, L.L.C.

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 2002

REVENUES	
Interest income on loans	$ 9,963
Loan servicing fees	7,672
Gain on sale and securitization of loans	2,719
Other income	31
Total revenues	20,385
COSTS AND EXPENSES	
Interest expense	5,935
Provision for credit losses and recourse liability	16,092
Write down of residual interest	2,084
Compensation and benefits	16,830
General and administrative	4,987
Reorganization costs	1,554
Other operating expenses	2,090
Total costs and expenses	49,572
Net loss	$(29,187)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ORIGEN FINANCIAL, L.L.C.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' CAPITAL
(IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 2002

	CONTRIBUTED CAPITAL	RETAINED EARNINGS (DEFICIT)	TOTAL MEMBERS' CAPITAL
Balance, December 31, 2001	$ 39,457	$ 385	$ 39,842
Recapitalization costs	(351)	--	(351)
Net loss	--	(29,187)	(29,187)
Balance, December 31, 2002	$ 39,106	$(28,802)	$ 10,304

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ORIGEN FINANCIAL, L.L.C.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' CAPITAL
(IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (29,187)
Adjustments to reconcile net loss to net cash used in operating activities:	
Provision for credit losses and recourse liability	15,995
Impairment of residual interest	2,084
Impairment of deferred purchase price receivable	708
Depreciation and amortization	2,984
Originations and purchase of loans held for sale	(209,533)
Principal collections on loans held for sale	16,415
Proceeds from sale of loans held for sale	129,088
Proceeds from deferred purchase price receivable	1,110
Gain on sale and securitization of loans	(2,677)
Decrease in other assets	127
Increase in other liabilities	1,390
Net cash used in operating activities	(71,496)
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	(1,480)
Net cash used in investing activities	(1,480)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from advances under repurchase agreements	154,730
Repayment of advances under repurchase agreements	(119,210)
Proceeds from advances on note payable	311,236
Repayment of note payable	(273,724)
Net cash provided by financing activities	73,032
NET INCREASE IN CASH AND CASH EQUIVALENTS	56
Cash and cash equivalents, beginning of the year	201
Cash and cash equivalents, end of the year	$ 257
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Interest paid	$ 5,911

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Company's principal operations involve origination, underwriting, securitization or sale, and servicing of manufactured home loans.

The Company's manufactured home loans are generally conventionally amortizing loans that range in amount from $10,000 to $100,000 and have terms of seven to 30 years. The Company also provides warranty and disability insurance through one of its subsidiaries.

The Company generally sells, securitizes or places the manufactured home loans it originates with institutional investors and retains the rights to service loans sold on behalf of those investors.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts and transactions of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

REVENUE RECOGNITION

Interest and origination fee revenue from loans receivable is recognized using the interest method. Certain loan origination costs on loans receivable are deferred and amortized using the interest method over the term of the related loans as a reduction of interest income on loans. The accrual of interest on loans receivable is discontinued at the time a loan is determined to be impaired. Servicing fees are recognized when earned.

The Company periodically sells loans either as whole loans or through securitizations. Estimated gains or losses from such sales or securitizations are recognized in the period in which the sale or securitization occurs. In determining the gain or loss on each qualifying sale of loans receivable, the Company's investment in each loan pool is allocated between the portion sold and any retained interests based on their relative fair values at the date of sale. The retained interests include interest-only strips, restricted cash held by securitization trusts, recourse liabilities and servicing rights.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, including significant estimates regarding allowances for loan losses, recourse liabilities, impairment of retained interests and goodwill. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent short-term highly liquid investments with original maturities of three months or less and include cash and interest bearing deposits at banks. The Company has restricted cash related to loans serviced for others that is held in trust for subsequent payment to the owners of those loans.

LOANS RECEIVABLE

Loans receivable consist of manufactured home loans and floor plan loans. Manufactured home loans are primarily conventional fixed rate loans under contracts collateralized by the borrowers' manufactured homes. All loans receivable are held for sale and are carried at the lower of aggregate cost or fair value. Interest on loans is credited to income when earned. Loans receivable include accrued interest and are presented net of deferred loan origination costs and an allowance for estimated loan losses.

Loan origination fees and certain direct loan origination costs are deferred and recognized over the lives of the related loans as an adjustment of the yields using a level-yield method.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ALLOWANCE FOR CREDIT LOSSES

The allowance for possible credit losses is maintained at a level believed adequate by management to absorb potential losses in the Company's loan portfolio. The Company's loan portfolio is comprised of homogenous manufactured home loans with average loan balances of less than $50,000. The allowance for credit losses is determined at a portfolio level and computed by applying loss rate factors to the loan portfolio on a stratified basis using current portfolio performance and delinquency levels (0-30 days, 31-60 days, 61-90 days and more than 90 days delinquent). The Company's loss rate factors are based on the Company's historical loan loss experience and are adjusted for economic conditions and other trends affecting borrowers' ability to repay and estimated collateral value. Loans are considered impaired and accrual of interest is discontinued when a loan becomes more than 90 days past due. These homogeneous loans are collectively evaluated for impairment. Impaired loans, or portions thereof, are charged off when deemed uncollectible. The allowance for credit losses represents an unallocated allowance. There are no elements of the allowance allocated to specific individual loans or to impaired loans.

SERVICING RIGHTS

The Company accounts for loan servicing rights related to originated and sold loans by recognizing a separate servicing asset or liability. Management is required to make complex judgments when establishing the assumptions used in determining fair values of servicing assets. The fair value of servicing assets is determined by calculating the present value of estimated future net servicing cash flows, using assumptions of prepayments, defaults, servicing costs and discount rates that the Company believes market participants would use for similar assets. These assumptions are reviewed on a monthly basis and changed based on actual and expected performance.

The Company stratifies its servicing assets based on the predominant risk characteristics of the underlying loans, which are loan type, interest rate and loan size. Servicing assets are amortized in proportion to and over the expected servicing period.

The carrying amount of loan servicing rights is assessed for impairment by comparison to fair value and a valuation allowance is established through a charge to earnings in the event the carrying amount exceeds the fair value. Fair value is estimated based on the present value of expected future cash flows and periodically by independent appraisal. There was no valuation allowance recognized at December 31, 2002.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RETAINED INTERESTS IN LOAN SECURITIZATIONS

Retained interests are carried at estimated fair value, which is determined by discounting the projected cash flows over the expected life of the receivables sold, using current prepayment, default, loss and interest rate assumptions. Changes in the fair value of retained interests are recorded as a component of other comprehensive income unless there has been a decline in value that is other than temporary. Under current accounting rules (pursuant to Emerging Issues Task Force Consensus Number 99-20) declines in value of the Company's retained interests are considered other than temporary and recognized in earnings when: (i) the fair value of the retained interest is less than its initial value at the time of securitization; and (ii) the timing and/or amount of cash expected to be received has changed adversely from the previous valuation which determined the carrying value of the retained interest. When declines in value considered to be other than temporary occur, the amortized cost is reduced to fair value and a loss is recognized in the statement of operations. The assumptions used to determine new values are based on internal evaluations and consultations with advisors having significant experience in valuing such retained interests.

REPOSSESSED HOMES

Manufactured homes acquired through foreclosure or similar proceedings are recorded at the lesser of the related loan balance plus any operating expenses of such homes or the estimated fair value of the home.

OTHER ASSETS

Other assets are comprised of prepaid expenses, deferred financing costs, and other miscellaneous receivables. Prepaid expenses are amortized over the expected service period. Deferred financing costs are capitalized and amortized over the life of the corresponding obligation.

LOAN SALE PROCEEDS RECEIVABLE

The loan sale proceeds receivable relates to the sale of approximately $114.4 million principal balance of manufactured home loans. The loans were sold with recourse and with a deferred proceeds component equal to 1.5% of the outstanding principal balance at the time of sale. The Company receives on a monthly basis ..125% (an annual rate of 1.5% divided by 12) of the outstanding principal balance of eligible loans (loans on which a payment was received from the obligor during the month). The deferred loan sale proceeds receivable is assessed for impairment on a periodic basis based on the fair value of the receivable calculated on a discounted basis.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LOANS SOLD UNDER AGREEMENTS TO REPURCHASE

The Company enters into loan sales under agreements to repurchase the loans. The agreements are short-term and are accounted for as secured borrowings. The obligations to repurchase the loans sold are reflected as a liability and the loans that collateralize the agreements are reflected as assets in the balance sheet.

DEPRECIATION

Provisions for depreciation are computed using the straight-line method over the estimated useful lives of office properties and equipment, as follows: leasehold improvements -- life of the lease; furniture and fixtures -- seven years; computers -- five years; capitalized software -- three years.

INCOME TAXES

No procedure for income taxes is included in the accompanying financial statements as the Company's results of operations are passed through to its members for inclusion in their respective income tax returns.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company may periodically use derivative instruments, including forward sales of U.S. Treasury securities, U.S. Treasury rate locks and forward interest rate swaps to mitigate interest rate risk related to its loans receivable and anticipated sales or securitizations. The Company follows the provisions of Statement of Financial Accounting No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities". Under SFAS 133, all derivative instruments are recorded on the balance sheet at fair value and changes in fair value will be recorded in current earnings or other comprehensive income, depending on whether a derivative instrument qualifies for hedge accounting and, if so, whether the hedge transaction represents a fair value or cash flow hedge.

Hedges will be measured for effectiveness both at inception and on an ongoing basis, and hedge accounting will be terminated if a derivative instrument ceases to be effective as a hedge or its designation as a hedge is terminated. In the event of termination of a hedge, any gains or losses during the period that a derivative instrument qualified as a hedge will be recognized as a component of the hedged item and subsequent gains or losses will be recognized in earnings. Derivative financial instruments that do not qualify for hedge accounting will be carried at fair value and changes in fair value will recognized currently in earnings. There were no derivative instruments used during 2002 or designated as hedges at December 31, 2002.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS

In November 2002, the FASB issued Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", which addresses the disclosure to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees. FIN 45 requires the guarantor to recognize a liability for the non-contingent component of the guarantee. This is the obligation to stand ready to perform in the event that specified triggering events or conditions occur. The initial measurement of this liability is the fair value of the guarantee at inception. The recognition of the liability is required even if it is not probable that payments will be required under the guarantee or if the guarantee was issued with a premium payment or as part of a transaction with multiple events. The initial recognition and measurement provisions are effective for all guarantees within the scope of FIN 45 issued or modified after December 31, 2002. The impact of adoption is not expected to have a significant impact on the Company's financial reporting.

In June 2002, the FASB issued Statement No.146 (SFAS 146), "Accounting for Costs Associated with Exit or Disposal Activities". This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002, and the Company does not anticipate the provisions of this statement to have a material impact on the Company's reported results of operations, financial positions, or cash flows.

NOTE B - LOANS RECEIVABLE

The carrying amounts and fair value of loans receivable at December 31, 2002 consisted of the following (in thousands):

Manufactured home loans	$177,828
Floor plan loans	452
Accrued interest receivable	1,044
Deferred fees	(2,817)
Allowance for loan loss	(2,743)
	$173,764

NOTE B - LOANS RECEIVABLE (CONTINUED)

The following table sets forth the average loan balance, weighted average loan yield and weighted average initial term at December 31, 2002 (in thousands):

Principal balance loans receivable	$177,828
Number loans receivable	4,067
Average loan balance	44
Weighted average loan yield	10.34%
Weighted average initial term	23 years

The following table sets forth the concentration by state of the manufactured home loan portfolio at December 31, 2002 (dollars in thousands):

	PRINCIPAL BALANCE	PERCENT
California	$ 29,883	16.8%
Texas	27,196	15.3%
Alabama	11,320	6.4%
Oklahoma	9,082	5.1%
Michigan	8,876	5.0%
Mississippi	8,385	4.7%
New York	8,804	4.9%
Georgia	7,913	4.5%
Other	66,369	37.3%
Total	$177,828	100.0%

The manufactured home contracts are collateralized by manufactured homes that were built between the years 1973 and 2003, with approximately 85.1% of the manufactured homes built since 1999.

NOTE B - LOANS RECEIVABLE (CONTINUED)

The following table sets forth the number and value of loans for various terms for the manufactured home loan portfolio at December 31, 2002 (dollars in thousands):

	NUMBER OF LOANS	PRINCIPAL BALANCE
5 or less	9	$ 83
6-10	201	3,971
11-12	41	888
13-15	914	24,576
16-20	1,470	61,801
21-25	695	38,229
26-30	737	48,280
Total	4,067	$177,828

Delinquency statistics for the manufactured home loan portfolio at December 31, 2002 are as follows (dollars in thousands):

	NO. OF LOANS	PRINCIPAL BALANCE	% OF PORTFOLIO
Days delinquent			
31-60	45	$1,789	1.0%
61-90	39	1,418	0.8%
Greater than 90	96	4,309	2.4%

The Company defines non-performing loans as those loans that are 90 or more days delinquent in contractual principal payments. For the year ended December 31, 2002 the average outstanding principal balance of non-performing loans was approximately $3.2 million.

NOTE C - ALLOWANCE FOR CREDIT LOSSES AND RECOURSE LIABILITY

The allowance for credit losses and related additions and deductions to the allowance for the year ended December 31, 2002 were as follows (in thousands):

Balance at beginning of year	$ 1,764
Provision for loan losses	2,914
Transfers from recourse liability	6,971
Gross chargeoffs	(17,414)
Recoveries	8,508
Balance at end of year	$ 2,743

The recourse liability and related additions and transfers out of the recourse liability for the year ended December 31, 2002 were as follows (in thousands):

Balance at beginning of year	$ 7,860
Additional recourse agreements	25
Provision for recourse liability	13,178
Reimbursements for losses per recourse agreements	(772)
Transfers to allowance for credit losses	(6,971)
Balance at end of year	$ 13,320

NOTE D - GOODWILL AND INTANGIBLE ASSETS

In July 2001, the FASB Statement of Financial Accounting Standards ("SFAS") 141, "Business Combinations" and SFAS 142 "Goodwill and Other Intangible Assets". SFAS 141 requires, among other things, that the purchase method of accounting for business combinations be used for all business combinations initiated after September 30, 2001. SFAS 142 addresses the accounting for goodwill and other intangible assets subsequent to their acquisition.

The Company's recorded goodwill resulted at the time of the formation of the Company. Under an investment agreement and merger agreement entered into on December 18, 2001, SUI TRS, Inc., Shiffman Family LLC and Woodward Holding made capital contributions totaling $40 million to the Company and Bingham Financial Services Corporation ("Bingham") contributed the net assets of its operating subsidiary Origen Financial, Inc. At the time of Bingham's contribution, Origen Financial, Inc. had net liabilities totaling $19.2 million for which Bingham received a 20% interest in the net assets and profits of the Company, effectively resulting in a purchase price in excess of interest received. Under the provisions of SFAS 141 the newly formed entity, Origen Financial, L.L.C., allocated $900,000 of the excess to capitalized servicing rights and $18.3 million to goodwill.

NOTE D - GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

The provisions of SFAS 142 require the Company to test its recorded goodwill for impairment on an annual basis. For purposes of testing impairment, the Company has determined that it is a single reporting unit and the goodwill was allocated accordingly. The initial and ongoing estimate of the fair value of the Company is based on assumptions and projections provided by the Company. This amount was then compared to the net book value of the Company. As a result of this process the Company concluded that there was no impairment at the time of the Company's formation or at December 31, 2002.

NOTE E - MORTGAGE SERVICING RIGHTS

Changes in servicing rights for the year ended December 31, 2002 are summarized as follows (in thousands):

Balance at beginning of period	$ 7,755
Loans sold and securitized	1,099
Amortization	(1,527)
Balance at end of year	$ 7,327

The Company services the manufactured home loans it originates and holds in its loan portfolio as well as manufactured home loans it originated and securitized or sold with the servicing rights retained. The principal balances of manufactured home loans serviced totaled approximately $1.1 billion at December 31, 2002. The estimated fair value of loan servicing rights was approximately $7.3 million at December 31, 2002.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2002 are summarized as follows (in thousands):

Furniture and fixtures	$1,381
Leasehold improvements	207
Capitalized software	303
Computer equipment	1,354
	3,245
Less: accumulated depreciation	797
	$ 2,448

Depreciation expense was approximately $817,000 for the year ended December 31, 2002.

NOTE G - RETAINED INTERESTS IN LOAN SECURITIZATIONS

Periodically the Company securitizes manufactured home loans. Under the current legal structure of the securitization program, the Company sells manufactured home loans it originates and purchases to a trust for cash. The trust sells asset-backed bonds secured by the loans to investors. The Company records certain assets and income based upon the difference between all principal and interest received from the loans sold and the following factors: (i) all principal and interest required to be passed through to the asset-backed bond investors, (ii) all excess contractual servicing fees, (iii) other recurring fees and (iv) an estimate of losses on loans.

The Company retains the right to service the loans it securitizes. Fees for servicing the loans are based on a contractual percentage per annum ranging from ..5% to 1.25% of the unpaid principal balance of the associated loans. The Company recognizes a servicing asset in addition to its gain on sale of loans. The servicing asset is calculated as the present value of the expected future net servicing income in excess of adequate compensation for a substitute servicer, based on common industry assumptions and the company's historical experience. These factors include default and prepayment speeds.

The Company follows the provisions of SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" in the valuation of its residual interests. Certain data and the key economic assumptions used in measuring the retained interests at December 31, 2002 resulting from the securitization completed in March 2002 were as follows (dollars in thousands):

Number of transactions completed	1
Aggregate balance of certificates issued	$129,600
Aggregate principal balance of contracts sold	$135,000
Balance of securitized loans outstanding at December 31,	$124,540
Weighted average interest rate of loans securitized and sold	10.74%
Aggregate amount of net gain recognized	$ 2,677
ORIGINAL KEY ECONOMIC ASSUMPTIONS	
Prepayment speed	150% MHP
Weighted average life (months)	293
Discount rate	15.00%
Expected credit losses	10.04%

NOTE G - RETAINED INTERESTS IN LOAN SECURITIZATIONS (CONTINUED)

At December 31, 2002, the effect on the estimated fair value of the retained interests in securitizations to immediate 10% and 20% adverse changes to the key economic assumptions used in those valuations are as follows (dollars in thousands):

Residual interest in loans sold	$ 5,833
Servicing asset	1,003
Carrying value (fair value) of retained interests	$ 6,836
Prepayment speed	150% MHP
Impact of 10% adverse change	$(0.34)
Impact of 20% adverse change	$(0.67)
Expected credit losses	10.04%
Impact of 10% adverse change	$(1.0)
Impact of 20% adverse change	$(1.7)
Discount rate	15.00%
Impact of 10% adverse change	$(0.55)
Impact of 20% adverse change	$(1.1)

The sensitivity analysis is hypothetical. Changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. In addition, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption, when in reality, changes in any one factor may result in changes in another factor.

The following table summarizes certain cash flow activity with respect to the securitization done in March 2002 for the year ended December 31, 2002 (in thousands):

Proceeds from securitization	$ 127,636
Servicing fees received	$ 1,091

Total principal balance of loans serviced at December 31, 2002 which were securitized in March 2002, was approximately $124.5 million. Delinquency statistics on those loans at December 31, 2002 were as follows (dollars in thousands):

	NO. OF LOANS	PRINCIPAL BALANCE	% OF PORTFOLIO
Days delinquent			
31-60	55	$2,463	2.0%
61-90	24	$1,199	1.0%
Greater than 90	58	$2,631	2.1%

NOTE G - RETAINED INTERESTS IN LOAN SECURITIZATIONS (CONTINUED)

Changes to the Company's retained interests for the year ended December 31, 2002 were as follows (in thousands):

Balance at beginning of year	$ -
New retained interest recorded	7,917
Other than temporary impairment during year	(2,084)
Balance at end of year	$ 5,833

The Company will assess the carrying value of the residual receivables for impairment on a monthly basis. There can be no assurance that the Company's estimates used to determine the residual receivable and the servicing asset valuations will remain appropriate for the life of the securitization. If actual loan prepayments or defaults exceed the Company's estimates, the carrying value of the Company's residual receivable and/or servicing asset may decrease through a charge against earnings in the period management recognizes the disparity.

NOTE H - DEBT

Total debt outstanding at December 31, 2002 was as follows (in thousands):

Loans sold under agreements to repurchase	$141,085
Line of credit and term loan, net of discount	51,060
Notes payable - servicing advances	3,886
	$196,031

REPURCHASE AGREEMENTS - In December 2001, Credit Suisse First Boston Mortgage Capital and the Company, through its special purpose subsidiary Origen Special Holdings, LLC entered into a master loan repurchase agreement. Under the agreement, the Company contributes manufactured home loans it originates or purchases to Origen Special Holdings, Origen Special Holdings then transfers the manufactured home loans to Credit Suisse First Boston against the transfer of funds from Credit Suisse First Boston and Origen Special Holdings transfers the funds to the Company for operations. The maximum financing limit on the facility is $150.0 million. The annual interest rate on the facility is a variable rate equal to LIBOR plus a spread. The loans are financed on the facility at varying advance rates on the lesser of the then current face value or market value of the loans. The advance rates depend on the characteristics of the loans financed. The facility was set to terminate on May 28, 2002, but was extended and will now terminate on May 27, 2003. At December 31, 2002, the aggregate amount advanced by Credit Suisse First Boston under the facility was $141.1 million.

NOTE H - DEBT (CONTINUED)

LINE OF CREDIT AND TERM LOAN - The Company currently has a line of credit extended by Sun Home Services, Inc. During 2002 the agreement was amended several times, increasing the borrowing limit from $21.25 million to $48.0 million. The original loan agreement was entered into with Sun Communities Operating Limited Partnership ("Sun Communities") and on December 30, 2002 Sun Communities assigned its interest in the agreement to Sun Home Services, Inc., a subsidiary of which Sun Communities owns 100% of the preferred stock. The line of credit is set to terminate on December 31, 2003, but extendable through December 31, 2004 upon the occurrence of certain events. The outstanding balance on the facility bears interest at a rate of LIBOR plus 700 basis points, with a minimum interest rate of 11% and a maximum interest rate of 15%. The line of credit is subordinate and at all times junior in right to payment in full of all senior debt, including indebtedness under the Company's repurchase facility. The line of credit is collateralized by a security interest in substantially all of the Company's assets. At December 31, 2002, the outstanding balance on the line of credit was approximately $41.1 million.

On December 4, 2002 the Company entered into a $10.0 term loan with Sun Communities. On December 30, 2002 Sun Communities assigned its interest in the agreement to Sun Home Services, Inc. The term loan is set to terminate on December 31, 2003, but extendable through December 31, 2004 upon the occurrence of certain events. The outstanding balance bears interest at a rate of LIBOR plus 700 basis points, with a minimum interest rate of 11% and a maximum interest rate of 15%. The term loan is subordinate and at all times junior in right to payment in full of all senior debt, including indebtedness under the Company's repurchase facility. The term loan is collateralized by a security interest in substantially all of the Company's assets. At December 31, 2002, the outstanding balance on the term loan was $10.0 million.

NOTES PAYABLE - SERVICING ADVANCES - On July 25, 2002 the Company entered into a revolving credit facility with Bank One, NA to replace a facility with Standard Federal Bank which was terminated on June 30, 2002. Under the new facility the Company can borrow up to $8.0 million for the purpose of funding required principal, interest, taxes and insurance advances on manufactured home loans that are serviced for outside investors. Borrowings under the facility are repaid upon the collection by the Company of monthly payments made by borrowers under such manufactured home loans. A negotiated interest rate is payable on the outstanding balance. To secure the loan from Bank One, the Company has granted Bank One a security interest in substantially all its assets. The facility has a termination date of May 31, 2003. At December 31, 2002, the aggregate amount advanced by Bank One under the facility was $3.9 million.

NOTE H - DEBT (CONTINUED)

The average balance and average interest rate of outstanding debt for the year ended December 31, 2002 was as follows (in thousands):

	AVERAGE BALANCE	AVERAGE RATE
Loans sold under agreement to repurchase	$80,342	2.5%
Term loan, net of discount	26,637	11.0%
Note payable - servicing advances	1,543	3.8%

NOTE I - LIQUIDITY RISKS, UNCERTAINTIES AND SUBSEQUENT EVENTS

The Company has sustained losses from operations since its inception, and has used, rather than provided, cash in its operations. The risks associated with the Company's business become more acute in any economic slowdown or recession. Periods of economic slowdown or recession may be accompanied by decreased demand for consumer credit and declining asset values. In the manufactured housing business, any material decline in collateral values increases the loan-to-value ratios of loans previously made, thereby weakening collateral coverage and increasing the size of losses in the event of default. Delinquencies, foreclosures and losses generally increase during economic slowdowns or recessions. Proposed changes to the federal bankruptcy laws applicable to individuals would make it more difficult for borrowers to seek bankruptcy protection, and the prospect of these changes may encourage certain borrowers to seek bankruptcy protection before the law changes become effective, thereby increasing defaults. For the Company's finance customers, loss of employment, increases in cost-of-living or other adverse economic conditions would impair their ability to meet their payment obligations. Higher industry inventory levels of repossessed manufactured homes may affect recovery rates and result in future impairment charges and provision for losses. In addition, in an economic slowdown or recession, servicing and litigation costs generally increase. Any sustained period of increased delinquencies, foreclosures, losses or increased costs would adversely affect the Company's financial condition and results of operations.

As of December 31, 2002 the Company was in violation of certain of the loan covenants related to its repurchase facility with Credit Suisse First Boston. Upon agreement from Credit Suisse First Boston the Company was allowed to continue funding loans on the facility until January 28, 2003 at which time the Company had reached the maximum funding amount on the facility. After January 28, 2003 the Company's new loan production was funded on its other existing loan facilities. On March 24, 2003 the Company received a waiver of the loan covenant violations and renegotiated the maximum funding limit on the repurchase facility through May 27, 2003, the expiration date of the facility. The Company is currently negotiating with Credit Suisse First Boston to extend its repurchase facility in order to provide the Company with sufficient liquidity to continue its loan origination activities.

NOTE I - LIQUIDITY RISKS, UNCERTAINTIES AND SUBSEQUENT EVENTS (CONTINUED)

In order to free up funding capacity on its repurchase facility, on March 27, 2003 the Company entered into a one-year term loan agreement with Salomon Brothers Realty Corporation ("Salomon Brothers"). Under terms of the agreement the Company will be advanced approximately $160.0 million and in turn pledged as collateral approximately $200.0 million in total principal balance of manufactured home loans of which approximately $181.0 million had been funded on the Company's repurchase facility with Credit Suisse First Boston. The annual interest rate on the term loan is a variable rate equal to LIBOR plus a spread and the advance rate is 80% of the outstanding principal of the manufactured home loans pledged as collateral on March 31, 2002. The agreement is set to expire in one year.

Management believes that it will have sufficient sources of capital to provide for the Company to continue its operations in the near term, however, the Company's future cash flow requirements depend on numerous factors, many of which are outside of its control. Based on its business model and the nature of the capital markets, the Company expects it will need to raise additional capital before the end of 2003, even if it maintains its current borrowing relationships. As a result, during that time it will need to obtain funding from sources such as operating activities, loan sales or securitizations, sales of debt or member interests or additional debt financing arrangements. The Company's ability to obtain funding from operations may be adversely impacted by, among other things, market and economic conditions in the manufactured home financing markets generally, including decreased sales of manufactured homes. The ability to obtain funding from loan sales and securitizations may be adversely impacted by, among other things, the price and credit quality of the Company's loans, conditions in the securities markets generally (and specifically in the asset-backed securities), compliance of loans with the eligibility requirements for a particular securitization and any material negative rating agency action pertaining to certificates issued in the Company's securitizations. The ability to obtain funding from sales of securities or debt financing arrangements may be adversely impacted by, among other things, market and economic conditions in the manufactured home financing markets generally and the Company's financial condition and prospects.

NOTE J - MEMBERS' CAPITAL

Under an investment agreement and merger agreement entered into on December 18, 2001, three investors, SUI TRS, Inc., Shiffman Family LLC and Woodward Holding, made capital contributions totaling $40 million to the Company and Bingham Financial Services Corporation ("Bingham") contributed its operating subsidiary, Origen Financial, Inc. At the time of Bingham's contribution, Origen Financial, Inc. had net liabilities totaling $19.2 million for which Bingham received a 20% interest in the net assets and profits of the Company. Members' total capital was reduced by approximately $894,000 in costs related to the recapitalization.

NOTE J - MEMBERS' CAPITAL (CONTINUED)

The Company is managed by a Board of Managers currently consisting of three individuals, one individual appointed by each of the three investors. Members of the Board have a total of five votes with the manager appointed by Bingham controlling two votes, the manager appointed by SUI TRS, Inc. controlling two votes and the manager appointed by Woodward Holding controlling one vote.

NOTE K - COMMITMENTS AND CONTINGENCIES

LOAN COMMITMENTS

At December 31, 2002, the Company had commitments to originate manufactured home installment contracts approximating $26.5 million.

LEASE COMMITMENTS

At December 31, 2002 aggregate minimum rental commitments under non-cancelable leases having terms of more than one year were (in thousands):

2003	$ 1,218
2004	939
2005	507
2006	444
2007	437
2008	107

These leases are for office facilities and equipment and generally contain either clauses for cost of living increases and/or options to renew or terminate the lease.

NOTE L - FINANCIAL INSTRUMENTS AND OFF-BALANCE SHEET ACTIVITY

FINANCIAL INSTRUMENTS

As part of its interest rate risk management strategy, the Company has in the past attempted to hedge the interest rate risk on its loan portfolio by entering into Treasury rate locks and forward interest rate swaps. As of December 31, 2002 the Company had no outstanding hedge positions.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107 ("SFAS 107") requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate such value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

NOTE L - FINANCIAL INSTRUMENTS AND OFF-BALANCE SHEET ACTIVITY (CONTINUED)

The following table shows the carrying amount and estimated fair values of the Company's financial instruments at December 31, 2002 (in thousands):

	CARRYING AMOUNT	ESTIMATED FAIR VALUE
ASSETS		
Cash and equivalents	$ 257	$ 257
Restricted cash	2,799	2,799
Loans receivable	173,764	174,126
Loan sale proceeds receivable	3,905	3,905
Other	7,327	7,327
LIABILITIES		
Accounts payable and accrued expenses	8,093	8,093
Recourse liability	13,320	13,320
Advances under repurchase	141,085	141,085
Note payable	54,946	54,946

The carrying amount for cash and cash equivalents and other assets is a reasonable estimate of their fair value.

Fair values for the Company's loans are estimated using quoted market prices for loans with similar interest rates, terms and borrowers credit quality as those being offered by the Company.

The carrying amount of accrued interest approximates its fair value. Due to their short maturity, accounts payable and accrued expense carrying values approximate fair value.

The fair value of the Company's recourse liability approximates its carrying value. The fair value is based on a discounted cash flow analysis with prepayment assumptions based on historical performance and industry standards.

Fair value of loan commitments valued on the basis of fees currently charged for commitments for similar loan terms to new borrowers with similar credit profiles is not considered material.

The fair value of the Company's fixed rate subordinated debt at December 31, 2002 was based on quoted market prices for debt with similar terms and remaining maturities. The fair value of the variable rate debt is based on its carrying amount.

NOTE M - RELATED PARTY TRANSACTIONS

The Company currently has a credit facility extended by Sun Home Services, Inc. consisting of a $48.0 million line of credit and a $10.0 million term loan. The facility is set to terminate on December 31, 2003 but is automatically extendable to December 31, 2004 upon the occurrence of certain events. The outstanding balance on the facility bears interest at a rate of LIBOR plus 700 basis points, with a minimum interest rate of 11% and a maximum interest rate of 15%. The facility is secured by a security interest in substantially all of the Company's assets.

Sun Home Services, Inc. owns a 100% interest in SUI TRS, Inc., which purchased approximately a 30% equity interest in the Company for approximately $15 million. Sun Home Services, Inc.'s non-voting preferred stock is owned 100% by Sun Communities which entitles Sun Communities to 95% of the cash flow from the operating activities of Sun Home Services including the cash flow from the operating activities of SUI TRS, Inc. Mr. Gary a Shiffman is the Chairman of the Board of Sun Communities.

Mr. Shiffman and members of his immediate family also control Shiffman Family LLC, which purchased approximately an 8.4% equity interest in the Company for approximately $4.2 million.

SUI TRS, Inc., Shiffman Family LLC and Woodward Holding have the option to buy Bingham Financial Services Corporation's ("Bingham") 20% ownership interest in the Company between 36 and 60 months from December 18, 2001. The purchase price of Bingham's interest would be its fair market value as determined by an appraiser selected by the Company's managers.

Included in accounts payable and accrued expenses of the Company at December 31, 2002 is approximately $568,000 in advances from Bingham.