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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017.

or

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

Commission file number 1-12616

SUN COMMUNITIES, INC.

(Exact Name of Registrant as Specified in its Charter)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

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

Large accelerated filer [X]	Accelerated filer [ ]	Non-accelerated filer [ ]
Smaller reporting company [ ]	Emerging growth company [ ]	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section to Section 13(a) of the Exchange Act. [ ]

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

Number of shares of Common Stock, $0.01 par value per share, outstanding as of July 20, 2017: 78,998,639

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PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited - dollars in thousands, except per share amounts)

	(unaudited) June 30, 2017	December 31, 2016
ASSETS		
Land	$ 1,066,792	$ 1,051,536
Land improvements and buildings	4,934,110	4,825,043
Rental homes and improvements	507,362	489,633
Furniture, fixtures and equipment	137,546	130,127
Investment property	6,645,810	6,496,339
Accumulated depreciation	(1,128,671)	(1,026,858)
Investment property, net (including $51,060 and $88,987 for consolidated variable interest entities at June 30, 2017 and December 31, 2016; see Note 6)	5,517,139	5,469,481
Cash and cash equivalents	241,646	8,164
Inventory of manufactured homes	25,582	21,632
Notes and other receivables, net	110,499	81,179
Collateralized receivables, net	138,696	143,870
Other assets, net (including $2,067 and $3,054 for consolidated variable interest entities at June 30, 2017 and December 31, 2016; see Note 6)	145,151	146,450
TOTAL ASSETS	$ 6,178,713	$ 5,870,776
LIABILITIES		
Mortgage loans payable (including $42,375 and $62,111 for consolidated variable interest entities at June 30, 2017 and December 31, 2016; see Note 6)	$ 2,832,819	$ 2,819,567
Secured borrowings on collateralized receivables	139,496	144,477
Preferred OP units - mandatorily redeemable	45,903	45,903
Lines of credit	435	100,095
Distributions payable	56,283	51,896
Other liabilities (including $1,629 and $1,998 for consolidated variable interest entities at June 30, 2017 and December 31, 2016; see Note 6)	298,759	279,667
TOTAL LIABILITIES	3,373,695	3,441,605
Commitments and contingencies		
Series A-4 preferred stock, $0.01 par value. Issued and outstanding: 1,085 shares at June 30, 2017 and 1,681 shares at December 31, 2016	32,414	50,227
Series A-4 preferred OP units	11,051	16,717
STOCKHOLDERS' EQUITY		
Series A preferred stock, $0.01 par value. Issued and outstanding: 3,400 shares at June 30, 2017 and December 31, 2016	34	34
Common stock, $0.01 par value. Authorized: 180,000 shares; Issued and outstanding: 78,987 shares at June 30, 2017 and 73,206 shares at December 31, 2016	790	732
Additional paid-in capital	3,780,599	3,321,441
Accumulated other comprehensive loss	(981)	(3,181)
Distributions in excess of accumulated earnings	(1,089,428)	(1,023,415)
Total Sun Communities, Inc. stockholders' equity	2,691,014	2,295,611
Noncontrolling interests:		
Common and preferred OP units	67,135	69,598
Consolidated variable interest entities	3,404	(2,982)
Total noncontrolling interests	70,539	66,616
TOTAL STOCKHOLDERS' EQUITY	2,761,553	2,362,227
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,178,713	$ 5,870,776

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited - dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
REVENUES				
Income from real property	$ 179,461	$ 140,001	$ 362,515	$ 269,236
Revenue from home sales	30,859	26,039	58,122	50,776
Rental home revenue	12,678	11,957	25,017	23,665
Ancillary revenues	8,850	7,383	15,069	11,996
Interest	5,043	4,672	9,689	8,617
Brokerage commissions and other revenues, net	1,008	747	1,887	1,153
Total revenues	237,899	190,799	472,299	365,443
EXPENSES				
Property operating and maintenance	53,446	37,067	100,612	68,268
Real estate taxes	13,126	10,153	26,269	19,738
Cost of home sales	22,022	18,684	42,905	36,868
Rental home operating and maintenance	4,944	5,411	10,046	11,287
Ancillary expenses	7,058	5,599	11,726	9,248
Home selling expenses	2,990	2,460	6,101	4,597
General and administrative	19,989	16,543	37,921	30,335
Transaction costs	2,437	20,979	4,823	23,700
Depreciation and amortization	62,721	49,670	125,487	98,082
Extinguishment of debt	293	—	759	—
Interest	32,358	28,428	63,680	54,722
Interest on mandatorily redeemable preferred OP units	787	787	1,571	1,574
Total expenses	222,171	195,781	431,900	358,419
Income / (loss) before other items	15,728	(4,982)	40,399	7,024
Other income, net	875	—	1,627	—
Current tax benefit / (expense)	7	(56)	(171)	(284)
Deferred tax benefit	364	—	664	—
Net income / (loss)	16,974	(5,038)	42,519	6,740
Less: Preferred return to preferred OP units	(1,196)	(1,263)	(2,370)	(2,536)
Less: Amounts attributable to noncontrolling interests	(1,315)	695	(2,403)	419
Net income / (loss) attributable to Sun Communities, Inc.	14,463	(5,606)	37,746	4,623
Less: Preferred stock distributions	(2,099)	(2,197)	(4,278)	(4,551)
Net income / (loss) attributable to Sun Communities, Inc. common stockholders	$ 12,364	$ (7,803)	$ 33,468	$ 72
Weighted average common shares outstanding:				
Basic	74,678	64,757	73,677	61,247
Diluted	75,154	64,757	74,272	61,673
Earnings per share (See Note 12):				
Basic	$ 0.16	$ (0.12)	$ 0.45	$ 0.00
Diluted	$ 0.16	$ (0.12)	$ 0.45	$ 0.00

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)
(Unaudited - dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income / (loss)	$ 16,974	$ (5,038)	$ 42,519	$ 6,740
Foreign currency translation adjustment	1,745	1	2,329	1
Total comprehensive income / (loss)	18,719	(5,037)	44,848	6,741
Less: Comprehensive income / (loss) attributable to noncontrolling interests	1,411	(695)	2,532	(419)
Comprehensive income / (loss) attributable to Sun Communities, Inc.	$ 17,308	$ (4,342)	$ 42,316	$ 7,160

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - dollars in thousands)

	7.125% Series A Cumulative Redeemable Preferred Stock	Common Stock	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated other comprehensive loss	Non-controlling Interests	Total Stockholders' Equity
Balance at December 31, 2016	$ 34	$ 732	$ 3,321,441	$ (1,023,415)	$ (3,181)	$ 66,616	$ 2,362,227
Issuance of common stock from exercise of options, net	—	—	45	—	—	—	45
Issuance of OP units and common stock, net	—	57	459,190	—	—	2,001	461,248
Conversion of OP units	—	—	1,074	—	—	(944)	130
Conversion of Series A-4 preferred stock	—	1	4,719	—	—	—	4,720
Redemption of Series A-4 preferred stock	—	—	(3,867)	—	—	—	(3,867)
Redemption of Series A-4 OP units	—	—	(2,571)	—	—	—	(2,571)
Share-based compensation - amortization and forfeitures	—	—	6,769	148	—	—	6,917
Acquisition of noncontrolling interests	—	—	(6,201)	—	—	6,101	(100)
Foreign currency exchange	—	—	—	—	2,200	129	2,329
Net income	—	—	—	40,116	—	2,274	42,390
Distributions	—	—	—	(106,277)	—	(5,638)	(111,915)
Balance at June 30, 2017	$ 34	$ 790	$ 3,780,599	$ (1,089,428)	$ (981)	$ 70,539	$ 2,761,553

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - dollars in thousands)

	Six Months Ended June 30,	
	2017	2016
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 153,163	$ 129,048
INVESTING ACTIVITIES:		
Investment in properties	(131,137)	(97,435)
Acquisitions of properties, net of cash acquired	(39,887)	(1,461,663)
Proceeds from dispositions of assets and depreciated homes, net	3,458	4,729
Proceeds from disposition of properties	—	88,696
Issuance of notes and other receivables	(503)	(3,488)
Repayments of notes and other receivables	943	546
NET CASH USED FOR INVESTING ACTIVITIES	(167,126)	(1,468,615)
FINANCING ACTIVITIES:		
Issuance and associated costs of common stock, OP units, and preferred OP units, net	459,247	418,764
Net proceeds from stock option exercise	45	149
Borrowings on lines of credit	572,109	398,913
Payments on lines of credit	(672,019)	(65,913)
Proceeds from issuance of other debt	83,848	755,913
Payments on other debt	(58,860)	(68,668)
Prepayment penalty on debt	(759)	—
Redemption of Series A-4 preferred stock and OP units	(24,698)	—
Distributions to stockholders, OP unit holders, and preferred OP unit holders	(108,093)	(90,810)
Payments for deferred financing costs	(3,486)	(22,426)
NET CASH PROVIDED BY FINANCING ACTIVITIES	247,334	1,325,922
Effect of exchange rate changes on cash and cash equivalents	111	—
Net change in cash and cash equivalents	233,482	(13,645)
Cash and cash equivalents, beginning of period	8,164	45,086
Cash and cash equivalents, end of period	$ 241,646	$ 31,441

	Six Months Ended June 30,	
	2017	2016
SUPPLEMENTAL INFORMATION:		
Cash paid for interest (net of capitalized interest of $1,266 and $185 respectively)	$ 61,709	$ 56,058
Cash paid for interest on mandatorily redeemable debt	$ 1,571	$ 1,574
Cash paid for income taxes	$ 350	$ 426
Noncash investing and financing activities:		
Reduction in secured borrowing balance	$ 11,830	$ 9,285
Change in distributions declared and outstanding	$ 4,320	$ 6,659
Conversion of common and preferred OP units	$ 1,074	$ 990
Conversion of Series A-4 preferred stock	$ 4,720	$ 11,503
Noncash investing and financing activities at the date of acquisition:		
Acquisitions - Common stock and OP units issued	$ 2,000	$ 225,000
Acquisitions - other assets	$ —	$ 37,847

See accompanying Notes to Consolidated Financial Statements.

1. Basis of Presentation

Sun Communities, Inc., a Maryland corporation, and all wholly-owned or majority-owned and controlled subsidiaries, including Sun Communities Operating Limited Partnership (the "Operating Partnership") and Sun Home Services, Inc. ("SHS") are referred to herein as the "Company," "us," "we," and "our."

We follow accounting standards set by the Financial Accounting Standards Board ("FASB"). FASB sets generally accepted accounting principles ("GAAP"), which we follow to ensure that we consistently report our financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("ASC").

These unaudited Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information and in accordance with GAAP. Pursuant to the SEC rules and regulations we present interim disclosures and certain information and footnote disclosures as required. Accordingly, the unaudited Consolidated Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying unaudited Consolidated Financial Statements reflect, in the opinion of management, all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of the interim financial statements. All intercompany transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period financial statements in order to conform to current period presentation.

The results of operations for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC on February 23, 2017 (the "2016 Annual Report"). These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our 2016 Annual Report.

2. Real Estate Acquisitions

2017 Acquisitions

In June 2017, we acquired Arbor Woods ("Arbor Woods"), a manufactured home ("MH") community with 458 sites located in Superior Township, Michigan.

In May 2017, we acquired Sunset Lakes RV Resort ("Sunset Lakes"), a recreational vehicle ("RV") resort with 489 sites located in Hillsdale, Illinois.

In March 2017, we acquired Far Horizons 49er Village RV Resort Inc. ("49er Village"), a RV resort with 328 sites located in Plymouth, California.

The following table summarizes the amounts of assets acquired net of liabilities assumed at the acquisition date and the consideration paid for the acquisitions completed in 2017 (in thousands):

At Acquisition Date	Arbor Woods [1]	Sunset Lakes [1]	49er Village [1]	Total
Investment in property	$ 15,725	$ 7,835	$ 12,890	$ 36,450
Notes receivable	23	—	—	23
Inventory of manufactured homes	465	—	—	465
In-place leases	730	210	110	1,050
Total identifiable assets acquired net of liabilities assumed	$ 16,943	$ 8,045	$ 13,000	$ 37,988
Consideration				
Cash	$ 14,943	$ 8,045	$ 13,000	35,988
Equity	2,000	—	—	2,000
Total cash and equity	$ 16,943	$ 8,045	$ 13,000	$ 37,988

[1] The purchase price allocations for Arbor Woods, Sunset Lakes, and 49er Village are preliminary and may be adjusted as final costs and valuations are determined.

The amount of total revenues and net income included in the Consolidated Statements of Operations for the three and six months ended June 30, 2017 related to the acquisitions completed in 2017 are set forth in the following table (in thousands):

	Three Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2017 (unaudited)
Total revenues	$ 1,288	$ 1,315
Net income	$ 500	$ 483

The following unaudited pro forma financial information presents the results of our operations for the three and six months ended June 30, 2017 and 2016, as if the properties had been acquired on January 1, 2016. The unaudited pro forma results reflect certain adjustments for items that are not expected to have a continuing impact, such as adjustments for transaction costs incurred, management fees, and purchase accounting.

The information presented below has been prepared for comparative purposes only and does not purport to be indicative of either future results of operations or the results of operations that would have actually occurred had the acquisitions been consummated on January 1, 2016 (in thousands, except per-share data):

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2017	2016	2017	2016
Total revenues	$ 239,197	$ 193,022	$ 474,085	$ 368,260
Net income / (loss) attributable to Sun Communities, Inc. common stockholders	$ 12,642	$ (7,402)	$ 33,839	$ 586
Net income / (loss) per share attributable to Sun Communities, Inc. common stockholders - basic	$ 0.18	$ (0.14)	$ 0.46	$ 0.01
Net income / (loss) per share attributable to Sun Communities, Inc. common stockholders - diluted	$ 0.18	$ (0.14)	$ 0.46	$ 0.01

Additionally, during the three months ended June 30, 2017, we acquired an undeveloped parcel of land (“Bear Lake”), near Myrtle Beach, South Carolina, for $5.9 million. This land parcel has been entitled and zoned to build a 775 site RV resort.

Transaction costs of $2.4 million and $21.0 million have been incurred for the three months ended June 30, 2017 and 2016, respectively. For the six months ended June 30, 2017 and 2016, transactions costs were $4.8 million and $23.7 million, respectively. These costs are presented as “Transaction costs” in our Consolidated Statements of Operations.

2016 Acquisitions

In June 2016, we acquired all of the issued and outstanding shares of common stock of Carefree Communities Inc. (“Carefree”) through the Operating Partnership for an aggregate purchase price of $1.68 billion. Carefree owned 103 MH and RV communities, comprising over 27,000 sites.

At the closing, we issued 3,329,880 shares of common stock at $67.57 per share (or $225.0 million in common stock) to the seller and the Operating Partnership paid the balance of the purchase price in cash. Approximately $1.0 billion of the cash payment was applied simultaneously to repay debt on the properties owned by Carefree. The Operating Partnership funded the cash portion of the purchase price in part with proceeds from debt financings as described in Note 7, “Debt and Lines of Credit” and net proceeds of $385.4 million from an underwritten public offering of 6,037,500 shares of common stock at a price of $66.50 per share in March 2016.

We have allocated the “investment in property" balances for Carefree to the respective balance sheet line items upon completion of a purchase price allocation in accordance with the FASB ASC Topic 805 - *Business Combinations*, as set forth in the table below (in thousands):

At Acquisition Date	**Carefree**
Investment in property	$ 1,670,981
Ground leases	33,270
In-place leases	35,010
Deferred tax liability	(23,637)
Other liabilities	(15,665)
Inventory of manufactured homes	13,521
Below market lease	(29,340)
Total identifiable assets acquired and liabilities assumed	$ 1,684,140
Consideration	
Cash and equity	$ 1,684,140

Additionally, during 2016, we acquired seven RV resorts and one MH community for total consideration of $89.7 million. We added 1,677 sites in six states as a result of these acquisitions.

The amount of revenue and net income included in the Consolidated Statements of Operations for the three and six months ended June 30, 2017 related to the Carefree acquisition and other acquisitions completed during 2016 is set forth in the following table (in thousands):

	Three Months Ended June 30, 2017	**Six Months Ended June 30, 2017**
	(unaudited)	**(unaudited)**
Revenue	$ 47,321	$ 100,987
Net income	$ 3,182	$ 13,026

3. Collateralized Receivables and Transfers of Financial Assets

We completed various transactions with an unrelated entity involving our notes receivable under which we received cash proceeds in exchange for relinquishing our right, title, and interest in certain notes receivable. We have no further obligations or rights with respect to the control, management, administration, servicing, or collection of the installment notes receivable. However, we are subject to certain recourse provisions requiring us to purchase the underlying homes collateralizing such notes, in the event of a note default and subsequent repossession of the home by the unrelated entity. The recourse provisions are considered to be a form of continuing involvement, and therefore these transferred loans did not meet the requirements for sale accounting. We continue to recognize these transferred loans on our balance sheet and refer to them as collateralized receivables. The proceeds from the transfer have been recognized as a secured borrowing.

In the event of a note default and subsequent repossession of a manufactured home by the unrelated entity, the terms of the agreement require us to repurchase the manufactured home. Default is defined as the failure to repay the installment note receivable according to contractual terms. The repurchase price is calculated as a percentage of the outstanding principal balance of the collateralized receivable, plus any outstanding late fees, accrued interest, legal fees, and escrow advances associated with the installment note receivable. The percentage used to determine the repurchase price of the outstanding principal balance on the installment note receivable is based on the number of payments made on the note. In general, the repurchase price is determined as follows:

Number of Payments	Repurchase Percentage
Fewer than or equal to 15	100%
Greater than 15 but fewer than 64	90%
Equal to or greater than 64 but fewer than 120	65%
120 or more	50%

The transferred assets have been classified as “Collateralized receivables, net” and the cash proceeds received from these transactions have been classified as “Secured borrowings on collateralized receivables” within the Consolidated Balance Sheets. The balance of the collateralized receivables was $138.7 million (net of allowance of $0.8 million) and $143.9 million (net of allowance of $0.6 million) as of June 30, 2017 and December 31, 2016, respectively. The receivables have a weighted average interest rate and maturity of 10.0 percent and 15.6 years as of June 30, 2017, and 10.0 percent and 15.7 years as of December 31, 2016.

The outstanding balance on the secured borrowing was $139.5 million and $144.5 million as of June 30, 2017 and December 31, 2016, respectively.

The collateralized receivables earn interest income, and the secured borrowings accrue interest expense at the same interest rates. The amount of interest income and expense recognized was $3.3 million and $3.4 million for the three months ended June 30, 2017 and 2016, respectively, and $6.6 million and $6.8 million for the six months ended June 30, 2017 and 2016, respectively.

The balances of the collateralized receivables and secured borrowings fluctuate. The balances increase as additional notes receivable are transferred and exchanged for cash proceeds. The balances are reduced as the related collateralized receivables are collected from the customers, or as the underlying collateral is repurchased. The change in the aggregate gross principal balance of the collateralized receivables is as follows (in thousands):

	Six Months Ended June 30, 2017
Beginning balance	$ 144,477
Financed sales of manufactured homes	6,849
Principal payments and payoffs from our customers	(5,799)
Principal reduction from repurchased homes	(6,031)
Total activity	(4,981)
Ending balance	$ 139,496

The following table sets forth the allowance for the collateralized receivables as of June 30, 2017 (in thousands):

	Six Months Ended June 30, 2017
Beginning balance	$ (607)
Lower of cost or market write-downs	515
Increase to reserve balance	(708)
Total activity	(193)
Ending balance	$ (800)

4. Notes and Other Receivables

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

	June 30, 2017	December 31, 2016
Installment notes receivable on manufactured homes, net	$ 82,792	$ 59,320
Other receivables, net	27,707	21,859
Total notes and other receivables, net	$ 110,499	$ 81,179

Installment Notes Receivable on Manufactured Homes

The installment notes of $82.8 million (net of allowance of $0.2 million) and $59.3 million (net of allowance of $0.2 million) as of June 30, 2017 and December 31, 2016, respectively, are collateralized by manufactured homes. The notes represent financing provided by us to purchasers of manufactured homes primarily located in our communities and require monthly principal and interest payments. The notes have a net weighted average interest rate (net of servicing costs) and maturity of 8.2 percent and 16.7 years as of June 30, 2017, and 8.3 percent and 16.0 years as of December 31, 2016.

The change in the aggregate gross principal balance of the installment notes receivable is as follows (in thousands):

	Six Months Ended June 30, 2017
Beginning balance	$ 59,524
Financed sales of manufactured homes	26,870
Acquired notes	23
Principal payments and payoffs from our customers	(2,441)
Principal reduction from repossessed homes	(1,006)
Total activity	23,446
Ending balance	$ 82,970

Allowance for Losses for Installment Notes Receivable

The following table sets forth the allowance change for the installment notes receivable as follows (in thousands):

	Six Months Ended June 30, 2017
Beginning balance	$ (205)
Lower of cost or market write-downs	85
Increase to reserve balance	(58)
Total activity	27
Ending balance	$ (178)

Other Receivables

As of June 30, 2017, other receivables were comprised of amounts due from: residents for rent, and water and sewer usage of $8.0 million (net of allowance of $1.5 million); home sale proceeds of $14.4 million; insurance receivables of $3.7 million; and other receivables of $1.6 million. As of December 31, 2016, other receivables were comprised of amounts due from: residents for rent, and water and sewer usage of $6.0 million (net of allowance of $1.5 million); home sale proceeds of $11.6 million; insurance receivables of $2.3 million; and other receivables of $2.0 million.

5. Intangible Assets

Our intangible assets include ground leases, in-place leases, franchise fees and other intangible assets from acquisitions. These intangible assets are recorded in “Other assets, net” on the Consolidated Balance Sheets.

The gross carrying amounts, and accumulated amortization are as follows (in thousands):

		June 30, 2017		December 31, 2016	
Intangible Asset	**Useful Life**	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Ground leases	8-57 years	$ 33,270	$ (1,114)	$ 33,270	$ (600)
In-place leases	7 years	99,535	(38,663)	98,235	(31,796)
Franchise fees and other intangible assets	15 years	1,880	(1,413)	1,880	(1,155)
Total		$ 134,685	$ (41,190)	$ 133,385	$ (33,551)

Total amortization expenses related to the intangible assets are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Intangible Asset	**2017**	**2016**	**2017**	**2016**
Ground leases	$ 257	$ —	$ 514	$ —
In-place leases	3,428	2,165	6,844	4,318
Franchise fees and other intangible assets	129	129	258	258
Total	$ 3,814	$ 2,294	$ 7,616	$ 4,576

We anticipate amortization expense for our intangible assets to be as follows for the next five years (in thousands):

	Year				
	Remainder of 2017	**2018**	**2019**	**2020**	**2021**
Estimated expense	$ 7,650	$ 14,482	$ 13,566	$ 11,838	$ 11,446

6. Consolidated Variable Interest Entities

We consolidate Rudgate Village SPE, LLC; Rudgate Clinton SPE, LLC; and Rudgate Clinton Estates SPE, LLC (collectively, “Rudgate”) as a variable interest entity ("VIE"). We evaluated our arrangement with this property under the guidance set forth in FASB ASC Topic 810 “*Consolidation*.” We concluded that Rudgate qualified as a VIE where we are the primary beneficiary, as we have power to direct the significant activities, absorb the significant losses and receive the significant benefits from the entity.

During the three months ended June 30, 2017, we acquired the noncontrolling equity interests in Wildwood Mobile Home Park ("Wildwood") held by third parties for total consideration of $0.1 million. Prior to this acquisition, we consolidated Wildwood as a VIE. The acquisition resulted in the Company owning a 100.0 percent controlling interest in Wildwood, and was deemed a VIE reconsideration event. We concluded that Wildwood was no longer a VIE.

The following table summarizes the assets and liabilities included in our Consolidated Balance Sheets after eliminations (in thousands):

	June 30, 2017	December 31, 2016
ASSETS		
Investment property, net	$ 51,060	$ 88,987
Other assets	2,067	3,054
Total Assets	$ 53,127	$ 92,041
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt	$ 42,375	$ 62,111
Other liabilities	1,629	1,998
Noncontrolling interests	3,404	(2,982)
Total Liabilities and Stockholders' Equity	$ 47,408	$ 61,127

Investment property, net and other assets related to the consolidated VIEs comprised approximately 0.9 percent and 1.6 percent of our consolidated total assets at June 30, 2017 and December 31, 2016, respectively. Debt and other liabilities comprised approximately 1.3 percent and 1.9 percent of our consolidated total liabilities at June 30, 2017 and December 31, 2016, respectively. Noncontrolling interests related to the consolidated VIEs comprised less than 1.0 percent of our consolidated total stockholder's equity at June 30, 2017 and December 31, 2016.

7. Debt and Lines of Credit

The following table sets forth certain information regarding debt including premiums, discounts and deferred financing costs (in thousands):

	Carrying Amount		Weighted Average Years to Maturity		Weighted Average Interest Rates	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Collateralized term loans - FNMA	$ 1,034,261	$ 1,046,803	6.1	6.6	4.4%	4.3%
Collateralized term loans - Life Companies	955,251	888,705	12.7	12.2	3.9%	3.9%
Collateralized term loans - CMBS	454,231	492,294	5.5	5.6	5.1%	5.2%
Collateralized term loans - FMCC	389,076	391,765	7.4	7.9	3.9%	3.9%
Secured borrowings	139,496	144,477	15.6	15.7	10.0%	10.0%
Lines of credit	435	100,095	1.0	3.6	—%	2.1%
Preferred OP units - mandatorily redeemable	45,903	45,903	5.0	5.4	6.9%	6.9%
Total debt	$ 3,018,653	$ 3,110,042	8.7	8.5	4.6%	4.5%

Collateralized Term Loans

In June 2017, we entered into a $77.0 million collateralized term loan which bears interest at a rate of 4.16 percent amortizing over a 25 term. We also repaid a $3.9 million collateralized term loan with an interest rate of 6.54 percent that was due to mature on August 31, 2017. As a result of the repayment transaction, we recognized a loss on extinguishment of debt of $0.3 million in our Consolidated Statements of Operations.

During the first quarter of 2017, we defeased an $18.9 million collateralized term loan with an interest rate of 6.49 percent that was due to mature on August 1, 2017, releasing one encumbered community. As a result of the transaction, we recognized a loss on extinguishment of debt of $0.5 million in our Consolidated Statements of Operations. In addition, we repaid a $10.0 million collateralized term loan with an interest rate of 5.57 percent that was due to mature on May 1, 2017, releasing an additional encumbered community.

During the fourth quarter of 2016, we repaid a total of $79.1 million aggregate principal of collateralized term loans that were due to mature during 2017, releasing 10 encumbered communities. Also in the fourth quarter of 2016, we entered into a promissory note for $58.5 million that bears interest at a rate of 3.33 percent and has a seven-year term. The repayment of the note is interest only for the entire term.

In September 2016, 15 subsidiaries of the Operating Partnership each entered into a promissory note for total borrowings of $139.0 million with PNC Bank, as lender (the "Freddie Mac Financing"). Five of the notes totaling $70.2 million bear interest at a rate of 3.93 percent and have ten-year terms. The remaining ten notes totaling $68.8 million bear interest at a rate of 3.75 percent and have seven-year terms. The Freddie Mac Financing provides for principal and interest payments to be amortized over 30 years.

Proceeds from the Freddie Mac Financing described above and the underwritten registered public equity offering in September 2016 described in Note 8, "Equity and Mezzanine Securities," were utilized to repay $62.1 million in mortgage loans and $300.0 million on our revolving loan under our senior revolving credit facility (refer to *Lines of Credit* below for additional information regarding the A&R Facility).

In June 2016, 17 subsidiaries of the Operating Partnership entered into a Master Credit Facility Agreement with Regions Bank, as lender. Pursuant to credit agreement, Regions Bank loaned a total of $338.0 million under a senior secured credit facility, comprised of two ten-year term loans in the amount of $300.0 million and $38.0 million, respectively (collectively the "Fannie Mae Financing"). The $300.0 million term loan bears interest at 3.69 percent and the $38.0 million term loan bears interest at 3.67 percent for a blended rate of 3.69 percent. The Fannie Mae Financing provides for principal and interest payments to be amortized over 30 years.

The Fannie Mae Financing is secured by mortgages encumbering 17 MH communities comprised of real and personal property owned by the borrowers. Additionally, the Company and the Operating Partnership have provided a guaranty of the non-recourse carve-out obligations of the borrowers under the Fannie Mae Financing.

Additionally, in June 2016, three subsidiaries of the Operating Partnership entered into mortgage loan documents (the "NML Loan Documents") with The Northwestern Mutual Life Insurance Company ("NML"). Pursuant to the NML Loan Documents, NML made three portfolio loans to the subsidiary borrowers in the aggregate amount of $405.0 million. NML loaned $162.0 million under a ten-year term loan to two of the subsidiary borrowers (the "Portfolio A Loan"). The Portfolio A Loan bears interest at 3.53 percent and is secured by deeds of trust encumbering seven MH communities and one RV community. NML also loaned $163.0 million under a 12-year term loan (the "Portfolio B Loan") to one subsidiary which is also a borrower under the Portfolio A Loan. The Portfolio B Loan bears interest at 3.71 percent and is secured by deeds of trust and a ground lease encumbering eight MH communities. NML also loaned $80.0 million under a 12-year term loan (the "Portfolio C Loan" and, collectively, with the Portfolio A Loan and the Portfolio B Loan, the "NML Financing") to one subsidiary borrower. The Portfolio C Loan bears interest at 3.71 percent and is secured by a mortgage encumbering one RV community. The MH and RV communities noted above that secure the NML Financing were acquired as part of the Carefree transaction (See Note 2, "Real Estate Acquisitions").

The NML Financing is generally non-recourse, however, the borrowers under the NML Financing and the Operating Partnership are responsible for certain customary non-recourse carveouts. In addition, the NML Financing will be fully recourse to the subsidiary borrowers and the Operating Partnership if: (a) the borrowers violate the prohibition on transfer covenants set forth in the loan documents; or (b) a voluntary bankruptcy proceedings is commenced by the borrowers or an involuntary bankruptcy, liquidation, receivership or similar proceeding has commenced against the borrowers and remains undismissed for a period of 90 days.

Proceeds from the Fannie Mae Financing and NML Financing were primarily used to fund the cash portion of the Carefree acquisition (See Note 2, "Real Estate Acquisitions").

The collateralized term loans totaling $2.8 billion as of June 30, 2017, are secured by 191 properties comprised of 75,962 sites representing approximately $3.4 billion of net book value.

Secured Borrowing

See Note 3, “Collateralized Receivables and Transfers of Financial Assets,” for information regarding our collateralized receivables and secured borrowing transactions.

Preferred OP Units

Included in preferred OP units is $34.7 million of Aspen preferred OP units issued by the Operating Partnership which, as of June 30, 2017, are convertible indirectly into 464,552 shares of our common stock. Subject to certain limitations, at any time prior to January 1, 2024, the holder of each Aspen preferred OP unit at its option may convert such Aspen preferred OP unit into: (a) if the market price of our common stock is $68.00 per share or less, 0.397 common OP units; or (b) if the market price of our common stock is greater than $68.00 per share, the number of common OP units is determined by dividing (i) the sum of (A) $27.00 plus (B) 25 percent of the amount by which the market price of our common stock exceeds $68.00 per share, by (ii) the per-share market price of our common stock. The current preferred distribution rate is 6.5 percent. On January 2, 2024, we are required to redeem all Aspen preferred OP units that have not been converted to common OP units.

Lines of Credit

In April 2017, we amended and restated our credit agreement (the “A&R Credit Agreement”) with Citibank, N.A. ("Citibank") and certain other lenders. Pursuant to the A&R Credit Agreement, we have a senior revolving credit facility with Citibank and certain other lenders in the amount of $650.0 million, comprised of a $550.0 million revolving loan and a $100.0 million term loan (the “A&R Facility”). The A&R Credit Agreement has a four-year term ending April 25, 2021, which can be extended for two additional six-month periods at our option, subject to the satisfaction of certain conditions as defined in the credit agreement. The credit agreement also provides for, subject to the satisfaction of certain conditions, additional commitments in an amount not to exceed $350.0 million. If additional borrowings are made pursuant to any such additional commitments, the aggregate borrowing limit under the Facility may be increased up to $1.0 billion.

The A&R Facility bears interest at a floating rate based on the Eurodollar rate plus a margin that is determined based on our leverage ratio calculated in accordance with the credit agreement, which margin can range from 1.35 percent to 2.20 percent for the revolving loan and 1.30 percent to 2.15 percent for the term loan. As of June 30, 2017, the margin on our leverage ratio was 1.35 percent and 1.30 percent on the revolving and term loans, respectively. We had no borrowings on the revolving loan or term loan as of June 30, 2017, as total borrowings of $229.0 million were repaid with proceeds from our public equity offering during the quarter ended June 30, 2017. We may borrow up to $100.0 million on the term loan on or before September 30, 2017. Refer to Note 8, "Equity and Mezzanine Securities" for additional information.

The A&R Facility replaced our $450.0 million credit facility (the "Previous Facility"), which was scheduled to mature on August 19, 2019. At the time of the closing of the A&R Facility, there were $220.8 million in borrowings under the Previous Facility. At December 31, 2016, under the Previous Facility, we had $42.3 million in borrowings on the revolving loan and $58.0 million in borrowings on the term loan totaling $100.3 million with a weighted average interest rate of 2.14 percent.

The A&R Facility provides, and the Previous Facility provided, us with the ability to issue letters of credit. Our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, but does reduce the borrowing amount available. At June 30, 2017 and December 31, 2016, approximately $3.8 million and $4.6 million, respectively, of availability was used to back standby letters of credit.

We have a $12.0 million manufactured home floor plan facility renewable indefinitely until our lender provides us at least a twelve month notice of their intent to terminate the agreement. The interest rate is 100 basis points over the greater of the prime rate as quoted in the *Wall Street Journal* on the first business day of each month or 6.0 percent. At June 30, 2017, the effective interest rate was 7.0 percent. The outstanding balance was $0.4 million and $2.8 million as of June 30, 2017 and December 31, 2016, respectively.

Covenants

Pursuant to the terms of the A&R Facility, we are subject to various financial and other covenants. The most restrictive of our debt agreements place limitations on secured borrowings and contain minimum fixed charge coverage, leverage, distribution, and net worth requirements. At June 30, 2017, we were in compliance with all covenants.

In addition, certain of our subsidiary borrowers own properties that secure loans. These subsidiaries are consolidated within our accompanying Consolidated Financial Statements, however, each of these subsidiaries' assets and credit are not available to satisfy the debts and other obligations of the Company, any of its other subsidiaries or any other person or entity.

8. Equity and Mezzanine Securities

Public Equity Offerings

In May 2017, we closed an underwritten registered public offering of 4,830,000 shares of common stock at a gross price of $86.00 per share. Proceeds from the offering were $408.9 million after deducting expenses related to the offering. We utilized proceeds from the offering to fully repay borrowings outstanding on our senior revolving credit facility, redeem certain preferred securities, and fund an acquisition. We intend to utilize the remaining proceeds to fund possible future acquisitions and for working capital and general corporate purposes.

In September 2016, we closed an underwritten registered public offering of 3,737,500 shares of common stock at a gross price of $76.50 per share. Proceeds from the offering were $283.6 million after deducting expenses related to the offering, which were used to repay borrowings outstanding on the revolving loan under our senior revolving credit facility.

In June 2016, at the closing of the Carefree acquisition, we issued the seller 3,329,880 shares of our common stock at an issuance price of $67.57 per share or $225.0 million in common stock.

In March 2016, we closed an underwritten registered public offering of 6,037,500 shares of common stock at a price of $66.50 per share. Net proceeds from the offering of $385.4 million after deducting discounts and expenses related to the offering, were used to fund a portion of the purchase price for Carefree.

At-the-Market Offering Sales Agreement

We maintain an agreement with BMO Capital Markets Corp., Merrill Lynch, Pierce, Fenner and Smith Incorporated and Citigroup Global Markets Inc. (each, a "Sales Agent") whereby we may offer and sell shares of our common stock, having an aggregate offering price of up to $250.0 million, from time to time through the Sales Agents (the "Sales Agreement"). Each Sales Agent is entitled to compensation in an agreed amount not to exceed 2.0 percent of the gross price per share for any shares sold through it from time to time under the Sales Agreement.

Sales of common stock under our At-the-Market sales program during 2017 were as follows:

Quarter Ended	Common Stock Issued	Weighted Average Sales Price	Net Proceeds ($ millions)
June 30, 2017	400,000	$ 85.01	$ 33.6
March 31, 2017	280,502	$ 76.47	$ 21.2

Issuance of Common OP Units

In June 2017, we issued a total of 23,311 common OP units for total consideration of $2.0 million in connection with acquisition activity during the three months ended June 30, 2017.

Conversions

Subject to certain limitations, holders can convert certain series of stock and OP units to shares of our common stock at any time. Conversions during the six month periods ended June 30, 2017 and 2016 were as follows:

		Six Months Ended June 30, 2017		Six Months Ended June 30, 2016	
Series	Conversion Rate	Units/Shares	Common Stock	Units/Shares	Common Stock
Common OP unit	1	11,979	11,979	—	—
Series A-1 preferred OP unit	2.439	5,825	14,205	9,730	23,729
Series A-4 preferred OP unit	0.4444	5,000	2,220	7,000	3,110
Series A-4 preferred stock	0.4444	158,036	70,238	—	—
Series C preferred OP unit	1.11	4,993	5,539	—	—

Dividends

Dividend distributions for the three months ended June 30, 2017 were as follows:

Dividend	Record Date	Payment Date	Distribution per Share	Total Distribution (millions)
Common Stock, Common OP units and Restricted Stock	6/30/2017	7/17/2017	$ 0.67	$ 51.2
Series A Preferred Stock	6/30/2017	7/17/2017	$ 0.4453125	$ 1.5
Series A-4 Preferred Stock	6/16/2017	6/30/2017	$ 0.40625	$ 0.4

Redemptions

If certain change of control transactions occur or if our common stock ceases to be listed or quoted on an exchange or quotation system, then at any time after November 26, 2019, we or the holders of shares of Series A-4 Preferred Stock and Series A-4 preferred OP units may cause all or any of those shares or units to be redeemed for cash at a redemption price equal to the sum of (i) the greater of (x) the amount that the redeemed shares of Series A-4 Preferred Stock and Series A-4 preferred OP units would have received in such transaction if they had been converted into shares of our common stock immediately prior to such transaction, or (y) $25.00 per share, plus (ii) any accrued and unpaid distributions thereon to, but not including, the redemption date.

In June 2017, we redeemed 438,448 shares of Series A-4 Cumulative Convertible Preferred Stock and 200,000 shares of Series A-4 preferred OP units from Green Courte Real Estate Partners III, LLC, GCP Fund III REIT LLC and GCP Fund III Ancillary Holding, LLC (collectively, the "Green Courte Entities") for total consideration of $24.7 million. Accrued dividends totaling $0.2 million were also paid in connection with the redemptions. The Green Courte Entities and other affiliates were the sellers of the American Land Lease portfolio which we acquired in 2014 and 2015.

Repurchase Program

In November 2004, our Board of Directors authorized us to repurchase up to 1,000,000 shares of our common stock. We have 400,000 common shares remaining in the repurchase program. No common shares were repurchased under this buyback program during the six months ended June 30, 2017 or 2016. There is no expiration date specified for the buyback program.

9. Share-Based Compensation

We have two share-based compensation plans; the Sun Communities, Inc. 2015 Equity Incentive Plan (“2015 Equity Incentive Plan”) and the First Amended and Restated 2004 Non-Employee Director Option Plan (“2004 Non-Employee Director Option Plan”). During the three months ended June 30, 2017 and the three months ended March 31, 2017, shares were granted as follows:

Grant Period	Type	Plan	Shares Granted	Grant Date Fair Value Per Share		Vesting Type	Vesting Anniversary	Percentage
Q2 2017	Key Employees	2015 Equity Incentive Plan	2,500	$ 84.18	(1)	Time Based	April 24, 2019	35.0%
							April 24, 2020	35.0%
							April 24, 2021	20.0%
							April 24, 2022	5.0%
							April 24, 2023	5.0%
Q1 2017	Executive Officers	2015 Equity Incentive Plan	100,000	$ 79.30	(2)	Time Based	March 14, 2020	20.0%
							March 14, 2021	30.0%
							March 14, 2022	35.0%
							March 14, 2023	10.0%
							March 14, 2024	5.0%
Q1 2017	Executive Officers	2015 Equity Incentive Plan	100,000	$ 79.30	(2)	Market & Performance Conditions	Multiple tranches through March 2022	
Q1 2017	Directors	2004 Non-Employee Director Option Plan	15,600	$ 79.02	(1)	Time Based	February 8, 2020	100.0%

(1) The fair value of the grant was determined by using the closing price of our common stock on the date the shares were issued.
(2) Share-based compensation for restricted stock awards with performance conditions is measured based on an estimate of shares expected to vest. We estimate the fair value of share-based compensation for restricted stock with market conditions using a Monte Carlo simulation.

During the six months ended June 30, 2017 and 2016, 1,500 and 9,349 shares of common stock, respectively, were issued in connection with the exercise of stock options, and the net proceeds received during both periods was $0.1 million.

The vesting requirements for 175,746 restricted shares granted to our executives and employees were satisfied during the six months ended June 30, 2017.

10. Segment Reporting

We group our operating segments into reportable segments that provide similar products and services. Each operating segment has discrete financial information evaluated regularly by our chief operating decision maker in evaluating and assessing performance. We have two reportable segments: (i) Real Property Operations and (ii) Home Sales and Rentals. The Real Property Operations segment owns, operates, develops, or has an interest in a portfolio of MH and RV communities, and is in the business of acquiring, operating, and expanding MH and RV communities. The Home Sales and Rentals segment offers MH and RV park model sales and leasing services to tenants and prospective tenants of our communities.

Transactions between our segments are eliminated in consolidation. Transient RV revenue is included in the Real Property Operations segment revenues and is expected to approximate $77.4 million annually. This transient RV revenue was recognized 27.3 percent and 20.3 percent in the first and second quarters, respectively, and is expected to be 36.6 percent and 15.8 percent in the third and fourth quarters, respectively. In 2016, transient revenue was $58.2 million. We recognized 17.5 percent in the first quarter, 18.7 percent in the second quarter, 45.2 percent in the third quarter, and 18.6 percent in the fourth quarter.

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

	Three Months Ended June 30, 2017			Three Months Ended June 30, 2016		
	Real Property Operations	Home Sales and Rentals	Consolidated	Real Property Operations	Home Sales and Rentals	Consolidated
Revenues	$ 188,311	$ 43,537	$ 231,848	$ 147,384	$ 37,996	$ 185,380
Operating expenses/Cost of sales	73,630	26,966	100,596	52,819	24,095	76,914
Net operating income/Gross profit	114,681	16,571	131,252	94,565	13,901	108,466
Adjustments to arrive at net income / (loss):						
Interest and other revenues, net	6,051	—	6,051	5,419	—	5,419
Home selling expenses	—	(2,990)	(2,990)	—	(2,460)	(2,460)
General and administrative	(17,684)	(2,305)	(19,989)	(14,217)	(2,326)	(16,543)
Transaction costs	(2,437)	—	(2,437)	(21,098)	119	(20,979)
Depreciation and amortization	(48,189)	(14,532)	(62,721)	(35,586)	(14,084)	(49,670)
Extinguishment of debt	(293)	—	(293)	—	—	—
Interest	(32,353)	(5)	(32,358)	(28,426)	(2)	(28,428)
Interest on mandatorily redeemable preferred OP units	(787)	—	(787)	(787)	—	(787)
Other income, net	1,095	(220)	875	—	—	—
Current tax expense	58	(51)	7	(16)	(40)	(56)
Deferred tax benefit	364	—	364	—	—	—
Net income / (loss)	20,506	(3,532)	16,974	(146)	(4,892)	(5,038)
Less: Preferred return to preferred OP units	1,196	—	1,196	1,263	—	1,263
Less: Amounts attributable to noncontrolling interests	1,506	(191)	1,315	(374)	(321)	(695)
Net income / (loss) attributable to Sun Communities, Inc.	17,804	(3,341)	14,463	(1,035)	(4,571)	(5,606)
Less: Preferred stock distributions	2,099	—	2,099	2,197	—	2,197
Net income / (loss) attributable to Sun Communities, Inc. common stockholders	$ 15,705	$ (3,341)	$ 12,364	$ (3,232)	$ (4,571)	$ (7,803)

	Six Months Ended June 30, 2017			Six Months Ended June 30, 2016		
	Real Property Operations	Home Sales and Rentals	Consolidated	Real Property Operations	Home Sales and Rentals	Consolidated
Revenues	$ 377,584	$ 83,139	$ 460,723	$ 281,232	$ 74,441	$ 355,673
Operating expenses/Cost of sales	138,607	52,951	191,558	97,254	48,155	145,409
Net operating income/Gross profit	238,977	30,188	269,165	183,978	26,286	210,264
Adjustments to arrive at net income / (loss):						
Interest and other revenues, net	11,576	—	11,576	9,770	—	9,770
Home selling expenses	—	(6,101)	(6,101)	—	(4,597)	(4,597)
General and administrative	(33,405)	(4,516)	(37,921)	(25,991)	(4,344)	(30,335)
Transaction costs	(4,848)	25	(4,823)	(23,819)	119	(23,700)
Depreciation and amortization	(95,519)	(29,968)	(125,487)	(70,973)	(27,109)	(98,082)
Extinguishment of debt	(759)	—	(759)	—	—	—
Interest	(63,672)	(8)	(63,680)	(54,715)	(7)	(54,722)
Interest on mandatorily redeemable preferred OP units	(1,571)	—	(1,571)	(1,574)	—	(1,574)
Other expenses, net	1,639	(12)	1,627	—	—	—
Current tax expense	(65)	(106)	(171)	(203)	(81)	(284)
Deferred tax expense	664	—	664	—	—	—
Net income / (loss)	53,017	(10,498)	42,519	16,473	(9,733)	6,740
Less: Preferred return to preferred OP units	2,370	—	2,370	2,536	—	2,536
Less: Amounts attributable to noncontrolling interests	2,989	(586)	2,403	259	(678)	(419)
Net income / (loss) attributable to Sun Communities, Inc.	47,658	(9,912)	37,746	13,678	(9,055)	4,623
Less: Preferred stock distributions	4,278	—	4,278	4,551	—	4,551
Net income / (loss) attributable to Sun Communities, Inc. common stockholders	$ 43,380	$ (9,912)	$ 33,468	$ 9,127	$ (9,055)	$ 72

	June 30, 2017			December 31, 2016		
	Real Property Operations	Home Sales and Rentals	Consolidated	Real Property Operations	Home Sales and Rentals	Consolidated
Identifiable assets:						
Investment property, net	$ 5,057,937	$ 459,202	$ 5,517,139	$ 5,019,165	$ 450,316	$ 5,469,481
Cash and cash equivalents	235,860	5,786	241,646	3,705	4,459	8,164
Inventory of manufactured homes	—	25,582	25,582	—	21,632	21,632
Notes and other receivables, net	97,362	13,137	110,499	68,901	12,278	81,179
Collateralized receivables, net	138,696	—	138,696	143,870	—	143,870
Other assets, net	141,213	3,938	145,151	143,650	2,800	146,450
Total assets	$ 5,671,068	$ 507,645	$ 6,178,713	$ 5,379,291	$ 491,485	$ 5,870,776

11. Income Taxes

We have elected to be taxed as a real estate investment trust ("REIT") pursuant to Section 856(c) of the Internal Revenue Code of 1986, as amended ("Code"). In order for us to qualify as a REIT, at least 95 percent of our gross income in any year must be derived from qualifying sources. In addition, a REIT must distribute annually at least 90 percent of its REIT taxable income (calculated without any deduction for dividends paid and excluding capital gain) to its stockholders and meet other tests.

Qualification as a REIT involves the satisfaction of numerous requirements (on an annual and quarterly basis) established under highly technical and complex Code provisions for which there are 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 requires us to continually monitor our tax status. We analyzed the various REIT tests and confirmed that we continued to qualify as a REIT for the quarter ended June 30, 2017.

As a REIT, we generally will not be subject to United States ("U.S.") federal income taxes at the corporate level on the ordinary taxable income we distribute to our stockholders as dividends. If we fail to qualify as a REIT in any taxable year, our taxable income could be subject to U.S. federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if we qualify as a REIT, we may be subject to certain state and local income taxes as well as U.S. federal income and excise taxes on our undistributed income. In addition, taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to federal, state, and local income taxes. The Company is also subject to local income taxes in Canada as a result of the acquisition of Carefree in 2016. We do not provide for withholding taxes on our undistributed earnings from our Canadian subsidiaries as they are reinvested and will continue to be reinvested indefinitely outside of the U.S.

Our taxable REIT subsidiaries are subject to U.S. federal income taxes as well as state and local income and franchise taxes. In addition, our Canadian subsidiaries are subject to income tax in Canada.

Deferred tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and the bases of such assets and liabilities as measured by tax laws. Deferred tax assets are reduced, if necessary, by a valuation allowance to the amount where realization is more likely than not assured after considering all available evidence. Our temporary differences primarily relate to net operating loss carryforwards, depreciation and basis differences between tax and U.S. GAAP on our Canadian investments. Generally, full valuation allowances are recorded against all U.S. federal deferred tax assets. For Canadian purposes, a deferred tax liability of $21.7 million has been recorded in relation to a corporate entity and included in “Other liabilities” in our Consolidated Balance Sheets as of June 30, 2017. There are no U.S. federal deferred tax assets or liabilities included in our Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016.

We had no unrecognized tax benefits as of June 30, 2017 and 2016. We do not expect significant increases or decreases in unrecognized tax benefits due to changes in tax positions within one year of June 30, 2017.

We recorded a current tax benefit for federal, state, and Canadian income taxes of $7 thousand, and current tax expense of $0.1 million for the three months ended June 30, 2017 and 2016, respectively, and $0.2 million and $0.3 million for the six months ended June 30, 2017 and 2016, respectively.

We recorded $0.4 million and $0.7 million of deferred tax benefit in our Consolidated Statements of Operations for the three months and six months ended June 30, 2017, respectively. There was no deferred tax benefit or expense recorded for the three months or six months ended June 30, 2016.

SHS is currently under audit by the Internal Revenue Service for the tax year 2015.

12. Earnings Per Share

We have outstanding stock options, unvested restricted common shares, Series A Preferred Stock, and Series A-4 Preferred Stock, and our Operating Partnership has: outstanding common OP units; Series A-1 preferred OP units; Series A-3 preferred OP units; Series A-4 preferred OP units; Series C preferred OP units; and Aspen preferred OP Units, which, if converted or exercised, may impact dilution.

Computations of basic and diluted earnings / (loss) per share were as follows (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
Numerator	**2017**	**2016**	**2017**	**2016**
Net income / (loss) attributable to common stockholders	$ 12,364	$ (7,803)	$ 33,468	$ 72
Allocation to restricted stock awards	(9)	242	(267)	179
Basic earnings: Net income / (loss) attributable to common stockholders after allocation	12,355	(7,561)	33,201	251
Allocation to restricted stock awards	9	(242)	267	(179)
Diluted earnings: Net income / (loss) attributable to common stockholders after allocation	$ 12,364	$ (7,803)	$ 33,468	$ 72
Denominator				
Weighted average common shares outstanding	74,678	64,757	73,677	61,247
Add: dilutive stock options	2	—	2	9
Add: dilutive restricted stock	474	—	593	417
Diluted weighted average common shares and securities	75,154	64,757	74,272	61,673
Earnings / (loss) per share available to common stockholders after allocation:				
Basic	$ 0.16	$ (0.12)	$ 0.45	$ 0.00
Diluted	$ 0.16	$ (0.12)	$ 0.45	$ 0.00

We have excluded certain securities from the computation of diluted earnings per share because the inclusion of these securities would have been anti-dilutive for the periods presented. The following table presents the outstanding securities that were excluded from the computation of diluted earnings per share as of June 30, 2017 and 2016 (in thousands):

	As of June 30,	
	2017	**2016**
Common OP units	2,770	2,863
Series A-1 preferred OP units	361	378
Series A-3 preferred OP units	40	40
Series A-4 preferred OP units	429	748
Series A-4 preferred stock	1,085	1,682
Series C preferred OP units	328	340
Aspen preferred OP units	1,284	1,284
Total securities	6,297	7,335

13. Derivative Instruments and Hedging Activities

Our objective in using interest rate derivatives is to manage exposure to interest rate movements thereby minimizing the effect of interest rate changes and the effect it could have on future cash flows. Interest rate caps are used to accomplish this objective. We do not enter into derivative instruments for speculative purposes nor do we have any swaps in a hedging arrangement.

The following table provides the terms of our interest rate derivative contracts that were in effect as of June 30, 2017:

Type	Purpose	Effective Date	Maturity Date	Notional (in millions)	Based on	Variable Rate	Cap Rate	Spread	Effective Fixed Rate
Cap	Cap Floating Rate	4/1/2015	4/1/2018	$ 150.1	3 Month LIBOR	3.0200%	9.0000%	—%	N/A
Cap	Cap Floating Rate	10/3/2016	5/1/2023	$ 9.6	3 Month LIBOR	3.8200%	11.0200%	—%	N/A

In accordance with ASC Topic 815, "*Derivatives and Hedging*," derivative instruments are recorded at fair value in "Other assets, net" or "Other liabilities" on the Consolidated Balance Sheets. As of June 30, 2017 and December 31, 2016, the fair value of our derivatives was zero.

14. Fair Value of Financial Instruments

Our financial instruments consist primarily of cash and cash equivalents, accounts and notes receivable, accounts payable, derivative instruments, and debt.

ASC Topic 820 "*Fair Value Measurements and Disclosures*," requires disclosure regarding determination of fair value for assets and liabilities and establishes a hierarchy under which these assets and liabilities must be grouped, based on significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumption. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

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

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

Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

We utilize fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The following methods and assumptions were used in order to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Derivative Instruments

The derivative instruments held by us are interest rate cap agreements for which quoted market prices are indirectly available. For those derivatives, we use model-derived valuations in which all significant inputs and significant value drivers are observable in active markets provided by brokers or dealers to determine the fair value of derivative instruments on a recurring basis (Level 2). Refer to Note 13, "Derivative Instruments and Hedging Activities."

Installment Notes Receivable on Manufactured Homes

The net carrying value of the installment notes receivable on manufactured homes estimates the fair value as the interest rates in the portfolio are comparable to current prevailing market rates (Level 2). Refer to Note 4, "Notes and Other Receivables."

Long-Term Debt and Lines of Credit

The fair value of long-term debt (excluding the secured borrowing) is based on the estimates of management and on rates currently quoted, rates currently prevailing for comparable loans, and instruments of comparable maturities (Level 2). Refer to Note 7, “Debt and Lines of Credit.”

Collateralized Receivables and Secured Borrowings

The fair value of these financial instruments offset each other as our collateralized receivables represent a transfer of financial assets and the cash proceeds received from these transactions have been classified as a secured borrowing on the Consolidated Balance Sheets. The net carrying value of the collateralized receivables estimates the fair value as the interest rates in the portfolio are comparable to current prevailing market rates (Level 2). Refer to Note 3, “Collateralized Receivables and Transfers of Financial Assets.”

Financial Liabilities

We estimate the fair value of our contingent consideration liability based on discounting of future cash flows using market interest rates and adjusting for non-performance risk over the remaining term of the liability (Level 2).

Other Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair market values due to the short-term nature of these instruments.

The table below sets forth our financial assets and liabilities that required disclosure of fair value on a recurring basis as of June 30, 2017. The table presents the carrying values and fair values of our financial instruments as of June 30, 2017 and December 31, 2016, that were measured using the valuation techniques described above (in thousands). The table excludes other financial instruments such as cash and cash equivalents, accounts receivable, and accounts payable as the carrying values associated with these instruments approximate fair value since their maturities are less than one year.

	June 30, 2017		December 31, 2016	
Financial assets	Carrying Value	Fair Value	Carrying Value	Fair Value
Installment notes receivable on manufactured homes, net	$ 82,792	$ 82,792	$ 59,320	$ 59,320
Collateralized receivables, net	138,696	138,696	143,870	143,870
Financial liabilities				
Debt (excluding secured borrowings)	$ 2,878,722	$ 2,849,648	$ 2,865,470	$ 2,820,680
Secured borrowings	139,496	139,496	144,477	144,477
Lines of credit	435	435	100,095	98,640
Other liabilities (contingent consideration)	10,966	10,966	10,011	10,011

15. Recent Accounting Pronouncements

In May 2017, the FASB issued Accounting Standards Update ("ASU") 2017-09 *"Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting."* This update provides clarity and reduces diversity in practice and cost and complexity when applying the guidance in Topic 718, regarding a change to the terms or conditions of a share-based payment award. The guidance will be effective for fiscal years beginning after December 15, 2017, including interim periods within that year. We will apply this guidance to modifications that occur on or after the effective date.

In January 2017, the FASB issued ASU 2017-01 *"Business Combinations (Topic 805): Clarifying the Definition of a Business."* This update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance will be effective for fiscal years beginning after December 15, 2017, including interim periods within that year, with early application allowed for certain transactions. Upon adoption of this guidance, we expect that a majority of future property acquisitions will be considered asset acquisitions.

In November 2016, the FASB issued ASU 2016-18 *"Statement of Cash Flows (Topic 230): Restricted Cash."* This update requires inclusion of restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance will be effective for fiscal years beginning after December 15, 2017, including interim periods within that year. Upon adoption of this guidance, we will include restricted cash and restricted cash equivalents within the reconciliation of the net change in cash and cash equivalents on our Consolidated Statements of Cash Flows. Restricted cash and restricted cash equivalents, which are included within Other assets, net in our Consolidated Balance Sheets, were $20.6 million and $17.1 million at June 30, 2017 and December 31, 2016, respectively.

In October 2016, the FASB issued ASU 2016-16 *"Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory."* This update requires that an entity recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The guidance will be effective for fiscal years beginning after December 15, 2017, including interim periods within that year. Upon adoption of this standard, there will be no material impact to our Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15 *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* This update addresses eight specific cash flow issues with the objective of reducing existing diversity in practice. The guidance will be effective for fiscal years beginning after December 15, 2017, including interim periods within that year. Upon adoption of this standard, there will be no material impact to our Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13 *"Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments."* This update replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We are in the initial phases of evaluating how this guidance will impact our accounting policies regarding assessment of, and allowance for, loan losses.

In March 2016, the FASB issued ASU 2016-09 "*Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.*" The amendments in this update are intended to simplify several aspects of the accounting for share-based payments. We adopted these amendments as of January 1, 2017. The main provisions of this update regarding excess tax benefits did not have an impact on our Consolidated Financial Statements due to our status as a REIT for taxation purposes. We have elected to continue estimating the number of shares expected to vest in order to determine compensation cost, and were previously classifying, as financing activity, cash paid by us for employee taxes when shares were withheld to cover minimum statutory requirements.

In February 2016, the FASB issued ASU 2016-02 "*Leases (Topic 842).*" The core principle of this update is that a lessee should recognize the assets and liabilities that arise from leases while the accounting by a lessor is largely unchanged from that applied under previous GAAP. The amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Our income from real property and rental home revenue streams is derived from rental agreements where we are the lessor. As noted above, the lessor accounting model is largely unchanged by this update. We are the lessee in other arrangements, primarily for our executive offices, ground leases at five communities, and certain equipment. We are currently evaluating our inventory of such leases to determine which will require recognition of right of use assets and corresponding lease liabilities, and the related disclosure requirements thereto.

In May 2014, the FASB issued ASU 2014-09 "*Revenue from Contracts with Customers (Topic 606)*" ("ASU 2014-09"). The objective of this amendment is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying this amendment, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. This amendment applies to all contracts with customers except those that are within the scope of other topics in the FASB ASC. An entity should apply the amendments using either the full retrospective approach or retrospectively with a cumulative effect of initially applying the amendments recognized at the date of initial application. In July 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 by one year to annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period.

We anticipate adopting ASU 2014-09 and the related updates subsequently issued by the FASB in January 2018, via the modified retrospective approach. Applicability of the standard updates to our revenue streams and other considerations are summarized below.

Income from real property - is derived from rental agreements whereby we lease land to residents in our communities. We account for the lease components of these rental agreements pursuant to ASC 840 *"Leases"* and the non-lease components under ASC 605 *"Revenue Recognition."*

Revenue from home sales - is recognized pursuant to ASC 605 *"Revenue Recognition,"* as the manufactured homes are tangible personal property that can be located on any parcel of land. The manufactured homes are not permanent fixtures or improvements to the underlying real estate, and are therefore not considered by us to be subject to the guidance in ASC 360-20 *"Real Estate Sales."*

Rental home revenue - is comprised of rental agreements whereby we lease homes to residents in our communities. We account for these revenues pursuant to ASC 840 *"Leases."*

Ancillary revenues - are primarily comprised of restaurant, golf, merchandise and other activities at our RV communities. These revenues are recognized pursuant to ASC 605 *"Revenue Recognition,"* at point of sale to customers as our performance obligations are then satisfied.

Interest income - on our notes receivable will continue to be recognized as revenue, but presented separately from revenue from contracts with customers, as interest income is not in the scope of ASU 2014-09 and the related updates subsequently issued by the FASB.

Broker commissions and other revenues, net - is primarily comprised of (i) brokerage commissions that we account for on a net basis pursuant to ASC 605 *"Revenue Recognition,"* as our performance obligation is to arrange for a third party to transfer a home to a customer; and (ii) notes receivable loss reserves.

As detailed above, our revenues from home sales, ancillary revenues, and broker commissions will be in the scope of the new guidance. While our evaluations are ongoing, we do not expect material changes to our accounting policies for these revenue streams. Upon adoption, we will present contract assets and liabilities, as applicable, when one party to a transaction has performed and the other has not. Further, we will expand our disclosures regarding these revenue streams, as applicable, to discuss our contract balances, performance obligations, significant judgments made, and contract costs.

16. Commitments and Contingencies

We are involved in various 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.

17. Subsequent Events

We have evaluated our Consolidated Financial Statements for subsequent events through the date that this Form 10-Q was issued.

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

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes filed herewith, along with our 2016 Annual Report. Capitalized terms are used as defined elsewhere in this Quarterly Report on Form 10-Q.

OVERVIEW

We are a fully integrated, self-administered and self-managed REIT. As of June 30, 2017, we owned and operated or had an interest in a portfolio of 344 developed properties located in 29 states throughout the U.S. and one province in Canada, including 226 MH communities, 88 RV communities, and 30 properties containing both MH and RV sites.

We have been in the business of acquiring, operating, developing, and expanding MH and RV communities since 1975. We lease individual sites with utility access for placement of manufactured homes and RVs to our customers. We are also engaged through SHS in the marketing, selling, and leasing of new and pre-owned homes to current and future residents in our communities. The operations of SHS support and enhance our occupancy levels, property performance, and cash flows.

SIGNIFICANT ACCOUNTING POLICIES

We have identified significant accounting policies that, as a result of the judgments, uncertainties, and complexities of the underlying accounting standards and operations involved could result in material changes to our financial condition or results of operations under different conditions or using different assumptions. Details regarding significant accounting policies are described fully in our 2016 Annual Report.

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with GAAP in our "Results of Operations" below, we have provided information regarding net operating income ("NOI") and funds from operations ("FFO") as supplemental performance measures. We believe NOI and FFO are appropriate measures given their wide use by and relevance to investors and analysts following the real estate industry. NOI provides a measure of rental operations and does not factor in depreciation, amortization and non-property specific expenses such as general and administrative expenses. FFO, reflecting the assumption that real estate values rise or fall with market conditions, principally adjusts for the effects of GAAP depreciation/amortization of real estate assets. In addition, NOI and FFO are commonly used in various ratios, pricing multiples/yields and returns and valuation calculations used to measure financial position, performance and value.

NOI is derived from revenues minus property operating expenses and real estate taxes. NOI does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (loss) (determined in accordance with GAAP) as an indication of the Company's financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity; nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. The Company believes that net income (loss) is the most directly comparable GAAP measurement to NOI. Because of the inclusion of items such as interest, depreciation, and amortization, the use of net income (loss) as a performance measure is limited as these items may not accurately reflect the actual change in market value of a property, in the case of depreciation and in the case of interest, may not necessarily be linked to the operating performance of a real estate asset, as it is often incurred at a parent company level and not at a property level. The Company believes that NOI is helpful to investors as a measure of operating performance because it is an indicator of the return on property investment, and provides a method of comparing property performance over time. The Company uses NOI as a key management tool when evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization interest expense and non-property specific expenses such as general and administrative expenses, all of which are significant costs. Therefore, NOI is a measure of the operating performance of the properties of the Company rather than of the Company overall.

FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income (loss) computed in accordance with GAAP, excluding gains or losses from sales of depreciable operating property, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. The Company considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets, impairment and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates).

FFO provides a performance measure that, when compared period over period, reflects the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing perspective not readily apparent from net income (loss). Management believes that the use of FFO has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. FFO is computed in accordance with the Company's interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. The Company also uses FFO excluding certain items, which excludes certain gain and loss items that management considers unrelated to the operational and financial performance of our core business. We believe that this provides investors with another financial measure of our operating performance that is more comparable when evaluating period over period results.

Because FFO excludes significant economic components of net income (loss) including depreciation and amortization, FFO should be used as an adjunct to net income (loss) and not as an alternative to net income (loss). The principal limitation of FFO is that it does not represent cash flow from operations as defined by GAAP and is a supplemental measure of performance that does not replace net income (loss) as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT’s ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. FFO only provides investors with an additional performance measure that, when combined with measures computed in accordance with GAAP such as net income (loss), cash flow from operating activities, investing activities and financing activities, provide investors with an indication of our ability to service debt and to fund acquisitions and other expenditures. Other REITs may use different methods for calculating FFO, accordingly, our FFO may not be comparable to other REITs.

RESULTS OF OPERATIONS

We report operating results under two segments: Real Property Operations and Home Sales and Rentals. The Real Property Operations segment owns, operates, develops, or has an interest in, a portfolio of MH and RV communities throughout the U.S. and in Canada, and is in the business of acquiring, operating, and expanding MH and RV communities. The Home Sales and Rentals segment offers MH and RV park model sales and leasing services to tenants and prospective tenants of our communities. We evaluate segment operating performance based on NOI and gross profit. Refer to Note 10, "Segment Reporting," in our accompanying Consolidated Financial Statements for additional information.

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016

SUMMARY STATEMENTS OF OPERATIONS

The following table summarizes our consolidated financial results and reconciles net income (loss) to NOI for the three months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,	
	2017	2016
Net income / (loss) attributable to Sun Communities, Inc., common stockholders:	$ 12,364	$ (7,803)
Other revenues	(6,051)	(5,419)
Home selling expenses	2,990	2,460
General and administrative	19,989	16,543
Transaction costs	2,437	20,979
Depreciation and amortization	62,721	49,670
Extinguishment of debt	293	—
Interest expense	33,145	29,215
Other income, net	(875)	—
Current tax (benefit) / expense	(7)	56
Deferred tax benefit	(364)	—
Preferred return to preferred OP units	1,196	1,263
Amounts attributable to noncontrolling interests	1,315	(695)
Preferred stock distributions	2,099	2,197
NOI / Gross profit	$ 131,252	$ 108,466

	Three Months Ended June 30,	
	2017	2016
Real Property NOI	$ 112,889	$ 92,781
Rental Program NOI	23,743	21,959
Home Sales NOI / Gross profit	8,837	7,355
Ancillary NOI / Gross profit	1,792	1,784
Site rent from Rental Program (included in Real Property NOI) [1]	(16,009)	(15,413)
NOI / Gross profit	$ 131,252	$ 108,466

[1] The renter's monthly payment includes the site rent and an amount attributable to the leasing of the home. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the incremental revenue gains associated with implementation of the Rental Program, and to assess the overall growth and performance of Rental Program and financial impact on our operations.

REAL PROPERTY OPERATIONS – TOTAL PORTFOLIO

The following tables reflect certain financial and other information for our Total Portfolio as of and for the three months ended June 30, 2017 and 2016:

	Three Months Ended June 30,			
Financial Information (in thousands)	**2017**	**2016**	**Change**	**% Change**
Income from real property	$ 179,461	$ 140,001	$ 39,460	28.2%
Property operating expenses:				
Payroll and benefits	18,255	12,417	5,838	47.0%
Legal, taxes, and insurance	1,890	1,614	276	17.1%
Utilities	19,839	13,900	5,939	42.7%
Supplies and repair	7,312	5,327	1,985	37.3%
Other	6,150	3,809	2,341	61.5%
Real estate taxes	13,126	10,153	2,973	29.3%
Property operating expenses	66,572	47,220	19,352	41.0%
Real Property NOI	$ 112,889	$ 92,781	$ 20,108	21.7%

	As of June 30,		
Other Information	**2017**	**2016**	**Change**
Number of properties	344	337	7
Overall occupancy (1)	96.1%	96.1%	—%
Sites available for development	10,372	9,921	451
Monthly base rent per site - MH	$ 524	$ 510	$ 14
Monthly base rent per site - RV (2)	$ 424	$ 412	$ 12
Monthly base rent per site - Total	$ 503	$ 490	$ 13

(1) Overall occupancy (percent) includes MH and annual RV sites, and excludes transient RV sites.
(2) Monthly base rent pertains to annual RV sites and excludes transient RV sites.

The $20.1 million increase in Real Property NOI consists of $14.8 million from newly acquired properties and $5.3 million from Same Communities as detailed below.

REAL PROPERTY OPERATIONS – SAME COMMUNITY

A key management tool used when evaluating performance and growth of our properties is a comparison of our Same Communities. Same Communities consist of properties owned and operated throughout 2017 and 2016. The Same Community data may change from time-to-time depending on acquisitions, dispositions, management discretion, significant transactions, or unique situations. The Same Community data in this Form 10-Q includes all properties which we have owned and operated continuously since January 1, 2016. All communities from the American Land Lease portfolio acquisition are included within Same Communities.

In order to evaluate the growth of the Same Communities, management has classified certain items differently than our GAAP statements. The reclassification difference between our GAAP statements and our Same Community portfolio is the reclassification of water and sewer revenues from income from real property to utilities. A significant portion of our utility charges are re-billed to our residents. We reclassify these amounts to reflect the utility expenses associated with our Same Community portfolio net of recovery.

The following tables reflect certain financial and other information for our Same Communities as of and for the three months ended June 30, 2017 and 2016:

	Three Months Ended June 30,			
Financial Information (in thousands)	**2017**	**2016**	**Change**	**% Change**
Income from real property	$ 131,008	$ 123,399	$ 7,609	6.2%
Property operating expenses:				
Payroll and benefits	11,615	11,143	472	4.2%
Legal, taxes, and insurance	1,564	1,418	146	10.3%
Utilities	7,192	6,577	615	9.4%
Supplies and repair	5,560	5,130	430	8.4%
Other	3,296	3,180	116	3.7%
Real estate taxes	9,767	9,224	543	5.9%
Property operating expenses	38,994	36,672	2,322	6.3%
Real Property NOI	$ 92,014	$ 86,727	$ 5,287	6.1%

	As of June 30,		
Other Information	**2017**	**2016**	**Change**
Number of properties	231	231	—
Occupancy [(1)] [(2)]	97.2%	95.6%	1.6%
Sites available for development	6,193	6,919	(726)
Monthly base rent per site - MH	$ 510	$ 493	$ 17
Monthly base rent per site - RV [(3)]	$ 448	$ 432	$ 16
Monthly base rent per site - Total	$ 502	$ 486	$ 16

(1) The occupancy percentage includes MH and annual/seasonal RV sites, and excludes recently completed but vacant expansion sites and transient RV sites.
(2) The occupancy percentage for 2016 has been adjusted to reflect incremental growth year over year from filled expansion sites and the conversion of transient RV sites to annual/seasonal RV sites.
(3) Monthly base rent pertains to annual and seasonal RV sites and excludes transient RV sites.

Real property NOI growth of 6.1 percent is primarily due to increased Income from real property of $7.6 million, or 6.2 percent. The 6.2 percent increase is primarily attributable to the 1.6 percent increase in occupancy, 3.4 percent increase in total monthly base rent per site, and a 1.2 percent increase in transient and other revenue. This increase was partially offset by a $2.3 million, or 6.3 percent, increase in Property operating expenses primarily attributable to increases in utilities, real estate taxes, payroll and benefits, and supplies and repair expenses.

HOME SALES AND RENTALS

The following table reflects certain financial and other information for our Rental Program as of and for the three months ended June 30, 2017 and 2016 (in thousands, except for statistical information):

	Three Months Ended June 30,			
Financial Information	**2017**	**2016**	**Change**	**% Change**
Rental home revenue	$ 12,678	$ 11,957	$ 721	6.0 %
Site rent from Rental Program [1]	16,009	15,413	596	3.9 %
Rental Program revenue	28,687	27,370	1,317	4.8 %
Expenses				
Commissions	401	384	17	4.4 %
Repairs and refurbishment	2,363	3,273	(910)	(27.8)%
Taxes and insurance	1,506	1,167	339	29.1 %
Marketing and other	674	587	87	14.8 %
Rental Program operating and maintenance	4,944	5,411	(467)	(8.6)%
Rental Program NOI	$ 23,743	$ 21,959	$ 1,784	8.1 %
Other Information				
Number of occupied rentals, end of period	11,083	10,997	86	0.8 %
Investment in occupied rental homes, end of period	$ 479,503	$ 453,869	$ 25,634	5.7 %
Number of sold rental homes	302	278	24	8.6 %
Weighted average monthly rental rate, end of period	$ 897	$ 868	$ 29	3.3 %

[1] The renter’s monthly payment includes the site rent and an amount attributable to the leasing of the home. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the incremental revenue gains associated with implementation of the Rental Program, and assess the overall growth and performance of the Rental Program and financial impact to our operations.

Rental program NOI increased 8.1 percent due to an increase in revenues of 4.8 percent coupled with a decrease in operating and maintenance expenses of 8.6 percent. The increase in revenues is attributable to a 3.3 percent increase in the weighted average monthly rental rate and a slight increase in the number of occupied rentals. The decrease in operating and maintenance expenses of $0.5 million is primarily the result of reduced repair and refurbishment expenditures in the three months ended June 30, 2017 as compared to the same period in 2016.

We purchase new homes and acquire pre-owned and repossessed manufactured homes, generally located within our communities, from lenders, dealers, and former residents to lease or sell to current and prospective residents.

The following table reflects certain financial and statistical information for our Home Sales Program for the three months ended June 30, 2017 and 2016 (in thousands, except for average selling prices and statistical information):

	Three Months Ended June 30,			
Financial Information	**2017**	**2016**	**Change**	**% Change**
New home sales	$ 7,546	$ 5,612	$ 1,934	34.5 %
Pre-owned home sales	23,313	20,427	2,886	14.1 %
Revenue from home sales	30,859	26,039	4,820	18.5 %
New home cost of sales	6,497	4,773	1,724	36.1 %
Pre-owned home cost of sales	15,525	13,911	1,614	11.6 %
Cost of home sales	22,022	18,684	3,338	17.9 %
NOI / Gross profit	$ 8,837	$ 7,355	$ 1,482	20.2 %
Gross profit – new homes	$ 1,049	$ 839	$ 210	25.0 %
Gross margin % – new homes	13.9%	15.0%	(1.1)%	
Average selling price – new homes	$ 93,161	$ 95,119	$ (1,958)	(2.1)%
Gross profit – pre-owned homes	$ 7,788	$ 6,516	$ 1,272	19.5 %
Gross margin % – pre-owned homes	33.4%	31.9%	1.5 %	
Average selling price – pre-owned homes	$ 32,379	$ 29,562	$ 2,817	9.5 %
Statistical Information				
Home sales volume:				
New home sales	81	59	22	37.3 %
Pre-owned home sales	720	691	29	4.2 %
Total homes sold	801	750	51	6.8 %

Gross profit on new home sales increased by 25.0 percent, primarily as a result of a 37.3 percent increase in new home sales volumes, partially offset by a 1.1 percent decrease in the gross margin percentage due to a slight decrease in the average selling price.

Gross profit on pre-owned home sales increased by 19.5 percent, primarily as a result of a 9.5 percent increase in average selling price coupled with a 4.2 percent increase in pre-owned home sales volumes.

OTHER ITEMS - STATEMENTS OF OPERATIONS

The following table summarizes other income and expenses for the three months ended June 30, 2017 and 2016 (amounts in thousands):

	Three Months Ended June 30,			
	2017	2016	Change	% Change
Ancillary revenues, net	$ 1,792	$ 1,784	$ 8	0.5 %
Interest income	$ 5,043	$ 4,672	$ 371	7.9 %
Brokerage commissions and other revenues, net	$ 1,008	$ 747	$ 261	34.9 %
Home selling expenses	$ 2,990	$ 2,460	$ 530	21.5 %
General and administrative expenses	$ 19,989	$ 16,543	$ 3,446	20.8 %
Transaction costs	$ 2,437	$ 20,979	$ (18,542)	(88.4)%
Depreciation and amortization	$ 62,721	$ 49,670	$ 13,051	26.3 %
Extinguishment of debt	$ 293	$ —	$ 293	100.0 %
Interest expense	$ 33,145	$ 29,215	$ 3,930	13.5 %
Other income, net	$ 875	$ —	$ 875	100.0 %
Deferred tax benefit	$ 364	$ —	$ 364	100.0 %

Interest income for the three months ended June 30, 2017, increased primarily due to an increase in our installment notes receivables, partially offset by a decrease in our collateralized receivables, as compared to June 30, 2016.

Brokerage commissions and other revenues, net increased primarily due to a higher number of brokered homes sold in the three months ended June 30, 2017 as compared to the same period in 2016.

Home selling expenses increased primarily due to increased commissions on home sales in the three months ended June 30, 2017 as compared to the same period in 2016.

General and administrative expenses increased primarily due to additional employee related costs as headcount increased in connection with our growth through significant acquisitions.

Transaction costs relate to diligence and other expenses incurred in connection with our acquisitions. These costs were significantly lower in the three months ended June 30, 2017 as compared to the same period in 2016, due to the acquisition of Carefree in June 2016. Refer to Note 2, “Real Estate Acquisitions,” in our accompanying Consolidated Financial Statements for additional information.

Depreciation and amortization increased as a result of our acquisition of Carefree in June 2016, and other acquisitions. Refer to Note 2, "Real Estate Acquisitions," of our accompanying Consolidated Financial Statements for additional information.

Extinguishment of debt for the three months ended June 30, 2017, is related to the repayment of a $3.9 million collateralized term loan. Refer to Note 7, “Debt and Lines of Credit,” in our accompanying Consolidated Financial Statements for additional information.

Interest expense increased primarily due to incremental borrowings of $338.0 million, $405.0 million and $197.5 million in connection with our Fannie Mae Financing, NML Financing and Freddie Mac Financing arrangements, respectively. Refer to Note 7, “Debt and Lines of Credit,” in our accompanying Consolidated Financial Statements for additional information.

Other income, net for the three months ended June 30, 2017, is comprised of a foreign currency translation gain of $2.2 million partially offset by contingent liability re-measurement of $0.8 million, hurricane related expenses of $0.3 million and other expenses of $0.2 million.

Deferred tax benefit for the three months ended June 30, 2017, was recognized in connection with certain of our communities acquired in the Carefree transaction that are subject to Canadian income tax. Refer to Note 11, “Income Taxes,” in our accompanying Consolidated Financial Statements for additional information.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

SUMMARY STATEMENTS OF OPERATIONS

The following table summarizes our consolidated financial results and reconciles net income to NOI for the six months ended June 30, 2017 and 2016 (in thousands):

	Six Months Ended June 30,	
	2017	2016
Net income / (loss) attributable to Sun Communities, Inc., common stockholders:	33,468	72
Other revenues	(11,576)	(9,770)
Home selling expenses	6,101	4,597
General and administrative	37,921	30,335
Transaction costs	4,823	23,700
Depreciation and amortization	125,487	98,082
Extinguishment of debt	759	—
Interest expense	65,251	56,296
Other income, net	(1,627)	—
Current tax (benefit) / expense	171	284
Deferred tax benefit	(664)	—
Preferred return to preferred OP units	2,370	2,536
Amounts attributable to noncontrolling interests	2,403	(419)
Preferred stock distributions	4,278	4,551
NOI / Gross profit	$ 269,165	$ 210,264

	Six Months Ended June 30,	
	2017	2016
Real Property NOI	$ 235,634	$ 181,230
Rental Program NOI	46,699	43,009
Home Sales NOI / Gross profit	15,217	13,908
Ancillary NOI / Gross profit	3,343	2,748
Site rent from Rental Program (included in Real Property NOI) [1]	(31,728)	(30,631)
NOI / Gross profit	$ 269,165	$ 210,264

[1] The renter’s monthly payment includes the site rent and an amount attributable to the leasing of the home. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the incremental revenue gains associated with implementation of the Rental Program, and to assess the overall growth and performance of Rental Program and financial impact on our operations.

REAL PROPERTY OPERATIONS – TOTAL PORTFOLIO

The following tables reflect certain financial and other information for our Total Portfolio as of and for the six months ended June 30, 2017 and 2016:

Financial Information (in thousands)	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	Change	% Change
Income from Real Property	$ 362,515	$ 269,236	$ 93,279	34.7%
Property operating expenses:				
Payroll and benefits	33,176	22,137	11,039	49.9%
Legal, taxes, and insurance	3,418	2,914	504	17.3%
Utilities	39,876	27,131	12,745	47.0%
Supplies and repair	12,011	7,677	4,334	56.5%
Other	12,131	8,409	3,722	44.3%
Real estate taxes	26,269	19,738	6,531	33.1%
Property operating expenses	126,881	88,006	38,875	44.2%
Real Property NOI	$ 235,634	$ 181,230	$ 54,404	30.0%

Other Information	As of June 30, 2017	As of June 30, 2016	Change
Number of properties	344	337	7
Overall occupancy [1]	96.1%	96.1%	—%
Sites available for development	10,372	9,921	451
Monthly base rent per site - MH	$ 524	$ 510	$ 14
Monthly base rent per site - RV [2]	$ 424	$ 412	$ 12
Monthly base rent per site - Total	$ 503	$ 490	$ 13

(1) Overall occupancy (%) includes MH and annual RV sites, and excludes transient RV sites.
(2) Weighted average rent pertains to annual and seasonal RV sites and excludes transient RV sites.

The $54.4 million increase in Real Property NOI consists of $43.2 million from newly acquired properties and $11.2 million from Same Communities as detailed below.

REAL PROPERTY OPERATIONS – SAME COMMUNITY

The following tables reflect certain financial and other information for our Same Communities as of and for the six months ended June 30, 2017 and 2016:

	Six Months Ended June 30,			
Financial Information (in thousands)	**2017**	**2016**	**Change**	**% Change**
Income from real property	$ 259,764	$ 245,842	$ 13,922	5.7%
Property operating expenses:				
Payroll and benefits	21,710	20,811	899	4.3%
Legal, taxes, and insurance	2,748	2,717	31	1.1%
Utilities	13,944	13,261	683	5.2%
Supplies and repair	9,010	8,612	398	4.6%
Other	6,472	6,457	15	0.2%
Real estate taxes	19,473	18,795	678	3.6%
Property operating expenses	73,357	70,653	2,704	3.8%
Real Property NOI	$ 186,407	$ 175,189	$ 11,218	6.4%

	As of June 30,		
Other Information	**2017**	**2016**	**Change**
Number of properties	231	231	—
Overall occupancy [(1)] [(2)]	97.2%	95.6%	1.6%
Sites available for development	6,193	6,919	(726)
Monthly base rent per site - MH	$ 510	$ 493	$ 17
Monthly base rent per site - RV [(3)]	$ 448	$ 432	$ 16
Monthly base rent per site - Total	$ 502	$ 486	$ 16

(1) The occupancy percentage includes MH and annual/seasonal RV sites, and excludes recently completed but vacant expansion sites and transient RV sites.
(2) The occupancy percentage for 2016 has been adjusted to reflect incremental growth year over year from filled expansion sites and the conversion of transient RV sites to annual/seasonal RV sites.
(3) Monthly base rent pertains to annual and seasonal RV sites and excludes transient RV sites.

The $11.2 million increase in NOI is primarily due to increased revenues of $13.9 million partially offset by an increase in expenses of $2.7 million.

Income from real property consists of MH and RV site rent, and miscellaneous other property revenues. The 5.7 percent growth in Income from real property is primarily due to a 1.6 percent increase in occupancy and a 3.4 percent increase in our total monthly base rent per site.

Property operating expenses increased $2.7 million, or 3.8 percent, primarily as a result of higher payroll and benefits, utilities and real estate taxes.

HOME SALES AND RENTALS

The following table reflects certain financial and other information for our Rental Program as of and for the six months ended June 30, 2017 and 2016 (in thousands, except for statistical information):

	Six Months Ended June 30,			
Financial Information	**2017**	**2016**	**Change**	**% Change**
Rental home revenue	$ 25,017	$ 23,665	$ 1,352	5.7 %
Site rent from Rental Program [(1)]	31,728	30,631	1,097	3.6 %
Rental Program revenue	56,745	54,296	2,449	4.5 %
Expenses				
Commissions	1,011	1,159	(148)	(12.8)%
Repairs and refurbishment	4,644	5,939	(1,295)	(21.8)%
Taxes and insurance	2,943	2,732	211	7.7 %
Marketing and other	1,448	1,457	(9)	(0.6)%
Rental Program operating and maintenance	10,046	11,287	(1,241)	(11.0)%
Rental Program NOI	$ 46,699	$ 43,009	$ 3,690	8.6 %
Other Information				
Number of occupied rentals, end of period	11,083	10,997	86	0.8 %
Investment in occupied rental homes, end of period	$ 479,503	$ 453,869	$ 25,634	5.7 %
Number of sold rental homes	542	572	(30)	(5.2)%
Weighted average monthly rental rate, end of period	$ 897	$ 868	$ 29	3.3 %

(1) The renter’s monthly payment includes the site rent and an amount attributable to the leasing of the home. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the incremental revenue gains associated with implementation of the Rental Program, and assess the overall growth and performance of the Rental Program and financial impact to our operations.

The 8.6 percent growth in NOI is primarily due to an increase in revenues of 4.5 percent coupled with a decrease in operating and maintenance expenses of 11.0 percent. The $2.4 million increase in revenues is primarily attributable to a 3.3 percent increase in the weighted average monthly rental rate and a slight increase in the number of occupied rentals. The decrease in operating and maintenance expenses of $1.2 million is primarily due to reduced repairs and refurbishment expenditures.

The following table reflects certain financial and statistical information for our Home Sales Program for the six months ended June 30, 2017 and 2016 (in thousands, except for average selling prices and statistical information):

	Six Months Ended June 30,			
Financial Information	**2017**	**2016**	**Change**	**% Change**
New home sales	$ 14,429	$ 11,081	$ 3,348	30.2%
Pre-owned home sales	43,693	39,695	3,998	10.1%
Revenue from homes sales	58,122	50,776	7,346	14.5%
New home cost of sales	12,345	9,617	2,728	28.4%
Pre-owned home cost of sales	30,560	27,251	3,309	12.1%
Cost of home sales	42,905	36,868	6,037	16.4%
NOI / Gross profit	$ 15,217	$ 13,908	$ 1,309	9.4%
Gross profit – new homes	$ 2,084	$ 1,464	$ 620	42.4%
Gross margin % – new homes	14.4%	13.2%	1.2 %	
Average selling price – new homes	$ 91,905	$ 88,648	$ 3,257	3.7%
Gross profit – pre-owned homes	$ 13,133	$ 12,444	$ 689	5.5%
Gross margin % – pre-owned homes	30.1%	31.3%	(1.2)%	
Average selling price – pre-owned homes	$ 29,723	$ 28,558	$ 1,165	4.1%
Statistical Information				
Home sales volume:				
New home sales	157	125	32	25.6%
Pre-owned home sales	1,470	1,390	80	5.8%
Total homes sold	1,627	1,515	112	7.4%

Gross profit on new home sales increased 42.4 percent in the six months ended June 30, 2017, as compared to the same period in 2016. This increase is primarily the result of a 25.6 percent increase in new home sales volumes coupled with a 3.7 percent increase in the average selling price of new homes.

Gross profit on pre-owned home sales increased 5.5 percent, primarily due to an increase in pre-owned home sales volumes of 5.8 percent that was partially offset by a slight decrease in the gross margin percentage on pre-owned home sales. Certain homes purchased with the Company’s recent portfolio acquisition were sold at lower margins due to the age of the assets.

OTHER ITEMS - STATEMENTS OF OPERATIONS

The following table summarizes other income and expenses for the six months ended June 30, 2017 and 2016 (amounts in thousands):

	Six Months Ended June 30,			
	2017	2016	Change	% Change
Ancillary revenues, net	$ 3,343	$ 2,748	$ 595	21.7 %
Interest income	$ 9,689	$ 8,617	1,072	12.4 %
Brokerage commissions and other revenues, net	$ 1,887	$ 1,153	734	63.7 %
Home selling expenses	$ 6,101	$ 4,597	1,504	32.7 %
General and administrative expenses	$ 37,921	$ 30,335	7,586	25.0 %
Transaction costs	$ 4,823	$ 23,700	(18,877)	(79.7)%
Depreciation and amortization	$ 125,487	$ 98,082	27,405	27.9 %
Extinguishment of debt	$ 759	$ —	759	100.0 %
Interest expense	$ 65,251	$ 56,296	8,955	15.9 %
Other income, net	$ 1,627	$ —	1,627	100.0 %
Deferred tax benefit	$ 664	$ —	664	100.0 %

Ancillary revenues, net increased primarily due to an increase in RV vacation rental income in the six months ended June 30, 2017 as compared to the same period in 2016.

Interest income for the six months ended June 30, 2017, increased primarily due to an increase in our installment notes receivables, partially offset by a decrease in our collateralized receivables, as compared to June 30, 2016.

Brokerage commissions and other revenues increased primarily due to a higher number of brokered homes sold in the six months ended June 30, 2017 as compared to the same period in 2016.

Home selling expenses increased primarily due to increased commissions on home sales in the six months ended June 30, 2017 as compared to the same period in 2016.

General and administrative expenses increased primarily due to additional employee related costs as headcount increased in connection with our growth through significant acquisitions.

Transaction costs relate to diligence and other expenses incurred in connection with our acquisitions. These costs were significantly lower in the six months ended June 30, 2017 as compared to the same period in 2016, due to the acquisition of Carefree in June 2016. Refer to Note 2, “Real Estate Acquisitions,” in our accompanying Consolidated Financial Statements for additional information.

Depreciation and amortization expenses increased as a result of our acquisition of Carefree in June 2016, and other acquisitions. Refer to Note 2, “Real Estate Acquisitions,” of our accompanying Consolidated Financial Statements for additional information.

Extinguishment of debt for the six months ended June 30, 2017, is comprised of $0.5 million in connection with defeasement of an $18.9 million collateralized term loan and $0.3 million in connection with repayment of a $3.9 million collateralized term loan. Refer to Note 7, “Debt and Lines of Credit,” in our accompanying Consolidated Financial Statements for additional information.

Interest expense increased primarily due to incremental borrowings of $338.0 million, $405.0 million and $197.5 million in connection with our Fannie Mae Financing, NML Financing and Freddie Mac Financing arrangements, respectively. Refer to Note 7, “Debt and Lines of Credit,” in our accompanying Consolidated Financial Statements for additional information.

Other income, net for the six months ended June 30, 2017, is comprised primarily of a foreign currency translation gain of $3.0 million, partially offset by contingent liability re-measurement of $1.0 million and hurricane related expenses of $0.4 million.

Deferred tax benefit for the six months ended June 30, 2017, was recognized in connection with certain of our communities acquired in the Carefree transaction that are subject to Canadian income tax. Refer to Note 11, “Income Taxes,” in our accompanying Consolidated Financial Statements for additional information.

FUNDS FROM OPERATIONS

The following table reconciles net income to FFO data for diluted purposes for the three and six months ended June 30, 2017 and 2016 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income / (loss) attributable to Sun Communities, Inc. common stockholders	$ 12,364	$ (7,803)	$ 33,468	$ 72
Adjustments:				
Depreciation and amortization	62,842	49,340	125,659	97,416
Amounts attributable to noncontrolling interests	1,202	(779)	2,102	(430)
Preferred return to preferred OP units	586	618	1,172	1,243
Preferred distribution to Series A-4 preferred stock	560	—	1,225	—
Gain on disposition of assets, net	(4,352)	(3,903)	(7,033)	(7,558)
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities [(1)]	73,202	37,473	156,593	90,743
Adjustments:				
Transaction costs	2,437	20,979	4,823	23,700
Other acquisition related costs [(2)]	1,525	—	2,369	—
Extinguishment of debt	293	—	759	—
Other income, net	(875)	—	(1,627)	—
Debt premium write-off	(24)	—	(438)	—
Deferred tax benefit	(364)	—	(664)	—
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities excluding certain items [(1)]	$ 76,194	$ 58,452	$ 161,815	$ 114,443
Weighted average common shares outstanding - basic:	74,678	64,757	73,677	61,247
Add:				
Common stock issuable upon conversion of stock options	2	9	2	9
Restricted stock	474	444	593	417
Common OP units	2,757	2,863	2,756	2,863
Common stock issuable upon conversion of Series A-1 preferred OP units	882	933	887	939
Common stock issuable upon conversion of Series A-3 preferred OP units	75	75	75	75
Common stock issuable upon conversion of Series A-4 preferred stock	645	—	690	—
Weighted average common shares outstanding - fully diluted	79,513	69,081	78,680	65,550
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share - fully diluted	$ 0.92	$ 0.54	$ 1.99	$ 1.38
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share excluding certain items - fully diluted	$ 0.96	$ 0.85	$ 2.06	$ 1.75

(1) The effect of certain anti-dilutive convertible securities is excluded from these items.

(2) These costs represent first year expenses incurred to bring acquired properties up to the Company's operating standards, including items such as tree trimming and painting costs that did not meet the Company's capitalization policy.

LIQUIDITY AND CAPITAL RESOURCES

Our principal liquidity demands have historically been, and are expected to continue to be, distributions to our stockholders and the unit holders of the Operating Partnership, property acquisitions, capital improvement of properties, the purchase of new and pre-owned homes, development and expansion of properties, and debt repayment.

During the six months ended June 30, 2017, we acquired three communities and one undeveloped parcel of land. See Note 2, “Real Estate Acquisitions” in our accompanying Consolidated Financial Statements for additional information regarding our acquisitions in 2017. Subject to market conditions, we intend to continue to look for opportunities to expand our development pipeline and acquire existing communities. We finance the acquisitions through available cash, secured financing, draws on our lines of credit, the assumption of existing debt on properties, and the issuance of certain equity securities. We will continue to evaluate acquisition opportunities that meet our criteria for acquisition.

We also intend to continue to strengthen our capital and liquidity positions by focusing on our core fundamentals, which are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. We intend to meet our liquidity requirements through available cash balances, cash flows generated from operations, draws on our credit facility, and the use of debt and equity offerings under our shelf registration statement. Refer to Note 7, "Debt and Lines of Credit" and Note 8, "Equity and Mezzanine Securities" in our accompanying Consolidated Financial Statements for additional information.

Our capital expenditures include expansion and development, lot modifications, recurring capital expenditures and rental home purchases. For the six months ended June 30, 2017 and 2016, expansion and development activities of $32.5 million and $19.2 million, respectively, related to costs consisting primarily of construction of sites and other costs necessary to complete home site improvements.

For the six months ended June 30, 2017 and 2016, lot modification expenditures were $10.7 million and $8.9 million, respectively. These expenditures improve asset quality in our communities and are incurred when an existing home is removed and the site is prepared for a new home (more often than not, a multi-sectional home). These activities which are mandated by strict manufacturer’s installation requirements and state building codes, include items such as new foundations, driveways, and utility upgrades.

For the six months ended June 30, 2017 and 2016, recurring capital expenditures of $8.4 million and $8.9 million, respectively, related to our continued commitment to upkeep of our properties.

We invest in the acquisition of homes intended for the Rental Program. Expenditures for these investments depend upon market conditions for new home sales, repossessions and rental homes. We finance new home purchases with a $12.0 million manufactured home floor plan facility. Our ability to purchase homes intended for sale or rent may be limited by cash received from third-party financing of our home sales, available manufactured home floor plan financing and working capital available on our lines of credit.

Our cash flow activities are summarized as follows (in thousands):

	Six Months Ended June 30,	
	2017	2016
Net Cash Provided by Operating Activities	$ 153,163	$ 129,048
Net Cash Used for Investing Activities	$ (167,126)	$ (1,468,615)
Net Cash Provided by Financing Activities	$ 247,334	$ 1,325,922
Effect of Exchange Rate on Cash and Cash Equivalents	$ 111	$ —

Cash and cash equivalents increased by $233.4 million from $8.2 million as of December 31, 2016, to $241.6 million as of June 30, 2017.

Operating Activities

Net cash provided by operating activities increased by $24.2 million from $129.0 million for the six months ended June 30, 2016 to $153.2 million for the six months ended June 30, 2017.

Our net cash flows provided by operating activities from continuing operations may be adversely impacted by, among other things: (a) the market and economic conditions in our current markets generally, and specifically in metropolitan areas of our current markets; (b) lower occupancy and rental rates of our properties; (c) increased operating costs, such as wage and benefit costs, insurance premiums, real estate taxes and utilities, that cannot be passed on to our tenants; (d) decreased sales of manufactured homes; and (e) current volatility in economic conditions and the financial markets. See “Risk Factors” in Part I, Item 1A of our 2016 Annual Report.

Investing Activities

Net cash used for investing activities was $167.1 million for the six months ended June 30, 2017, compared to $1.5 billion for the six months ended June 30, 2016.

Financing Activities

Net cash provided by financing activities was $247.3 million for the six months ended June 30, 2017, compared to $1.3 billion for the six months ended June 30, 2016. Refer to Note 7, “Debt and Lines of Credit” and Note 8, “Equity and Mezzanine Securities” in our accompanying Consolidated Financial Statements for additional information.

Financial Flexibility

On April 25, 2017, we entered into our A&R Credit Agreement with Citibank and certain other lenders for our A&R Facility, in the amount of $650.0 million, comprised of a $550.0 million revolving loan and a $100.0 million term loan. The A&R Credit Agreement has a four-year term ending April 25, 2021, which can be extended for two additional six-month periods at our option, subject to the satisfaction of certain conditions as defined in the credit agreement. The credit agreement also provides for, subject to the satisfaction of certain conditions, additional commitments in an amount not to exceed $350.0 million. If additional borrowings are made pursuant to any such additional commitments, the aggregate borrowing limit under the Facility may be increased up to $1.0 billion.

The A&R Facility bears interest at a floating rate based on the Eurodollar rate plus a margin that is determined based on our leverage ratio calculated in accordance with the credit agreement, which can range from 1.35 percent to 2.20 percent for the revolving loan and 1.30 percent to 2.15 percent for the term loan. As of June 30, 2017, the margin on our leverage ratio was 1.35 percent and 1.30 percent on the revolving and term loans, respectively. We had no borrowings on the revolving loan or term loan as of June 30, 2017, as total borrowings of $229.0 million were repaid with proceeds from our public equity offering during the quarter ended June 30, 2017. We may borrow up to $100.0 million on the term loan on or before September 30, 2017.

The A&R Facility replaced our $450.0 million Previous Facility, which was scheduled to mature on August 19, 2019. At the time of closing of the A&R Facility, there were $220.8 million in borrowings under the Previous Facility. At December 31, 2016, under the Previous Facility, we had $42.3 million in borrowings on the revolving loan and $58.0 million in borrowings on the term loan totaling $100.3 million with a weighted average interest rate of 2.14 percent.

The A&R Facility provides, and the Previous Facility provided, us with the ability to issue letters of credit. Our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, but does reduce the borrowing amount available. At June 30, 2017 and December 31, 2016, approximately $3.8 million and $4.6 million of availability was used to back standby letters of credit.

Pursuant to the terms of the A&R Facility, we are subject to various financial and other covenants. We are currently in compliance with these covenants. The most restrictive financial covenants for the Facility are as follows:

Covenant	Requirement	As of June 30, 2017
Maximum Leverage Ratio	<65.0%	35.2%
Minimum Fixed Charge Coverage Ratio	>1.40	2.53
Minimum Tangible Net Worth	>$2,491,250	$3,934,830
Maximum Dividend Payout Ratio	<95.0%	64.1%

We anticipate meeting our long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions, expansion and development of communities, and Operating Partnership unit redemptions through the issuance of certain debt or equity securities and/or the collateralization of our properties. At June 30, 2017, we had 153 unencumbered properties, of which 61 support the borrowing base for our $650.0 million line of credit.

From time to time, we may also issue shares of our capital stock, issue equity units in our Operating Partnership, obtain debt financing, or sell selected assets. Our ability to finance our long-term liquidity requirements in such a manner will be affected by numerous economic factors affecting the MH and RV housing community industry at the time, including the availability and cost of mortgage debt, our financial condition, the operating history of the properties, the state of the debt and equity markets, and the general national, regional, and local economic conditions. When it becomes necessary for us to approach the credit markets, the volatility in those markets could make borrowing more difficult to secure, more expensive, or effectively unavailable. See “Risk Factors” in Part I, Item 1A of our 2016 Annual Report and in Part II, Item 1A of this report. If we are unable to obtain additional debt or equity financing on acceptable terms, our business, results of operations and financial condition would be adversely impacted.

Contractual Cash Obligations

Our primary long-term liquidity needs are principal payments on outstanding indebtedness. As of June 30, 2017, our outstanding contractual obligations, including interest expense, were as follows:

		Payments Due By Period (in thousands)			
Contractual Cash Obligations [1]	Total Due	<1 year	1-3 years	3-5 years	After 5 years
Collateralized term loans - FNMA	$ 1,017,486	$ 9,443	$ 118,437	$ 226,624	$ 662,982
Collateralized term loans - Life Company	955,874	10,305	53,349	62,874	829,346
Collateralized term loans - CMBS	453,636	3,875	17,476	138,016	294,269
Collateralized term loans - FMCC	391,700	2,910	12,317	13,305	363,168
Secured borrowings	139,496	2,763	12,363	14,578	109,792
Lines of credit	435	—	435	—	—
Preferred OP units - mandatorily redeemable	45,903	3,670	7,570	—	34,663
Total principal payments	$ 3,004,530	$ 32,966	$ 221,947	$ 455,397	$ 2,294,220
Interest expense [2]	$ 1,004,220	$ 75,201	$ 267,054	$ 231,714	$ 430,251
Operating leases	59,328	3,044	6,780	6,963	42,541
Total contractual obligations	$ 4,068,078	$ 111,211	$ 495,781	$ 694,074	$ 2,767,012

[1] Our contractual cash obligations exclude debt premiums/discounts.
[2] Our contractual cash obligation related to interest expense is calculated based on the current debt levels, rates and maturities as of June 30, 2017 (excluding secured borrowings), and actual payments required in future periods may be different than the amounts included above.

As of June 30, 2017, our net debt to enterprise value approximated 27.2 percent (assuming conversion of all common OP units, Series A-1 preferred OP units, Series A-3 preferred OP units, Series A-4 preferred OP units, and Series C preferred OP units to shares of common stock). Our debt has a weighted average maturity of approximately 8.7 years and a weighted average interest rate of 4.60 percent.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains various "forward-looking statements" within the meaning of the United States Securities Act of 1933, as amended, and the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this filing that relate to expectations, beliefs, projections, future plans and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements. Words such as: "forecasts," "intends," "intend," "intended," "goal," "estimate," "estimates," "expects," "expect," "expected," "project," "projected," "projections," "plans," "predicts," "potential," "seeks," "anticipates," "anticipated," "should," "could," "may," "will," "designed to," "foreseeable future," "believe," "believes," "scheduled," "guidance" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements reflect our current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this filing. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks disclosed under "Risk Factors" in Part I, Item IA, contained in our 2016 Annual Report and our other filings with the SEC, such risks and uncertainties include, but are not limited to:

- changes in general economic conditions, the real estate industry, and the markets in which we operate;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;
- our liquidity and refinancing demands;
- our ability to obtain or refinance maturing debt;
- our ability to maintain compliance with covenants contained in our debt facilities;
- availability of capital;
- change in foreign currency exchange rates, specifically between the U.S. dollar and Canadian dollar;
- our ability to maintain rental rates and occupancy levels;
- our failure to maintain effective internal control over financial reporting and disclosure controls and procedures;
- increases in interest rates and operating costs, including insurance premiums and real property taxes;
- risks related to natural disasters;
- general volatility of the capital markets and the market price of shares of our capital stock;
- our failure to maintain our status as a REIT;
- changes in real estate and zoning laws and regulations;
- legislative or regulatory changes, including changes to laws governing the taxation of REITs;
- litigation, judgments or settlements;
- competitive market forces;
- the ability of manufactured home buyers to obtain financing; and
- the level of repossessions by manufactured home lenders.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference into this filing, whether as a result of new information, future events, changes in our expectations or otherwise, except as required by law.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in market factors such as interest rates, foreign currency exchange rates, commodity prices, and equity prices.

Interest Rate Risk

Our principal market risk exposure is interest rate risk. We mitigate 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. Our primary strategy in entering into derivative contracts is to minimize the variability that interest rate changes could have on our future cash flows. From time to time, we employ derivative instruments that effectively convert a portion of our variable rate debt to fixed rate debt. We do not enter into derivative instruments for speculative purposes.

We have two interest rate cap agreements with a total notional amount of $159.7 million as of June 30, 2017. The first interest rate cap agreement has a cap rate of 9.00 percent, a notional amount of $150.1 million and a termination date of April 2018. The second interest rate cap agreement has a cap rate of 11.02 percent, a notional amount of $9.6 million and a termination date of May 2023.

Our remaining variable rate debt totaled $154.8 million as of June 30, 2017, and bears interest at Prime or various LIBOR rates. If Prime or LIBOR increased or decreased by 1.0 percent, we believe our interest expense for the six months ended June 30, 2017, would have increased or decreased by approximately $1.5 million, based on the $299.2 million average balance outstanding under our variable rate debt facilities.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that fluctuations in currencies against the U.S. dollar will negatively impact our results of operations. We are exposed to foreign currency exchange rate risk as a result of remeasurement and translation of the assets and liabilities of our Canadian properties into U.S. dollars. Fluctuations in foreign currency exchange rates can therefore create volatility in our results of operations and may adversely affect our financial condition.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (pursuant to Rules 13a-15(e) or 15d-15(e) of the Exchange Act) at June 30, 2017. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2017.

Changes in internal control over financial reporting

There have not been any changes in our internal control over financial reporting during the three months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various 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 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors described in Part 1, Item 1A., “Risk Factors,” in our 2016 Annual Report, which could materially affect our business, financial condition or future results. There have been no material changes to the disclosure on these matters set forth in the 2016 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

In November 2004, our Board of Directors authorized us to repurchase up to 1,000,000 shares of our common stock. We have 400,000 common shares remaining in the repurchase program. No common shares were repurchased under this buyback program during the six months ended June 30, 2017. There is no expiration date specified for the buyback program.

ITEM 6. EXHIBITS

Exhibit No.	Description	Method of Filing
3.1	Third Amended and Restated Bylaws of Sun Communities, Inc.	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed May 12, 2017
10.1	Second Amended and Restated Credit Agreement, dated April 25, 2017, among Sun Communities Operating Limited Partnership, as Borrower, Citibank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and BMO Capital Markets, as Joint Lead Arrangers, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Bookrunners, Bank of America, N.A. and Bank of Montreal, as Co-Syndication Agents, and Fifth Third Bank, an Ohio Banking Corporation Regions Bank and RBC Capital Markets, as Co-Documentation Agents	Incorporated by reference to Sun Communities, Inc.’s Current Report on Form 8-K/A filed April 27, 2017
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith

SIGNATURES

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

Dated: July 27, 2017	By:	/s/ Karen J. Dearing
		Karen J. Dearing, Chief Financial Officer and Secretary (Duly authorized officer and principal financial officer)

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Exhibit 31.1

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

I, Gary A. Shiffman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Communities, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2017

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

Exhibit 31.2

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

I, Karen J. Dearing, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Communities, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2017

/s/ Karen J. Dearing

Karen J. Dearing, Chief Financial Officer

Exhibit 32.1

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 Karen J. Dearing, hereby certify that to the best of their knowledge: (a) this Quarterly Report on Form 10-Q of Sun Communities, Inc., for the period ended June 30, 2017, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (b) the information contained in this Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	**Date**
/s/ Gary A. Shiffman	July 27, 2017
Gary A. Shiffman, Chief Executive Officer	
/s/ Karen J. Dearing	July 27, 2017
Karen J. Dearing, 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.