

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002.

OR

Transition pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

COMMISSION FILE NUMBER 1-12616

SUN COMMUNITIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland
(State of Incorporation)

38-2730780
(I.R.S. Employer Identification No.)

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

48334
(Zip Code)

Registrant's telephone number, including area code: (248) 932-3100

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Number of shares of Common Stock, \$.01 par value per share, outstanding
as of October 31, 2002: 18,111,398

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2002 AND DECEMBER 31, 2001
(IN THOUSANDS)

ASSETS	2002	2001
	-----	-----
Investment in rental property, net	\$ 872,094	\$ 813,334
Cash and cash equivalents	1,948	4,587
Notes and other receivables	136,527	91,372
Investment in and advances to affiliates	75,635	55,451
Other assets	27,861	29,705
	-----	-----
Total assets	\$ 1,114,065	\$ 994,449
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	\$ 75,000	\$ 93,000
Debt	533,023	402,198
Accounts payable and accrued expenses	17,945	17,683
Deposits and other liabilities	7,206	8,929
	-----	-----
Total liabilities	633,174	521,810
	-----	-----
Minority interests	146,154	142,998
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000 shares authorized; no shares issued and outstanding	--	--
Common stock, \$.01 par value, 100,000 shares authorized; 18,281 and 17,707 issued and outstanding for 2002 and 2001, respectively	183	178
Paid-in capital	417,367	399,789
Officers' notes	(10,775)	(11,004)
Unearned compensation	(8,942)	(6,999)
Unrealized (losses) on interest rate swaps	(1,344)	--
Distributions in excess of accumulated earnings	(55,368)	(45,939)
Treasury stock, at cost, 202 shares	(6,384)	(6,384)
	-----	-----
Total stockholders' equity	334,737	329,641
	-----	-----
Total liabilities and stockholders' equity	\$ 1,114,065	\$ 994,449
	=====	=====

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE PERIODS ENDED SEPTEMBER 30, 2002 AND 2001
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
Revenues:				
Income from property	\$ 38,152	\$ 34,402	\$ 114,282	\$ 103,476
Equity in income (loss) from affiliates	(1,457)	433	(2,639)	572
Other income	2,691	3,390	7,487	11,249
	-----	-----	-----	-----
Total revenues	39,386	38,225	119,130	115,297
	-----	-----	-----	-----
Expenses:				
Property operating and maintenance	8,612	7,566	24,500	21,861
Real estate taxes	2,577	2,320	7,701	6,894
Property management	541	640	1,856	2,076
General and administrative	1,130	1,178	3,600	3,520
Depreciation and amortization	9,661	8,123	28,129	24,095
Interest	8,266	7,232	23,834	23,498
	-----	-----	-----	-----
Total expenses	30,787	27,059	89,620	81,944
	-----	-----	-----	-----
Income before gain from property dispositions, net and minority interests	8,599	11,166	29,510	33,353
Gain from property dispositions, net	--	--	--	4,275
	-----	-----	-----	-----
Income before minority interest	8,599	11,166	29,510	37,628
Less income allocated to minority interests:				
Preferred OP Units	1,951	2,057	5,817	6,074
Common OP Units	846	1,217	3,055	4,205
	-----	-----	-----	-----
Income from continuing operations	5,802	7,892	20,638	27,349
Income (loss) from discontinued operations	--	(15)	280	(48)
	-----	-----	-----	-----
Net income	\$ 5,802	\$ 7,877	\$ 20,918	\$ 27,301
	=====	=====	=====	=====
Basic earnings per share:				
Continuing operations	\$ 0.33	\$ 0.46	\$ 1.17	\$ 1.58
Discontinued operations	--	--	0.02	--
	-----	-----	-----	-----
Net income	\$ 0.33	\$ 0.46	\$ 1.19	\$ 1.58
	=====	=====	=====	=====
Diluted earnings per share:				
Continuing operations	\$ 0.32	\$ 0.45	\$ 1.16	\$ 1.56
Discontinued operations	--	--	0.02	--
	-----	-----	-----	-----
Net income	\$ 0.32	\$ 0.45	\$ 1.18	\$ 1.56
	=====	=====	=====	=====
Weighted average common shares outstanding:				
Basic	17,739	17,210	17,535	17,259
	=====	=====	=====	=====
Diluted	17,921	17,516	17,740	17,515
	=====	=====	=====	=====
Distributions declared per common share outstanding	\$ 0.58	\$ 0.55	\$ 1.71	\$ 1.63
	=====	=====	=====	=====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(IN THOUSANDS)

	2002	2001
	-----	-----
Cash flows from operating activities:		
Net income	\$ 20,918	\$ 27,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	3,055	4,201
Gain from property dispositions, net	--	(4,275)
(Income) loss from discontinued operations	(280)	48
Operating income included in discontinued operations	11	92
Depreciation and amortization	28,129	24,099
Amortization of deferred financing costs	882	801
Increase in other assets	(1,389)	(701)
Increase (decrease) in accounts payable and other liabilities	(1,461)	3,850
	-----	-----
Net cash provided by operating activities	49,865	55,416
	-----	-----
Cash flows from investing activities:		
Investment in rental properties	(73,410)	(53,215)
Proceeds related to property dispositions	3,288	17,331
Investment in and advances to affiliates	(21,050)	(5,054)
Repayments of (increases in) notes receivable, net	(45,256)	8,580
	-----	-----
Net cash used in investing activities	(136,428)	(32,358)
	-----	-----
Cash flows from financing activities:		
Borrowings (repayments) on line of credit, net	(18,000)	77,000
Proceeds from notes payable and other debt	139,428	--
Repayments on notes payable and other debt	(15,416)	(76,120)
Payments for deferred financing costs	(2,047)	--
Proceeds from issuance of common stock	14,746	--
Treasury stock and operating partnership unit purchases, net	--	(5,587)
Distributions	(34,787)	(32,872)
	-----	-----
Net cash provided by (used in) financing activities	83,924	(37,579)
	-----	-----
Net increase (decrease) in cash and cash equivalents	(2,639)	(14,521)
Cash and cash equivalents, beginning of period	4,587	18,466
	-----	-----
Cash and cash equivalents, end of period	\$ 1,948	\$ 3,945
	=====	=====
Supplemental Information:		
Preferred OP Units issued for rental properties	\$ 4,500	\$ 4,612
Debt assumed for rental properties	\$ 6,813	\$ 12,500
Restricted common stock issued as unearned compensation, net of cancellations	\$ 2,767	\$ 3,202

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

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION:

These unaudited condensed consolidated financial statements of Sun Communities, Inc., a Maryland corporation, (the "Company"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto of the Company as of December 31, 2001. The following notes to consolidated financial statements present interim disclosures as required by the SEC. The accompanying consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature.

2. INVESTMENTS IN AND ADVANCES TO AFFILIATES:

Sun Home Services, Inc. ("SHS") provides home sales and other services to current and prospective tenants. Through the Sun Communities Operating Limited Partnership (the "Operating Partnership"), the Company owns one hundred percent (100%) of the outstanding preferred stock of SHS and is entitled to ninety-five percent (95%) of the operating cash flow. The common stock is owned by one officer of the Company and the estate of a former officer of the Company who collectively are entitled to receive five percent (5%) of the operating cash flow.

Through SHS, the Company owns approximately a thirty percent (30%) (i.e., \$15 million) interest in Origen Financial LLC ("Origen"), which company holds all of the operating assets of Bingham Financial Services Corporation ("BFSC") and its subsidiaries. BFSC owns approximately a twenty percent (20%) interest in Origen and the Company (together with the other investors in Origen) has certain rights to purchase its pro-rata share of BFSC's interest in Origen at fair value.

The Company and another unaffiliated lender provide a \$35 million secured line of credit to Origen. The line of credit matures December 31, 2002 and is fully drawn at September 30, 2002. Pursuant to the terms of the participation agreement between the Company and the other lender, the Company's commitment is to loan up to \$20 million to Origen under the line of credit and the other lender is committed to loan up to \$15 million to Origen under the line of credit. The parties participate pari-passu in the first \$30 million advanced under the line of credit with additional fundings subordinated to the first \$30 million.

Also included in Investment in and Advances to Affiliates is the Company's investment in and advances to SunChamp LLC, a development entity comprising eleven new communities. On October 15, 2002, the Company entered into a preliminary agreement to acquire the ownership interest of Champion Enterprises in SunChamp for approximately \$5.5 million. Upon closing, the Company will own approximately 45% of SunChamp. The Company owned 19.3% of SunChamp at September 30, 2002.

All of these investments are accounted for utilizing the equity method of accounting.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. RENTAL PROPERTY:

The following summarizes rental property (in thousands):

	September 30, 2002	December 31, 2001
	-----	-----
Land	\$ 85,608	\$ 82,326
Land improvements and buildings	878,381	818,043
Furniture, fixtures, equipment	23,513	20,700
Land held for future development	16,953	16,810
Property under development	30,041	15,777
	-----	-----
	1,034,496	953,656
Accumulated depreciation	(162,402)	(140,322)
	-----	-----
Rental property, net	\$ 872,094	\$ 813,334
	=====	=====

During the nine months ended September 30, 2002, the Company acquired two communities totaling 889 sites for approximately \$37 million.

In January 2002, in conjunction with a property acquisition, the Company issued 100,000 Series B-2 Preferred OP Units that bear interest at the rate of 6.0 percent per annum for the first five years and 7.0 percent per annum thereafter. The Series B-2 Preferred Units are convertible into Common OP Units in January 2005 at \$45 per unit and redeemable at \$45 per unit in January 2007 and, upon certain circumstances, at times thereafter.

In October 2001, the FASB issued FAS Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement is effective for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. During the first quarter of 2002, the Company sold one property with a net book value of approximately \$2.9 million resulting in a gain of approximately \$0.4 million. The adoption of this statement requires all dispositions of properties to be disclosed as discontinued operations in the period in which they occur and prior periods to be reclassified to conform with the current period presentation. At December 31, 2001, this property was classified as held for use.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	September 30, 2002 -----	December 31, 2001 -----
Mortgage and other notes receivable, primarily with minimum monthly interest payments at LIBOR based floating rates of approximately LIBOR + 3.0%, maturing at various dates through June 2012, substantially collateralized by manufactured home communities	\$108,202	\$ 63,403
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 8.2% and 19 years, respectively	11,098	13,474
Other receivables	17,227 -----	14,495 -----
	\$136,527 =====	\$ 91,372 =====

At September 30, 2002, the maturities of mortgages and other notes receivables are approximately as follows: 2003-\$1.5 million; 2004-\$20.3 million; 2005-\$52.8 million; 2006-\$3.8 million; 2007 and after- \$29.8 million.

Officers' notes, presented as a reduction to stockholders' equity in the balance sheet, are LIBOR + 1.75% notes, due in approximate equal amounts in 2008, 2009 and 2010, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 362,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse.

5. DEBT:

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

	September 30, 2002 -----	December 31, 2001 -----
Collateralized term loan, due to FNMA, at variable interest rate (2.5% at September 30, 2002) due May 2007, convertible to a 5 to 10 year fixed rate loan	\$ 139,427	\$ --
Collateralized term loan, interest at 7.01%, due September 9, 2007	42,246	42,820
Senior notes, interest at 7.625%, due May 1, 2003	85,000	85,000
Callable/redeemable notes, interest at 6.77%, due May 14, 2015, callable/redeemable May 16, 2005	65,000	65,000
Senior notes, interest at 6.97%, due December 3, 2007	35,000	35,000
Senior notes, interest at 8.20%, due August 15, 2008	100,000	100,000
Capitalized lease obligations, interest at 6.1%, due through December 2003	25,575	26,045
Mortgage notes, other	40,775	48,333
	\$ 533,023 =====	\$ 402,198 =====

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. DEBT, CONTINUED:

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

The Company has entered into three derivative contracts. The Company's primary strategy in entering into derivative contracts is to minimize the variability that changes in interest rates could have on its future cash flows. The Company generally employs derivative instruments that effectively convert a portion of its variable rate debt to fixed rate debt. The Company does not enter into derivative instruments for speculative purposes.

The Company has entered into three equal interest rate swap agreements for an aggregate notional amount of \$75 million. The agreements are effective April 2003, and have the effect of fixing interest rates relative to the FNMA debt. One swap matures in July 2009, with an effective fixed rate of 4.93%. A second swap matures in July 2012, with an effective fixed rate of 5.37%. The third swap matures in July 2007, with an effective fixed rate of 3.97%. The third swap is effective as long as LIBOR is 7% or lower.

The Company has designated the first two swaps as cash flow hedges for accounting purposes. These two hedges were highly effective and had minimal effect on income. The third swap does not qualify as a hedge for accounting purposes and, accordingly, the entire change in valuation of \$0.486 million is reflected as a component of interest expense in the statements of income.

All three interest rate swaps totaling a liability of \$1.8 million are recorded in notes and other receivables on the balance sheet as of September 30, 2002.

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

In July 2002, the Company refinanced its existing line of credit to an \$85 million facility. The Company had \$10 million of this refinanced facility available to borrow at September 30, 2002. Borrowings under the line of credit bear interest at the rate of LIBOR plus 0.85% and mature July 2, 2005 with a one-year optional extension.

6. OTHER INCOME:

The components of other income are as follows for the periods ended September 30, 2002 and 2001 (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
Interest income	\$ 1,962	\$ 2,200	\$ 5,380	\$ 8,321
Other income	729	1,190	2,107	2,928
	\$ 2,691	\$ 3,390	\$ 7,487	\$ 11,249

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. EARNINGS PER SHARE (IN THOUSANDS):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
	----	----	----	----
Earnings (loss) used for basic and diluted earnings per share computation:				
Continuing operations	\$ 5,802	\$ 7,892	\$ 20,638	\$27,349
	=====	=====	=====	=====
Discontinued operations	\$ --	\$ (15)	\$ 280	\$ (48)
	=====	=====	=====	=====
Total shares used for basic earnings per share	17,739	17,210	17,535	17,259
Dilutive securities, principally stock options	182	306	205	256
	-----	-----	-----	-----
Total weighted average shares used for diluted earnings per share computation	17,921	17,516	17,740	17,515
	=====	=====	=====	=====

Diluted earnings per share reflect the potential dilution that would occur if dilutive securities were exercised or converted into common stock.

8. NEW ACCOUNTING PRONOUNCEMENTS:

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

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

SUN COMMUNITIES, INC.

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

OVERVIEW

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes thereto. Capitalized terms are used as defined elsewhere in this Form 10-Q.

SIGNIFICANT ACCOUNTING POLICIES

The Company had identified significant accounting policies that, as a result of the judgments, uncertainties, uniqueness and complexities of the underlying accounting standards and operations involved, could result in material changes to its financial condition or result of operations under different conditions or using different assumptions. Details regarding the Company's significant accounting policies are described fully in the Company's 2001 Annual Report filed with the Securities and Exchange Commission on Form 10-K. During the three and nine months ended September 30, 2002, there have been no material changes to the Company's significant accounting policies that impacted the Company's financial condition or results of operations.

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2002 and 2001

For the three months ended September 30, 2002, income before gain from property dispositions, net and minority interests decreased by 23.0 percent from \$11.2 million to \$8.6 million, when compared to the three months ended September 30, 2001. The decrease was due to increased revenues of \$1.2 million offset by increased expenses of \$3.7 million as described in more detail below.

Income from property increased by \$3.8 million from \$34.4 million to \$38.2 million, or 10.9 percent, due to acquisitions (\$3.3 million) and rent increases and other community revenues (\$0.5 million).

Income from affiliates decreased by \$1.9 million to a loss of \$1.5 million due to losses at affiliates caused principally by reduced new home sales at SHS and reduced loan originations and loan loss provisions at Origen. Other income decreased by \$0.7 million from \$3.4 million to \$2.7 million due primarily to a decrease in interest income.

Property operating and maintenance expenses increased by \$1.0 million from \$7.6 million to \$8.6 million, or 13.8 percent, primarily due to acquisitions (\$0.4 million).

Real estate taxes increased by \$0.3 million from \$2.3 million to \$2.6 million due to acquisitions (\$0.1 million) and changes in certain assessments.

Property management expenses decreased by \$0.1 million representing 1.4 percent and 1.9 percent of income from property in 2002 and 2001, respectively.

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS, CONTINUED:

General and administrative expenses decreased by \$0.1 million from \$1.2 million to \$1.1 million, representing 3.0 percent and 3.4 percent of total revenues in 2002 and 2001, respectively.

Earnings before interest, taxes, depreciation and amortization ("EBITDA", an alternative financial performance measure that may not be comparable to similarly titled measures reported by other companies, defined as total revenues less property operating and maintenance, real estate taxes, property management, and general and administrative expenses) remained constant at \$26.5 million. EBITDA as a percent of revenues was 67.3 percent in 2002 compared to 69.4 percent in 2001.

Depreciation and amortization increased by \$1.6 million from \$8.1 million to \$9.7 million, or 18.9 percent, due primarily to the net additional investment in rental properties.

Interest expense increased by \$1.1 million from \$7.2 million to \$8.3 million, or 15.2 percent, due primarily to an increase in outstanding debt.

Comparison of the nine months ended September 30, 2002 and 2001

For the nine months ended September 30, 2002, income before gain from property dispositions, net and minority interests decreased by 11.5 percent from \$33.4 million to \$29.5 million, when compared to the nine months ended September 30, 2001. The decrease was due to increased revenues of \$3.8 million offset by increased expenses of \$7.7 million as described in more detail below.

Income from property increased by \$10.8 million from \$103.5 million to \$114.3 million, or 10.4 percent, due to acquisitions (\$5.3 million) and rent increases and other community revenues (\$5.5 million).

Income from affiliates decreased from \$0.6 million to a loss of \$2.6 million due to losses at affiliates caused principally by reduced new home sales at SHS and reduced loan originations and loan loss provisions at Origen. Other income decreased by \$3.8 million from \$11.3 million to \$7.5 million due primarily to a decrease in interest income.

Property operating and maintenance expenses increased by \$2.6 million from \$21.9 million to \$24.5 million, or 11.9 percent, primarily due to acquisitions (\$1.5 million).

Real estate taxes increased by \$0.8 million from \$6.9 million to \$7.7 million due to acquisitions (\$0.35 million) and changes in certain assessments.

Property management expenses decreased by \$0.2 million from \$2.1 million to \$1.9 million representing 1.6 percent and 2.0 percent of income from property in 2002 and 2001, respectively.

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS, CONTINUED:

General and administrative expenses increased by \$0.1 million from \$3.5 million to \$3.6 million, representing 3.0 percent and 3.0 percent of total revenues in 2002 and 2001, respectively.

EBITDA increased by \$0.6 million from \$80.9 million to \$81.5 million. EBITDA as a percent of revenues was 68.4 percent in 2002 compared to 70.2 percent in 2001.

Depreciation and amortization increased by \$4.0 million from \$24.1 million to \$28.1 million, or 16.6 percent, due primarily to the net additional investment in rental properties.

Interest expense increased by \$0.3 million from \$23.5 million to \$23.8 million, or 1.4 percent.

The nine months ended September 30, 2001 also included a \$4.3 million gain from property dispositions, net.

SUN COMMUNITIES, INC.

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

RESULTS OF OPERATIONS, CONTINUED:

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the nine months ended September 30, 2002 and 2001. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2001 and September 30, 2002. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The "Total Portfolio" column differentiates from the "Same Property" column by including financial information for managed but not owned communities, new development and acquisition communities.

	Same Property		Total Portfolio	
	2002	2001	2002	2001
Income from property	\$ 96,385	\$ 92,001	\$114,282	\$103,476
Property operating expenses:				
Property operating and maintenance	17,800	17,466	24,500	21,861
Real estate taxes	7,149	6,738	7,701	6,894
Property operating expenses	24,949	24,204	32,201	28,755
Property EBITDA	\$ 71,436	\$ 67,797	\$ 82,081	\$ 74,721
Number of operating properties	103	103	117	113
Developed sites	36,667	36,321	41,394	39,107
Occupied sites	33,690	33,683	37,835	35,955
Occupancy %	93.8%(1)	94.9%(1)	93.2%(1)	93.9%(1)
Weighted average monthly rent per site	\$ 316(1)	\$ 301(1)	\$ 313(1)	\$ 299(1)
Sites available for development	2,232	2,545	4,258	4,674
Sites planned for development in current year	77	157	229	265

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

On a same property basis, property EBITDA increased by \$3.6 million from \$67.8 million to \$71.4 million, or 5.4 percent. Property revenues increased by \$4.4 million from \$92.0 million to \$96.4 million, or 4.8 percent, due primarily to increases in rents including water and property tax pass through. Property operating expenses increased by \$0.7 million from \$24.2 million to \$24.9 million due primarily to increases in real estate taxes and payroll.

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

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

The Company expects to meet its short-term liquidity requirements through its working capital provided by operating activities and its line of credit, as described below. The Company considers its ability to generate cash from operations (anticipated to be approximately \$70 million annually) to be adequate to meet all operating requirements, including recurring capital improvements, routinely amortizing debt and other normally recurring expenditures of a capital nature, pay dividends to its stockholders to maintain qualification as a REIT in accordance with the Internal Revenue Code and make distributions to the Operating Partnership's unitholders.

The Company plans to invest approximately \$25 to \$30 million annually in developments consisting of expansions to existing communities and the development of new communities. The Company expects to finance these investments by using net cash flows provided by operating activities and by drawing upon its line of credit.

Furthermore, the Company expects to invest in the range of \$40 to \$60 million in the acquisition of properties in 2002, depending upon market conditions. The Company plans to finance these investments by using net cash flows provided by operating activities and by drawing upon its line of credit.

Cash and cash equivalents decreased by \$2.7 million to \$1.9 million at September 30, 2002 compared to \$4.6 million at December 31, 2001 because cash used in investing activities exceeded cash provided by operating activities and financing activities. Net cash provided by operating activities decreased by \$5.5 million to \$49.9 million for the nine months ended September 30, 2002 compared to \$55.4 million for the nine months ended September 30, 2001. This decrease was primarily due to accounts payable and other liabilities decreasing by \$5.3 million and other assets increasing by \$0.7 million offset by an increase in income before minority interests, depreciation and amortization, gain from property dispositions, net and discontinued operations of \$0.5 million.

The Company's net cash flows provided by operating activities may be adversely impacted by, among other things: (a) the market and economic conditions in the Company's current markets generally, and specifically in metropolitan areas of the Company's current markets; (b) lower occupancy and rental rates of the Company's properties (the "Properties"); (c) increased operating costs, including insurance premiums, real estate taxes and utilities, that cannot be passed on to the Company's tenants; and (d) decreased sales of manufactured homes. See "Risk Factors" in the Company's Registration Statement on S-3, Amendment No. 1 (Registration No. 333-96769).

SUN COMMUNITIES, INC.

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

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED:

In 2002, the Company closed on a \$139.4 million collateralized five year variable rate (2.5% at September 30, 2002) debt facility with an option to extend an additional five years at a variable rate debt facility, which is convertible to a five to ten year fixed rate loan but not to exceed a total term of fifteen years.

In July 2002, the Company refinanced its existing line of credit to an \$85 million facility, which matures in July 2005, with a one-year optional extension. At September 30, 2002, the average interest rate of outstanding borrowings under the line of credit was 2.66% with \$75 million outstanding and \$10 million available to be drawn under the refinanced facility. The line of credit facility contains various leverage, debt service coverage, net worth maintenance and other customary covenants all of which the Company was in compliance with at September 30, 2002.

In 1998, certain directors, employees and consultants of the Company purchased approximately \$25.5 million of newly issued shares of common stock of the Company and common OP Units in Sun Communities Operating Limited Partnership in accordance with the Company's 1998 Stock Purchase Plan (the "Purchase Plan"). The participants in the Purchase Plan financed these purchases by obtaining personal loans from Bank One, N.A. (the "Bank") and the Company guaranteed the repayment of all such loans. The participants have agreed to fully indemnify the Company against all liabilities arising under such guaranty (the "Guaranty") (the principal balance of which was approximately \$22.7 million at September 30, 2002), which reimbursement obligations are secured by approximately 654,000 OP Units valued at approximately \$22.2 million (based on the closing sales price of the Company's common stock on November 7, 2002).

The Guaranty contains, among other usual commercial provisions, financial covenants in respect of the Company. These covenants were initially designed to be identical in all material respects with the financial covenants imposed on the Company under its line of credit facility. Since 1998, as the covenants in the Company's then applicable line of credit facility changed, the Guaranty has also been similarly amended to remain consistent. In July 2002, the Company entered into a replacement line of credit facility; however, conforming amendments to the Guaranty were not made, resulting in differing and inconsistent financial covenants in the line of credit facility as compared to the Guaranty. As a consequence, as of September 30, 2002, the Company was not in compliance with certain of the financial covenants contained in the Guaranty (the "Differing Financial Covenants"). Because this was not the intention of the parties, the Bank has agreed in writing that it would not declare a default, or accelerate the indebtedness due, under the Guaranty solely as a result of the Company's non-compliance with the Differing Financial Covenants contained in the Guaranty so long as the Company remains in compliance with all of the terms and conditions of its line of credit facility.

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED:

The Company's primary long-term liquidity needs are principal payments on outstanding indebtedness. At September 30, 2002, the Company's outstanding contractual obligations were as follows:

CONTRACTUAL CASH OBLIGATIONS(1)	TOTAL DUE	PAYMENTS DUE BY PERIOD (IN THOUSANDS)			
		1 YEAR	2-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Line of credit	\$ 75,000			\$ 75,000	
Collateralized term loan	42,246	\$ 647	\$ 1,438	40,161	
Collateralized term loan	139,428				\$ 139,428
Senior notes	285,000	85,000	65,000(2)		135,000
Mortgage notes, other	40,774	658	9,204	9,306	21,606
Capitalized lease obligations	25,575	15,902	9,673		
Redeemable Preferred OP Units	48,458			12,675	35,783
	<u>\$ 656,481</u>	<u>\$ 102,207</u>	<u>\$ 85,315</u>	<u>\$137,142</u>	<u>\$ 331,817</u>

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

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

SUN COMMUNITIES, INC.

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

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED:

The Company anticipates meeting its long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions, Operating Partnership unit redemptions and potential additional capital contributions to affiliates (see Footnote 2 Investments in and Advances to Affiliates), through the issuance of debt or equity securities, including equity units in the Operating Partnership, or from selective asset sales. The Company has maintained investment grade ratings with Fitch IBCA, Moody's Investor Service and Standard & Poor's, which facilitates access to the senior unsecured debt market. Since 1993, the Company has raised, in the aggregate, \$276.6 million from the sale of shares of its common stock (including 332,000 shares of common stock sold during the nine months ended September 30, 2002 at an average price of \$41 raising \$13.2 million in equity), \$93.3 million from the sale of OP units in the Operating Partnership and \$569 million from the issuance of secured and unsecured debt securities. In addition, at September 30, 2002, eighty-two of the Properties were unencumbered by debt, therefore, providing substantial financial flexibility. The ability of the Company to finance its long-term liquidity requirements in such manner will be affected by numerous economic factors affecting the manufactured housing community industry at the time, including the availability and cost of mortgage debt, the financial condition of the Company, the operating history of the Properties, the state of the debt and equity markets, and the general national, regional and local economic conditions. See "Risk Factors" in the Company's Registration Statement on S-3, Amendment No. 1 (Registration No. 333-96769). If the Company is unable to obtain additional equity or debt financing on acceptable terms, the Company's business, results of operations and financial condition will be harmed.

At September 30, 2002, the Company's debt to total market capitalization approximated 41.4 percent (assuming conversion of all Common OP Units to shares of common stock). The debt has a weighted average maturity of approximately 5.1 years and a weighted average interest rate of 5.6 percent.

Capital expenditures for the nine months ended September 30, 2002 and 2001 included recurring capital expenditures of \$4.9 million and \$3.7 million, respectively.

Net cash used in investing activities increased by \$104.0 million to \$136.4 million compared to \$32.4 million provided by investing activities for the nine months ended September 30, 2001. This increase was due to a \$20.2 million increase in rental property acquisition activities, repayments from financing notes receivable, net decreasing by \$53.8 million, a \$14.0 million decrease in proceeds related to property dispositions and an increase of \$16.0 million in investment in and advances to affiliates.

Net cash provided by financing activities increased by \$121.5 million to \$83.9 million from \$37.6 million used in financing activities for the nine months ended September 30, 2001. This increase was primarily due to proceeds from notes payable, net of deferred financing costs, of \$137.4 million, a \$60.7 million reduction of repayments on notes payable and other debt and proceeds from issuance of common stock increasing by \$20.3 million including reduced treasury stock purchases, offset by a \$95.0 million increase in repayments on line of credit, net and a \$1.9 million increase in distributions.

SUN COMMUNITIES, INC.

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

OTHER
Funds from operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from sales of property, plus rental property depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Industry analysts consider FFO to be an appropriate supplemental measure of the operating performance of an equity REIT primarily because the computation of FFO excludes historical cost depreciation as an expense and thereby facilitates the comparison of REITs which have different cost bases in their assets. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time, whereas real estate values have instead historically risen or fallen based upon market conditions. FFO does not represent cash flow from operations as defined by generally accepted accounting principles and is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. The following table calculates FFO for both basic and diluted purposes for the periods ended September 30, 2002 and 2001 (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
Income from continuing operations	\$ 5,802	\$ 7,892	\$ 20,638	\$ 27,349
FFO contributed by discontinued operations	--	32	11	92
Deduct gain from property dispositions, net	--	--	--	(4,275)
Add:				
Minority interest in earnings to common OP Unit holders	846	1,217	3,055	4,205
Valuation adjustment (1)	487	--	487	--
Depreciation and amortization, net of corporate office depreciation	9,589	8,048	27,913	23,870
Funds from operations	<u>\$ 16,724</u>	<u>\$ 17,189</u>	<u>\$ 52,104</u>	<u>\$ 51,241</u>
Weighted average common shares OP Units outstanding used for basic per share/unit data	20,323	19,863	20,126	19,935
Dilutive securities:				
Stock options and awards	182	306	205	243
Weighted average common shares and OP Units used for diluted per share/unit data	<u>20,505</u>	<u>20,169</u>	<u>20,331</u>	<u>20,178</u>
Diluted common shares and OP Units at end of period	<u>20,510</u>	<u>20,179</u>	<u>20,533</u>	<u>20,116</u>

SUN COMMUNITIES, INC.

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

OTHER, CONTINUED:

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

Special Note Regarding Forward-Looking Statements

This Form 10-Q contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "may", "will", "expect", "believe", "anticipate", "should", "estimate", and similar expressions identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but are based upon current assumptions regarding the Company's operations, future results and prospects, and are subject to many uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Please see the section entitled "Risk Factors" in the Company's S-3, Amendment No. 1 (Registration No. 333-96769) for a list of uncertainties and factors.

Such factors include, but are not limited to, the following: (i) changes in the general economic climate; (ii) increased competition in the geographic areas in which the Company owns and operates manufactured housing communities; (iii) changes in government laws and regulations affecting manufactured housing communities; and (iv) the ability of the Company to continue to identify, negotiate and acquire manufactured housing communities and/or vacant land which may be developed into manufactured housing communities on terms favorable to the Company. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Recent Accounting Pronouncements:

In June 2001, the Financial Accounting Standards Board ("FASB") approved Statement of Financial Accounting Standards ("SFAS") 141, "Business Combinations and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 141 requires, among other things, that the purchase method of accounting for business combinations be used for all business combinations initiated after September 30, 2001. SFAS 142 addresses the accounting for goodwill and other intangible assets subsequent to their acquisition. SFAS 142 requires, among other things, that goodwill and other indefinite-lived intangible assets no longer be amortized and that such assets be tested for impairment at least annually. SFAS 142 is effective for fiscal years beginning after December 15, 2001. The adoption of these statements did not have a significant impact on the financial position or results of operations of the Company.

SUN COMMUNITIES, INC.

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

OTHER, CONTINUED:

Recent Accounting Pronouncements, continued:

In August 2001, the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business (as previously defined in that Opinion). The provisions of this SFAS 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The provisions of this standard generally are to be applied prospectively. The adoption of this statement requires all dispositions of properties to be disclosed as discontinued operations in the period in which they occur and prior periods to be reclassified to conform with the current period presentation. The Company sold one property in the first quarter, which has been presented accordingly. This implementation of the statement did not have any other material effect on the Company.

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK, CONTINUED:

The Company's variable rate debt totals \$221.2 million as of September 30, 2002 which bears interest at various LIBOR/DMBS rates. If LIBOR/DMBS increased or decreased by 1.0 percent during the nine months ended September 30, 2002 and 2001, the Company believes its interest expense would have increased or decreased by approximately \$1.4 million and \$0.6 million based on the \$143.6 million and \$56.1 million average balance outstanding under the Company's variable rate debt facilities for the nine months ended September 30, 2002 and 2001, respectively.

Additionally, the Company had \$129.1 million and \$90.2 million LIBOR based variable rate mortgage and other notes receivables as of September 30, 2002 and 2001. If LIBOR increased or decreased by 1.0 percent during the nine months ended September 2002 and 2001, the Company believes interest income would have increased or decreased by approximately \$0.7 million and \$0.9 million based on the \$74.1 million and \$90.6 million average balance outstanding on all variable rate notes receivables for the nine months ended September 30, 2002 and 2001, respectively.

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

ITEM 4. CONTROLS AND PROCEDURES

(a) The Chief Executive Officer, Gary A. Shiffman, and Chief Financial Officer, Jeffrey P. Jorissen, evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days of filing this quarterly report (the "Evaluation Date"), and concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to ensure that information the Company is required to disclose in its filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by the Company in the reports that it files under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date, including any corrective actions with regard to significant deficiencies and material weaknesses.

SUN COMMUNITIES, INC.

PART II

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

See the attached Exhibit Index.

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

The Company did not file any reports on Form 8-K during the period covered by this Form 10-Q.

SIGNATURES

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

Dated: November 19, 2002

SUN COMMUNITIES, INC.

BY: /s/ Jeffrey P. Jorissen

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

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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 19, 2002

/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

CERTIFICATIONS

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

I, Jeffrey P. Jorissen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Communities, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 19, 2002

/s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen,
Chief Financial Officer

SUN COMMUNITIES, INC.
EXHIBIT INDEX

Exhibit No.	Description
10.1	First Amendment to Master Credit Facility Agreement, dated as of August 29, 2002, by and between Sun Secured Financing LLC, Aspen-Ft. Collins Limited Partnership, Sun Secured Financing Houston Limited Partnership and ARCS Commercial Mortgage Co., L.P.
10.2	First Amendment to Employment Agreement, dated as of July 15, 2002, by and between Sun Communities, Inc. and Gary A. Shiffman
10.3	Second Amended and Restated Promissory Note (Secured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of Sun Communities Operating Limited Partnership
10.4	First Amended and Restated Promissory Note (Unsecured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of Sun Communities Operating Limited Partnership
10.5	First Amended and Restated Promissory Note (Secured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of Sun Communities Operating Limited Partnership
10.6	Second Amended and Restated Promissory Note (Unsecured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of Sun Communities Operating Limited Partnership
10.7	Second Amended and Restated Promissory Note (Secured), dated as of July 15, 2002, made by Gary A. Shiffman in favor of Sun Communities Operating Limited Partnership
99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

FIRST AMENDMENT TO MASTER CREDIT FACILITY AGREEMENT

THIS FIRST AMENDMENT TO MASTER CREDIT FACILITY AGREEMENT (this "AMENDMENT") is made as of the 29th day of August, 2002 by (i)(a) SUN SECURED FINANCING LLC, a Michigan limited liability company, (b) ASPEN - FT. COLLINS LIMITED PARTNERSHIP, a Michigan limited partnership and (c) SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership (collectively, "BORROWER"), and (ii) ARCS COMMERCIAL MORTGAGE CO., L.P., a California limited partnership, its successors, transferees and assigns ("LENDER").

RECITALS

A. Pursuant to that certain Master Credit Facility Agreement dated as of May 29, 2002 (the "MASTER AGREEMENT") Borrower and Lender agreed to the terms and conditions under which Lender would establish a credit facility in the original amount of \$101,760,000 and make Advances to Borrower.

B. All of the Lender's right, title and interest in the Master Agreement and the Loan Documents executed in connection with the Master Agreement or the transactions contemplated by the Master Agreement have been assigned to Fannie Mae pursuant to that certain Assignment of Collateral Agreements and Other Loan Documents, dated as of May 29, 2002 (the "ASSIGNMENT"). Fannie Mae has not assumed any of the obligations of the Lender under the Master Agreement or the Loan Documents as a result of the Assignment. Fannie Mae has designated the Lender as the servicer of the Advances contemplated by the Master Agreement.

C. The parties are executing this Amendment pursuant to the Master Agreement to reflect (i) the addition of five (5) Mortgaged Properties commonly known as Academy/West Point in Michigan, Autumn Ridge Estates in Iowa, King's Court in Michigan and Timberline Estates in Michigan to the Collateral Pool, (ii) an increase in the Variable Facility Commitment as set forth hereinafter, (iii) a decrease in the maximum amount by which the Commitment may be increased, and (iv) revise certain terms and conditions of the Master Agreement as set forth hereinafter.

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

SECTION 1. ADDITION OF MORTGAGED PROPERTY. The Mortgaged Properties commonly known as Academy/West Point, Autumn Ridge Estates, King's Court and Timberline Estates are hereby added to the Collateral Pool under the Master Agreement.

SECTION 2. EXHIBIT A Exhibit A to the Master Agreement is hereby deleted and replaced with the Exhibit A attached to this Amendment.

SECTION 3. EXPANSION. The Variable Facility Commitment shall be increased by \$37,667,500 and the definition of Commitment is hereby replaced in its entirety with the following new definition:

"Variable Facility Commitment" means an aggregate amount of \$139,427,500, which shall be evidenced by the Variable Facility Note in the form attached hereto as Exhibit C, plus such amount as Borrower may elect to add to the Variable Facility Commitment in accordance with Article 4, less such amount as Borrower may elect to convert from the Variable Facility Commitment to the Fixed Facility Commitment in accordance with Section 1.08, and less such amount by which Borrower may elect to reduce the Variable Facility Commitment in accordance with Article. V

SECTION 4. MAXIMUM AMOUNT OF INCREASE IN COMMITMENT. The increase in the Commitment will decrease the maximum amount of increase as set forth in Section 4.01(a) of the Master Agreement and that provision is hereby deleted from the Master Agreement and replaced in its entirety by the following:

Section 4.01(a). Maximum Amount of Increase in Commitment. The maximum amount by which the Commitment may be increased is \$60,572,500.

SECTION 5. SPECIAL COVENANTS REGARDING KING'S COURT. The Parties are aware that certain phases of the Additional Mortgaged Property commonly known as King's Court in Traverse City, Michigan are not connected to the municipal water system. Borrower hereby covenants, represents and warrants that in the event that the water supplied to these phases is not in compliance with the requirements of any Governmental Authority, and such non-compliance is not cured by Borrower within ten (10) days, Borrower will at its sole cost and expense hook up and connect all phases to the municipal water system within thirty (30) days of receiving notice from Lender of such requirement; provided that, if action is commenced and diligently pursued by Borrower within such 30 days, then Borrower shall have an additional thirty (30) days or, if longer, the time permitted by the Governmental Authority to comply with such requirement.

SECTION 6. EXTENSION OF DATE TO PROVIDE CAP IN LIEU OF GUARANTY. Section 15.01(a) is hereby amended by deleting the date "August 29, 2002" and inserting the date "October 31, 2002" in lieu thereof.

SECTION 7. CAPITALIZED TERMS. All capitalized terms used in this Amendment which are not specifically defined herein shall have the respective meanings set forth in the Master Agreement.

SECTION 8. FULL FORCE AND EFFECT Except as expressly modified by this Amendment, all terms and conditions of the Master Agreement shall continue in full force and effect.

SECTION 9. COUNTERPARTS. This Amendment may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

SECTION 10. APPLICABLE LAW. The provisions of Section 17.06 of the Master Agreement (entitled "Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial") are hereby incorporated into this Amendment by this reference to the fullest extent as if the text of such provisions were set forth in their entirety herein.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

BORROWER:

SUN SECURED FINANCING LLC, a Michigan limited liability company

By: Sun Communities Operating Limited Partnership, a Michigan limited partnership, its Sole Member

By: Sun Communities, Inc, a Maryland corporation, its General Partner

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
Title: Senior Vice President - Acquisitions

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

By: Sun GP L.L.C., a Michigan limited liability company, its General Partner

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

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
Title: Senior Vice President - Acquisitions

SUN SECURED FINANCING HOUSTON LIMITED PARTNERSHIP, a Michigan limited partnership

By: Sun Secured Financing GP, Inc., a Michigan corporation, its General Partner

By: /s/ Jonathan M. Colman

Name: Jonathan M. Colman
Title: Senior Vice President - Acquisitions

LENDER:

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

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

By: /s/ Timothy L. White

Name: Timothy L. White
Title: Chief Operating Officer

EXHIBIT A

SCHEDULE OF INITIAL MORTGAGED PROPERTIES
INITIAL VALUES AND INITIAL VALUES

PROPERTY NAME	PROPERTY ADDRESS	INITIAL VALUE
Allendale	11400 Boyne Boulevard, Allendale, MI 49401	\$11,575,000
Presidential Estates	5075 Presidential Lane, Hudsonville, MI 49426	\$12,100,000
Meadow Lake	3951 Brentwood Cir. W., White lake, MI 48383	\$18,800,000
White Oak	4084 West Stanley Road, Mt. Morris, MI 48458	\$13,800,000
BrooksideManor	61108 C.R. 17, Goshen, IN 46526	\$16,500,000
Valley Brook	4620 South High School Road, Indianapolis, IN 46234	\$26,000,000
Branch Creek	12609 Dessau Road, Austin, TX 78754	\$12,000,000
Chisolm Point	900 Broken Feather Trail, Pflugerville, TX 78660	\$12,500,000
Pin Oak	8001 Oakhave Drive, O'Fallon, MO 63366	\$13,100,000
Timber Ridge	3717 S. Taft Hill Dr., Ft. Collins, CO 80526	\$20,200,000
Academy/West Point	41021 Old Michigan Avenue, Canton, MI 48188	\$16,100,000
Autumn Ridge Estates	2050 Four Seasons Drive, Ankeny, IA 50021	\$12,650,000
King's Court	2988 Lafranier Road, Traverse City, MI 49686	\$20,600,000
Timberline Estates	260 Pin Oak Drive, Coopersville, MI 49404	\$ 8,600,000

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") by and between Sun Communities, Inc., a Maryland corporation (the "Company") and Gary A. Shiffman (the "Executive") is entered into effective as of July 15, 2002.

RECITALS:

A. The Company and Executive have entered into that certain Employment Agreement dated effective as of January 1, 1997 (the "Employment Agreement"). Capitalized terms used but not defined in this Amendment shall have the meanings given them in the Employment Agreement.

B. The Company and Executive desire to amend the Employment Agreement in accordance with the terms and conditions of this Amendment.

NOW, THEREFORE, the parties agree as follows:

1. Section 2 of the Employment Agreement is hereby deleted in its entirety and replaced with the following Section 2:

2. Term of Employment. Subject to the provisions for termination provided below, the term of the Executive's employment under this Agreement shall commence on January 1, 1997 and shall continue thereafter for a period of ten (10) years ending on December 31, 2006; provided, however, that the term of this Agreement shall be automatically extended for successive terms of one (1) year each, unless either party notifies the other party in writing of its desire to terminate this Agreement at least thirty (30) days before the end of the term then in effect.

2. Section 4(b) of the Employment Agreement is hereby deleted in its entirety and replaced with the following Section 4(b):

- (b) Base Compensation. As compensation for the services to be performed hereafter, the Company shall pay to the Executive, during his employment hereunder, an annual base salary (the "Base Salary") payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly) at the rate of:
 - (i) Four Hundred One Thousand Nine Hundred Fifty Dollars (\$401,950.00) per annum from the date hereof through December 31, 2002; and
 - (ii) Four Hundred Twenty Five Thousand Dollars (\$425,000.00) for each year thereafter.

3. Section 4(c) of the Employment Agreement is hereby deleted in its entirety and replaced with the following Section 4(c):

- (c) COLA Adjustment. At the beginning of each calendar year of this Agreement, commencing with calendar year 2004, and on such date each year thereafter (the "Adjustment Date"), the Base Salary shall be increased in accordance with the increase, if any, in the cost of living during the preceding one year as determined by the percentage increase in the Consumers Price Index-All Urban Consumers (U.S. City Average/all items) published by the Bureau of Labor Statistics of the U.S. Department of Labor (the "Index"). The average Index for calendar years 2002 and 2003 shall be considered the "Base." The Base Salary

for the calendar year following each Adjustment Date shall be the Base Salary specified in Paragraph 4(b)(ii) increased by the percentage increase, if any, in the Index for the calendar year immediately preceding the Adjustment Date over the Base. In the event the Index shall cease to be published or the formula underlying the Index shall change materially from the formula used for the Index as of the date hereof, then there shall be substituted for the Index such other index of similar nature as is then generally recognized and accepted. In no event shall the Base Salary during each adjusted calendar year be less than that charged during the preceding year of this Agreement.

4. Pursuant to a Restricted Stock Award Agreement dated as of the date hereof, the Company granted the Executive a restricted stock award of 70,000 shares of Common Stock of the Company in accordance with the terms and conditions of the Company's Amended and Restated 1993 Stock Option Plan.

5. Pursuant to amendments to and restatements of (i) the secured First Amended and Restated Promissory Note dated March 11, 1996 in the original principal amount of \$1,022,538.13, (ii) the unsecured First Amended and Restated Promissory Note dated March 11, 1996 in the original principal amount of \$1,022,538.12, (iii) the secured Promissory Note dated April 1, 1997 in the original principal amount of \$1,300,195.40, (iv) the unsecured Promissory Note dated April 1, 1997 in the original principal amount of \$1,300,195.40, and (v) the secured First Amended and Restated Promissory Note dated March 11, 1996 in the original principal amount of \$6,604,923.75, the due dates of all debt owing to Sun Communities Operating Limited Partnership under such notes have been extended such that one-third of the aggregate indebtedness under each such note becomes due and payable in full on each of December 31, 2008, December 31, 2009 and December 31, 2010.

6. Unless otherwise modified by this Amendment, all provisions of the Employment Agreement shall remain unchanged and in full force and effect in accordance with its terms. The Employment Agreement, as amended by this Amendment, sets forth the entire agreement and understanding of the parties to it, and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to its subject matter.

7. This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement. Copies (photostatic, facsimile or otherwise) of signatures to this Amendment shall be deemed to be originals and may be relied on to the same extent as the originals.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Employment Agreement on the date first written above.

COMPANY:

SUN COMMUNITIES, INC.,
a Maryland corporation

By: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Senior Vice President and
Chief Financial Officer

EXECUTIVE:

/s/ Gary A. Shiffman

GARY A. SHIFFMAN

SECOND AMENDED AND RESTATED
PROMISSORY NOTE
(Secured)

\$6,604,923.75
Final Due Date: December 31, 2010

Farmington Hills, Michigan
Dated: As of July 15, 2002

FOR VALUE RECEIVED, GARY A. SHIFFMAN ("Maker") promises to pay in lawful money of the United States of America to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Holder"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or such other place as Holder may designate in writing, the principal sum of SIX MILLION SIX HUNDRED FOUR THOUSAND NINE HUNDRED TWENTY THREE AND 75/100 DOLLARS (\$6,604,923.75), plus interest as hereinafter provided.

The unpaid principal balance of this promissory note ("Note") shall bear interest from the date hereof, computed upon the basis of a year of 365 days for the actual number of days elapsed in a month, at a rate of interest per annum (the "Effective Rate") equal to 1.75% in excess of six months' LIBOR (the "Index"), as such Index shall vary from time to time, upwards or downwards, and each such Index change shall cause an identical change in the Effective Rate to occur effective immediately; provided, however, that the Effective Rate shall not exceed 9% per annum and the Effective Rate shall not be lower than 6% per annum.

The indebtedness evidenced by this Note shall be paid to Holder in quarterly installments of interest only, beginning July 15, 1995, and continuing on the fifteenth day following each calendar quarter thereafter until December 31, 2010. One-third (33.33%) of the unpaid principal balance of this Note shall be due and payable on each of December 31, 2008 and December 31, 2009. The entire remaining unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on December 31, 2010. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's quarterly interest payments on this Note shall be adjusted accordingly; provided, however, that Maker's quarterly interest payments shall still be due under this Note even if Holder subsequently discontinues payment of dividends.

All cash distributions and dividends paid to Maker on 177,636 shares (the "Shares") of the common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation, issued to Maker as of July 3, 1995 and pledged to Holder pursuant to that certain First Amended Stock Pledge Agreement between Maker and Holder, dated as of March 11, 1996 (the "Pledge Agreement"), and all cash distributions paid to Maker with respect to 127,794 Common OP Units in Holder (the "OP Units") pledged to Holder pursuant to that certain Limited Partnership Interest Security and Pledge Agreement between Maker and Holder, dated as of March 11, 1996 (the "Security and Pledge

Agreement") (collectively, the "Distributions"), shall first be applied toward the accrued and unpaid interest hereunder and sixty percent (60%) of the remainder of the Distributions, if any, shall be applied toward the outstanding principal balance of this Note. Maker hereby authorizes Holder and/or any of Holder's representatives to apply any and all Distributions in accordance with the terms of this Note.

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

Upon the occurrence of any of the following events of default ("Event of Default"): (a) any failure by Maker to pay any installment of principal or interest when due hereunder and such failure shall continue and shall not be cured for a period of ten (10) days after the due date of such payment; (b) Maker's failure generally to pay debts as they mature, or the appointment of a receiver or custodian over a material portion of Maker's assets, which receiver or custodian is not discharged within sixty (60) days of such appointment; (c) any voluntary or involuntary bankruptcy or insolvency proceedings are commenced by or against Maker, which proceedings are not set aside within sixty (60) days from the date of institution thereof; or (d) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of Maker; then, at the election of Holder and without notice, demand or presentment, the entire principal balance of this Note, together with all accrued and unpaid interest, shall become immediately due and payable. All costs and expenses of collection, including, without limitation, reasonable attorneys fees and expenses, shall be added to and become part of the total indebtedness.

Upon the occurrence and during the continuance of any Event of Default, the outstanding principal amount hereof shall bear interest at a rate which is two percent (2.0%) per annum greater than the Effective Rate otherwise applicable. Maker agrees to pay all of Holder's costs incurred in the collection of this Note, including reasonable attorneys fees and expenses.

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

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

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

In the event Holder ever receives, as interest, any amount in excess of the Maximum Rate, such amount as would be excessive interest shall be deemed a partial prepayment of principal, and, if the principal hereof is paid in full, any remaining excess shall be returned to Maker. In determining whether or not the interest paid or payable under any specified contingency exceeds the Maximum Rate, Maker and Holder shall, to the maximum extent permitted by law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread the total amount of interest through the entire contemplated term of such indebtedness until payment in full of the principal (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate. If Holder shall determine that the Effective Rate under this Note is usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the Maximum Rate, shall, at the option of Holder, become immediately due and payable.

Notwithstanding anything herein to the contrary, Maker's personal liability on this Note is limited to all accrued and unpaid interest and fifty percent (50%) of any deficiency after application of the proceeds from the sale of the Shares and the OP Units. Upon an Event of Default and Holder's election to accelerate the indebtedness under this Note, Maker shall be personally liable for all accrued and unpaid interest hereunder, Holder shall apply the proceeds from the sale of the Shares and the OP Units to the then outstanding principal balance on this Note and Maker shall be personally liable for fifty percent (50%) of the deficiency, if any. In addition, Maker, in his sole and absolute discretion, may, at any time (whether or not an Event of Default exists), terminate his obligations hereunder by (i) paying all accrued and unpaid interest on this Note, (ii) assigning all of his right, title and interest in the Shares and the OP Units to Holder, and (iii) after application of the proceeds from the sale of the Shares and the OP Units, paying fifty percent (50%) of the deficiency, if any.

This Note is secured by the Pledge Agreement and the Security and Pledge Agreement. Upon a partial prepayment of this Note, including, without limitation, the payment of outstanding principal on this Note with 60% of the excess Distributions, if any, as provided above, upon the written direction of the Maker, a pro rata portion of the Shares shall be released from the Pledge Agreement or a pro rata portion of the OP Units shall be released from the Security and Pledge Agreement.

This Note is an amendment and restatement of that certain First Amended and Restated Promissory Note in the original principal amount of \$6,604,923.75, dated as of March 11, 1996 (the "Prior Note"), delivered by Maker to Holder. This Note does not constitute the extinguishment of the debt evidenced by the Prior Note or the creation of a new debt, but represents a continuation of the Prior Note as amended and restated hereby. Any amount outstanding under the Prior Note, as of the effective date of this Note, shall constitute an advance hereunder. The security interests and pledges granted by Maker to Holder to secure the Prior Note continue to secure this Note.

Within one hundred twenty (120) days of the end of Holder's fiscal year, Maker shall furnish Holder a current personal financial statement showing Maker's net worth.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan. This Note shall be binding upon Maker and his successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns.

MAKER:

/s/ Gary A. Shiffman

GARY A. SHIFFMAN

FIRST AMENDED AND RESTATED
PROMISSORY NOTE-----
(Unsecured)\$1,300,195.40
FINAL DUE DATE: DECEMBER 31, 2010FARMINGTON HILLS, MICHIGAN
DATED: AS OF JULY 15, 2002

FOR VALUE RECEIVED, GARY A. SHIFFMAN ("Maker") promises to pay in lawful money of the United States of America to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Holder"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or such other place as Holder may designate in writing, the principal sum of ONE MILLION THREE HUNDRED THOUSAND ONE HUNDRED NINETY FIVE AND 40/100 DOLLARS (\$1,300,195.40), plus interest as hereinafter provided.

The unpaid principal balance of this promissory note ("Note") shall bear interest from the date hereof, computed upon the basis of a year of 365 days for the actual number of days elapsed in a month, at a rate of interest per annum (the "Effective Rate") equal to 1.75% in excess of six months' LIBOR (the "Index"), as such Index shall vary from time to time, upwards or downwards, and each such Index change shall cause an identical change in the Effective Rate to occur effective immediately; provided, however, that the Effective Rate shall not exceed 9% per annum and the Effective Rate shall not be lower than 6% per annum.

The indebtedness evidenced by this Note shall be paid to Holder in quarterly installments of interest only, beginning July 15, 1997, and continuing on the fifteenth day following each calendar quarter thereafter until December 31, 2010. One-third (33.33%) of the unpaid principal balance of this Note shall be due and payable on each of December 31, 2008 and December 31, 2009. The entire remaining unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on December 31, 2010. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's quarterly interest payments on this Note shall be adjusted accordingly; provided, however, that Maker's quarterly interest payments shall still be due under this Note even if Holder subsequently discontinues payment of dividends.

A required prepayment of principal in an amount equal to sixty percent (60%) of the excess, if any, of "x" minus "y" shall be paid to Holder quarterly, beginning July 15, 1997, and continuing on the fifteenth day following each calendar quarter thereafter until December 31, 2010. For purposes of this paragraph, "x" equals the amount of all cash distributions and dividends paid to Maker on 40,000 shares of common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation ("Sun"), issued to Maker as of April 8, 1996 and "y" equals the amount of the quarterly interest payment. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's required principal payments on this Note shall be adjusted accordingly.

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

Upon the occurrence of any of the following events of default ("Event of Default"): (a) any failure by Maker to pay any installment of principal or interest when due hereunder and such failure shall continue and shall not be cured for a period of ten (10) days after the due date of

such payment; (b) Maker's failure generally to pay debts as they mature, or the appointment of a receiver or custodian over a material portion of Maker's assets, which receiver or custodian is not discharged within sixty (60) days of such appointment; (c) any voluntary or involuntary bankruptcy or insolvency proceedings are commenced by or against Maker, which proceedings are not set aside within sixty (60) days from the date of institution thereof; or (d) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of Maker; then, at the election of Holder and without notice, demand or presentment, the entire principal balance of this Note, together with all accrued and unpaid interest, shall become immediately due and payable. All costs and expenses of collection, including, without limitation, reasonable attorneys fees and expenses, shall be added to and become part of the total indebtedness.

Upon the occurrence and during the continuance of any Event of Default, the outstanding principal amount hereof shall bear interest at a rate which is two percent (2.0%) per annum greater than the Effective Rate otherwise applicable. Maker agrees to pay all of Holder's costs incurred in the collection of this Note, including reasonable attorneys fees and expenses.

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

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

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

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

extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate. If Holder shall determine that the Effective Rate under this Note is usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the Maximum Rate, shall, at the option of Holder, become immediately due and payable.

This Note is an amendment and restatement of that certain unsecured Promissory Note in the original principal amount of \$1,300,195.40, dated as of April 1, 1997 (the "Prior Note"), delivered by Maker to Holder. This Note does not constitute the extinguishment of the debt evidenced by the Prior Note or the creation of a new debt, but represents a continuation of the Prior Note as amended and restated hereby. Any amount outstanding under the Prior Note, as of the effective date of this Note, shall constitute an advance hereunder.

Within one hundred twenty (120) days of the end of Holder's fiscal year, Maker shall furnish Holder a current personal financial statement showing Maker's net worth.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan. This Note shall be binding upon Maker and his successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns.

MAKER:

/s/ Gary A. Shiffman

GARY A. SHIFFMAN

FIRST AMENDED AND RESTATED
PROMISSORY NOTE-----
(Secured)\$1,300,195.40
FINAL DUE DATE: DECEMBER 31, 2010FARMINGTON HILLS, MICHIGAN
DATED: AS OF JULY 15, 2002

FOR VALUE RECEIVED, GARY A. SHIFFMAN ("Maker") promises to pay in lawful money of the United States of America to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Holder"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or such other place as Holder may designate in writing, the principal sum of ONE MILLION THREE HUNDRED THOUSAND ONE HUNDRED NINETY FIVE AND 40/100 DOLLARS (\$1,300,195.40), plus interest as hereinafter provided.

The unpaid principal balance of this promissory note ("Note") shall bear interest from the date hereof, computed upon the basis of a year of 365 days for the actual number of days elapsed in a month, at a rate of interest per annum (the "Effective Rate") equal to 1.75% in excess of six months' LIBOR (the "Index"), as such Index shall vary from time to time, upwards or downwards, and each such Index change shall cause an identical change in the Effective Rate to occur effective immediately; provided, however, that the Effective Rate shall not exceed 9% per annum and the Effective Rate shall not be lower than 6% per annum.

The indebtedness evidenced by this Note shall be paid to Holder in quarterly installments of interest only, beginning July 15, 1997, and continuing on the fifteenth day following each calendar quarter thereafter until December 31, 2010. One-third (33.33%) of the unpaid principal balance of this Note shall be due and payable on each of December 31, 2008 and December 31, 2009. The entire remaining unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on December 31, 2010. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's quarterly interest payments on this Note shall be adjusted accordingly; provided, however, that Maker's quarterly interest payments shall still be due under this Note even if Holder subsequently discontinues payment of dividends.

All cash distributions and dividends paid to Maker on those certain 40,000 shares (the "Shares") of the common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation ("Sun"), issued to Maker as of April 8, 1996 (collectively, the "Distributions") shall first be applied toward the accrued and unpaid interest hereunder and sixty percent (60%) of the remainder of the Distributions, if any, shall be applied toward the outstanding principal balance of this Note. Maker hereby authorizes Holder and/or any of Holder's representatives to apply any and all cash distributions and dividends on the Shares in accordance with the terms of this Note.

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

Upon the occurrence of any of the following events of default ("Event of Default"): (a) any failure by Maker to pay any installment of principal or interest when due hereunder and such failure shall continue and shall not be cured for a period of ten (10) days after the due date of such payment; (b) Maker's failure generally to pay debts as they mature, or the appointment of a

receiver or custodian over a material portion of Maker's assets, which receiver or custodian is not discharged within sixty (60) days of such appointment; (c) any voluntary or involuntary bankruptcy or insolvency proceedings are commenced by or against Maker, which proceedings are not set aside within sixty (60) days from the date of institution thereof; or (d) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of Maker; then, at the election of Holder and without notice, demand or presentment, the entire principal balance of this Note, together with all accrued and unpaid interest, shall become immediately due and payable. All costs and expenses of collection, including, without limitation, reasonable attorneys fees and expenses, shall be added to and become part of the total indebtedness.

Upon the occurrence and during the continuance of any Event of Default, the outstanding principal amount hereof shall bear interest at a rate which is two percent (2.0%) per annum greater than the Effective Rate otherwise applicable. Maker agrees to pay all of Holder's costs incurred in the collection of this Note, including reasonable attorneys fees and expenses.

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

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

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

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

usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the Maximum Rate, shall, at the option of Holder, become immediately due and payable.

Notwithstanding anything herein to the contrary, Maker's personal liability on this Note is limited to all accrued and unpaid interest and fifty percent (50%) of any deficiency after application of the proceeds from the sale of the Shares. Upon an Event of Default and Holder's election to accelerate the indebtedness under this Note, Maker shall be personally liable for all accrued and unpaid interest hereunder, Holder shall apply the proceeds from the sale of the Shares to the then outstanding principal balance on this Note and Maker shall be personally liable for fifty percent (50%) of the deficiency, if any. In addition, Maker, in his sole and absolute discretion, may, at any time (whether or not an Event of Default exists), terminate his obligations hereunder by (i) paying all accrued and unpaid interest on this Note, (ii) assigning all of his right, title and interest in the Shares to Holder, and (iii) after application of the proceeds from the sale of the Shares, paying fifty percent (50%) of the deficiency, if any.

This Note is secured by that certain Stock Pledge Agreement, dated as of April 1, 1997 (the "Pledge Agreement"). Upon a partial prepayment of this Note, including, without limitation, the payment of outstanding principal on this Note with 60% of the excess Distributions, if any, as provided above, a pro rata portion of the Shares shall be released from the Pledge Agreement.

This Note is an amendment and restatement of that certain secured Promissory Note in the original principal amount of \$1,300,195.40, dated as of April 1, 1997 (the "Prior Note"), delivered by Maker to Holder. This Note does not constitute the extinguishment of the debt evidenced by the Prior Note or the creation of a new debt, but represents a continuation of the Prior Note as amended and restated hereby. Any amount outstanding under the Prior Note, as of the effective date of this Note, shall constitute an advance hereunder. The security interests and pledges granted by Maker to Holder to secure the Prior Note continue to secure this Note.

Within one hundred twenty (120) days of the end of Holder's fiscal year, Maker shall furnish Holder a current personal financial statement showing Maker's net worth.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan. This Note shall be binding upon Maker and his successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns.

MAKER:

/s/ Gary A. Shiffman

GARY A. SHIFFMAN

SECOND AMENDED AND RESTATED
 PROMISSORY NOTE

 (Unsecured)

\$1,022,538.12
 FINAL DUE DATE: DECEMBER 31, 2010

FARMINGTON HILLS, MICHIGAN
 DATED: AS OF JULY 15, 2002

FOR VALUE RECEIVED, GARY A. SHIFFMAN ("Maker") promises to pay in lawful money of the United States of America to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Holder"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or such other place as Holder may designate in writing, the principal sum of ONE MILLION TWENTY TWO THOUSAND FIVE HUNDRED THIRTY EIGHT AND 12/100 DOLLARS (\$1,022,538.12), plus interest as hereinafter provided.

The unpaid principal balance of this promissory note ("Note") shall bear interest from the date hereof, computed upon the basis of a year of 365 days for the actual number of days elapsed in a month, at a rate of interest per annum (the "Effective Rate") equal to 1.75% in excess of six months' LIBOR (the "Index"), as such Index shall vary from time to time, upwards or downwards, and each such Index change shall cause an identical change in the Effective Rate to occur effective immediately; provided, however, that the Effective Rate shall not exceed 9% per annum and the Effective Rate shall not be lower than 6% per annum.

The indebtedness evidenced by this Note shall be paid to Holder in quarterly installments of interest only, beginning July 15, 1995, and continuing on the fifteenth day following each calendar quarter thereafter until December 31, 2010. One-third (33.33%) of the unpaid principal balance of this Note shall be due and payable on each of December 31, 2008 and December 31, 2009. The entire remaining unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on December 31, 2010. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's quarterly interest payments on this Note shall be adjusted accordingly; provided, however, that Maker's quarterly interest payments shall still be due under this Note even if Holder subsequently discontinues payment of dividends.

A required prepayment of principal in an amount equal to sixty percent (60%) of the excess, if any, of "x" minus "y" shall be paid to Holder quarterly, beginning July 15, 1995, and continuing on the fifteenth day following each calendar quarter thereafter until December 31, 2010. For purposes of this paragraph, "x" equals the amount of all cash distributions and dividends paid to Maker on 47,285 shares of common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation ("Sun"), issued to Maker as of May 11, 1995 and "y" equals the amount of the quarterly interest payment. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's required principal payments on this Note shall be adjusted accordingly.

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

Upon the occurrence of any of the following events of default ("Event of Default"): (a) any failure by Maker to pay any installment of principal or interest when due hereunder and such failure shall continue and shall not be cured for a period of ten (10) days after the due date of such payment; (b) Maker's failure generally to pay debts as they mature, or the appointment of a receiver or custodian over a material portion of Maker's assets, which receiver or custodian is not discharged within sixty (60) days of such appointment; (c) any voluntary or involuntary bankruptcy or insolvency proceedings are commenced by or against Maker, which proceedings are not set aside within sixty (60) days from the date of institution thereof; or (d) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of Maker; then, at the election of Holder and without notice, demand or presentment, the entire principal balance of this Note, together with all accrued and unpaid interest, shall become immediately due and payable. All costs and expenses of collection, including, without limitation, reasonable attorneys fees and expenses, shall be added to and become part of the total indebtedness.

Upon the occurrence and during the continuance of any Event of Default, the outstanding principal amount hereof shall bear interest at a rate which is two percent (2.0%) per annum greater than the Effective Rate otherwise applicable. Maker agrees to pay all of Holder's costs incurred in the collection of this Note, including reasonable attorneys fees and expenses.

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

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

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

In the event Holder ever receives, as interest, any amount in excess of the Maximum Rate, such amount as would be excessive interest shall be deemed a partial prepayment of principal, and, if the principal hereof is paid in full, any remaining excess shall be returned to Maker. In determining whether or not the interest paid or payable under any specified contingency exceeds the Maximum Rate, Maker and Holder shall, to the maximum extent permitted by law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread the total amount of interest through the entire contemplated term of such indebtedness until payment in full of the principal (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate. If Holder shall determine that the Effective Rate under this Note is usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the Maximum Rate, shall, at the option of Holder, become immediately due and payable.

This Note is an amendment and restatement of that certain First Amended and Restated Promissory Note in the original principal amount of \$1,022,538.12, dated as of March 11, 1996 (the "Prior Note"), delivered by Maker to Holder. This Note does not constitute the extinguishment of the debt evidenced by the Prior Note or the creation of a new debt, but represents a continuation of the Prior Note as amended and restated hereby. Any amount outstanding under the Prior Note, as of the effective date of this Note, shall constitute an advance hereunder.

Within one hundred twenty (120) days of the end of Holder's fiscal year, Maker shall furnish Holder a current personal financial statement showing Maker's net worth.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan. This Note shall be binding upon Maker and his successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns.

MAKER:

/s/ Gary A. Shiffman

GARY A. SHIFFMAN

SECOND AMENDED AND RESTATED
PROMISSORY NOTE-----
(Secured)\$1,022,538.13
FINAL DUE DATE: DECEMBER 31, 2010FARMINGTON HILLS, MICHIGAN
DATED: AS OF JULY 15, 2002

FOR VALUE RECEIVED, GARY A. SHIFFMAN ("Maker") promises to pay in lawful money of the United States of America to the order of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership ("Holder"), at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, or such other place as Holder may designate in writing, the principal sum of ONE MILLION TWENTY TWO THOUSAND FIVE HUNDRED THIRTY EIGHT AND 13/100 DOLLARS (\$1,022,538.13), plus interest as hereinafter provided.

The unpaid principal balance of this promissory note ("Note") shall bear interest from the date hereof, computed upon the basis of a year of 365 days for the actual number of days elapsed in a month, at a rate of interest per annum (the "Effective Rate") equal to 1.75% in excess of six months' LIBOR (the "Index"), as such Index shall vary from time to time, upwards or downwards, and each such Index change shall cause an identical change in the Effective Rate to occur effective immediately; provided, however, that the Effective Rate shall not exceed 9% per annum and the Effective Rate shall not be lower than 6% per annum.

The indebtedness evidenced by this Note shall be paid to Holder in quarterly installments of interest only, beginning July 15, 1995, and continuing on the fifteenth day following each calendar quarter thereafter until December 31, 2010. One-third (33.33%) of the unpaid principal balance of this Note shall be due and payable on each of December 31, 2008 and December 31, 2009. The entire remaining unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on December 31, 2010. Notwithstanding the foregoing, in the event that the current timing of Holder's quarterly dividend payments is subsequently changed, the due date of Maker's quarterly interest payments on this Note shall be adjusted accordingly; provided, however, that Maker's quarterly interest payments shall still be due under this Note even if Holder subsequently discontinues payment of dividends.

All cash distributions and dividends paid to Maker on those certain 47,285 shares (the "Shares") of the common stock, \$.01 par value, of Sun Communities, Inc., a Maryland corporation ("Sun"), issued to Maker as of May 11, 1995 (collectively, the "Distributions") shall first be applied toward the accrued and unpaid interest hereunder and sixty percent (60%) of the remainder of the Distributions, if any, shall be applied toward the outstanding principal balance of this Note. Maker hereby authorizes Holder and/or any of Holder's representatives to apply any and all cash distributions and dividends on the Shares in accordance with the terms of this Note.

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

Upon the occurrence of any of the following events of default ("Event of Default"): (a) any failure by Maker to pay any installment of principal or interest when due hereunder and such failure shall continue and shall not be cured for a period of ten (10) days after the due date of such payment; (b) Maker's failure generally to pay debts as they mature, or the appointment of a receiver or custodian over a material portion of Maker's assets, which receiver or custodian is not discharged within sixty (60) days of such appointment; (c) any voluntary or involuntary bankruptcy or insolvency proceedings are commenced by or against Maker, which proceedings are not set aside within sixty (60) days from the date of institution thereof; or (d) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of Maker; then, at the election of Holder and without notice, demand or presentment, the entire principal balance of this Note, together with all accrued and unpaid interest, shall become immediately due and payable. All costs and expenses of collection, including, without limitation, reasonable attorneys fees and expenses, shall be added to and become part of the total indebtedness.

Upon the occurrence and during the continuance of any Event of Default, the outstanding principal amount hereof shall bear interest at a rate which is two percent (2.0%) per annum greater than the Effective Rate otherwise applicable. Maker agrees to pay all of Holder's costs incurred in the collection of this Note, including reasonable attorneys fees and expenses.

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

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

Notwithstanding anything herein to the contrary, in no event shall Maker be required to pay

a rate of interest in excess of the Maximum Rate. The term "Maximum Rate" shall mean the maximum non-usurious rate of interest that Holder is allowed to contract for, charge, take, reserve or receive under the applicable laws of any applicable state or of the United States of America (whichever from time to time permits the highest rate for the use, forbearance or detention of money) after taking into account, to the extent required by applicable law, any and all relevant payments or charges hereunder, or under any other document or instrument executed and delivered in connection therewith and the indebtedness evidenced hereby.

In the event Holder ever receives, as interest, any amount in excess of the Maximum Rate, such amount as would be excessive interest shall be deemed a partial prepayment of principal, and, if the principal hereof is paid in full, any remaining excess shall be returned to Maker. In determining whether or not the interest paid or payable under any specified contingency exceeds the Maximum Rate, Maker and Holder shall, to the maximum extent permitted by law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread the total amount of interest through the entire contemplated term of such indebtedness until payment in full of the principal (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate. If Holder shall determine that the Effective Rate under this Note is usurious or otherwise limited by law, the unpaid balance of this Note, with accrued interest at the Maximum Rate, shall, at the option of Holder, become immediately due and payable.

Notwithstanding anything herein to the contrary, Maker's personal liability on this Note is limited to all accrued and unpaid interest and fifty percent (50%) of any deficiency after application of the proceeds from the sale of the Shares. Upon an Event of Default and Holder's election to accelerate the indebtedness under this Note, Maker shall be personally liable for all accrued and unpaid interest hereunder, Holder shall apply the proceeds from the sale of the Shares to the then outstanding principal balance on this Note and Maker shall be personally liable for fifty percent (50%) of the deficiency, if any. In addition, Maker, in his sole and absolute discretion, may, at any time (whether or not an Event of Default exists), terminate his obligations hereunder by (i) paying all accrued and unpaid interest on this Note, (ii) assigning all of his right, title and interest in the Shares to Holder, and (iii) after application of the proceeds from the sale of the Shares, paying fifty percent (50%) of the deficiency, if any.

This Note is secured by that certain Stock Pledge Agreement, dated May 11, 1995 (the "Pledge Agreement"), as amended. Upon a partial prepayment of this Note, including, without limitation, the payment of outstanding principal on this Note with 60% of the excess Distributions, if any, as provided above, a pro rata portion of the Shares shall be released from the Pledge Agreement.

This Note is an amendment and restatement of that certain First Amended and Restated Promissory Note in the original principal amount of \$1,022,538.13, dated as of March 11, 1996 (the

"Prior Note"), delivered by Maker to Holder. This Note does not constitute the extinguishment of the debt evidenced by the Prior Note or the creation of a new debt, but represents a continuation of the Prior Note as amended and restated hereby. Any amount outstanding under the Prior Note, as of the effective date of this Note, shall constitute an advance hereunder. The security interests and pledges granted by Maker to Holder to secure the Prior Note continue to secure this Note.

Within one hundred twenty (120) days of the end of Holder's fiscal year, Maker shall furnish Holder a current personal financial statement showing Maker's net worth.

This Note shall be governed by and construed in accordance with the laws of the State of Michigan. This Note shall be binding upon Maker and his successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns.

MAKER:

/s/ Gary A. Shiffman

GARY A. SHIFFMAN

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

The undersigned officers, Gary A. Shiffman and Jeffrey P. Jorissen, hereby certify that to the best of their knowledge: (a) this Quarterly Report on Form 10-Q of Sun Communities, Inc., for the quarter ended September 30, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (b) the information contained in this Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the issuer.

/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

Dated: November 19, 2002

/s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer

Dated: November 19, 2002