

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

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998

OR

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

Commission File No. 1-12616

SUN COMMUNITIES, INC.

(Exact name of registrant as specified in its charter)

STATE OF MARYLAND
State of Incorporation

38-2730780
I.R.S. Employer I.D. No.

31700 MIDDLEBELT ROAD
SUITE 145
FARMINGTON HILLS, MICHIGAN 48334
(248) 932-3100

(Address of principal executive offices and telephone number)

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

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

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

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of March 5, 1999, the aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant was approximately \$516,632,000 based on the closing sales price of \$32.25 on such date using beneficial ownership of stock rules adopted pursuant to Section 13 of the Securities Exchange Act of 1934 to exclude voting stock owned by directors and officers of the Registrant, some of whom may not be held to be affiliates upon judicial determination.

As of March 5, 1999, there were 17,289,305 shares of the Registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's definitive Proxy Statement to be filed for its 1999 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

PART I

ITEM 1. BUSINESS

GENERAL

Sun Communities, Inc. (the "Company") owns, operates and finances manufactured housing communities concentrated in the midwestern and southeastern United States. The Company is a fully integrated real estate company which, together with its affiliates and predecessors, has been in the business of acquiring, operating and expanding manufactured housing communities since 1975. At December 31, 1998, the Company owned and managed a portfolio of 102 developed properties located in fourteen states (the "Properties"), including 91 manufactured housing communities, 5 recreational vehicle communities, and 6 properties containing both manufactured housing and recreational vehicle sites. At December 31, 1998, the Properties contained an aggregate of 31,512 developed manufactured home sites, approximately 2,500 manufactured home sites suitable for development and approximately 5,100 recreational vehicle sites. In order to enhance property performance and cash flow, the Company, through Sun Home Services, Inc., a Michigan corporation ("Home Services" or "SHS"), actively markets and sells new and used manufactured homes for placement in the Properties.

The Company made an election to be taxed as a REIT for federal income tax purposes commencing with the calendar year beginning January 1, 1994, and is self-administered and self-managed.

The Company's executive and principal property management office is located at 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334 and its telephone number is (248) 932-3100. The Company has regional property management offices located in Indianapolis, Indiana, Orlando, Florida and Austin, Texas. The Company, which is a Maryland corporation, employed 552 people as of December 31, 1998.

HISTORY OF THE COMPANY

The immediate predecessor to Sun Communities, Inc. was incorporated in January 1985 to continue and expand the business of acquiring, owning and operating manufactured housing communities that was originally started in 1975. Since its inception, the Company's strategy has been to acquire and in many cases expand or renovate existing manufactured housing communities. The Company has maintained this strategy because it believes attractive investment returns can be obtained by purchasing existing properties with expansion potential.

STRUCTURE OF THE COMPANY

The operations of the Company are carried on through certain subsidiaries (the "Subsidiaries"), including Sun Communities Operating Limited Partnership, a Michigan limited partnership (the "Operating Partnership") and Sun Communities Finance Limited Partnership, a Michigan limited partnership (the "Financing Partnership"), which, among other things, enables the Company to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs. The Company established the Operating Partnership to allow the Company to acquire manufactured housing communities in transactions that defer some or all of the sellers' tax consequences. Substantially all of the Company's assets are held by or through the Operating Partnership, of which the Company is the sole general partner, and wholly-owned subsidiaries of the Company. In addition to the Operating Partnership and the Financing Partnership, the Subsidiaries include Home Services, which provides manufactured home sales and other services to current and prospective tenants of the Properties. The Operating Partnership owns 100% of the non-voting preferred stock of Home Services, which entitles the Operating Partnership to 95% of the cash flow from operating activities of Home Services. The voting common stock of Home Services is owned

by Milton M. Shiffman, Gary A. Shiffman and Jeffrey P. Jorissen, executive officers of the Company, entitling them to the remaining 5% of such cash flow from operating activities. Sun Water Oak Golf, Inc. ("Sun Golf") is a wholly-owned subsidiary of Home Services. Sun Golf was organized to own and operate the golf course, restaurant and related facilities located on the Water Oak Property that were acquired in November 1994.

THE MANUFACTURED HOUSING COMMUNITY INDUSTRY

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

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

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

PROPERTY MANAGEMENT

The Company's property management strategy emphasizes intensive, hands-on management by dedicated, on-site community managers. The Company believes that this on-site focus enables it to continually monitor and address tenant concerns, the performance of competitive properties and local market conditions. Of the Company's 552 employees, 492 are located on-site as property managers, support staff, or maintenance personnel.

The Company's community managers are overseen by Brian W. Fannon, Senior Vice President and Chief Operating Officer, who has 29 years of property management experience, two Senior Vice Presidents, four Regional Vice Presidents and twelve Regional Property Managers. In addition, the Regional Property Managers are responsible for semi-annual market surveys of competitive communities, interaction with local manufactured home dealers and regular property inspections.

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

HOME SALES

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

COMPETITION

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

REGULATIONS AND INSURANCE

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

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

Rent Control Legislation. State and local rent control laws in certain jurisdictions limit the Company's ability to increase rents and to recover increases in operating expenses and the costs of capital improvements. Enactment of such laws has been considered from time to time in other jurisdictions. The Company presently expects to continue to operate manufactured housing community properties, and may purchase additional properties, in markets that are either subject to rent control or in which rent-limiting legislation exists or may be enacted. For example, 27 of the Properties are located in Florida, which has enacted a law which provides that a majority of tenants in a manufactured housing community may require that a proposed increase in site rental rates, reduction in services or utilities or change in the community's rules and regulations be submitted for formal mediation or arbitration if they believe that the proposal is unreasonable.

Insurance. Management believes that the Properties are covered by adequate fire, flood, property and business interruption insurance provided by reputable companies and with

commercially reasonable deductibles and limits. The Company maintains a blanket policy that covers all of the Properties. The Company has obtained title insurance insuring fee title to the Properties in an aggregate amount which the Company believes to be adequate.

ITEM 2. PROPERTIES

General. At December 31, 1998, the Properties consisted of 91 manufactured housing communities, 5 recreational vehicle communities, and 6 properties containing both manufactured housing and recreational vehicle sites concentrated in fourteen states in the midwestern and southeastern United States. At December 31, 1998, the Properties contained 31,512 developed manufactured home sites, approximately 2,500 manufactured home sites suitable for development and approximately 5,100 recreational vehicle sites. In addition, at December 31, 1998, the Company owned nine undeveloped properties on which the Company plans to develop approximately 4,400 manufactured home sites. Most of the Properties include amenities oriented towards family and retirement living. Of the 102 Properties, 47 have more than 300 developed manufactured home sites, with the largest having 913 developed manufactured home sites.

The Properties had an aggregate occupancy rate of 94.2% as of December 31, 1998, excluding recreational vehicle sites. Since January 1, 1998, the Properties have averaged an aggregate annual turnover of homes (where the home is moved out of the community) of approximately 3% and an average annual turnover of residents (where the home is sold and remains within the community, typically without interruption of rental income) of approximately 8%.

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

The Company has sought to concentrate its communities within certain geographic areas in order to achieve economies of scale in management and operation. Except for five Properties located in Texas, and one property located in each of Colorado, Oregon, and Nevada, the Properties are located in the midwestern and southeastern United States. The Company has identified Florida as a key market in which to expand its existing operations in the southeast because of Florida's stable tenant base, relatively low cost of living and attractive acquisition opportunities. Additionally, the Company's midwestern operations serve as a source of prospective tenants for the Florida Properties, which are generally oriented towards retirement living. Because the Company believes that geographic diversification will help insulate the portfolio from regional economic influences, the Company is also interested in acquiring properties in the western United States.

The following table sets forth certain information relating to the Properties owned as of December 31, 1998:

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/98 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97(1)	OCCUPANCY AS OF 12/31/98(1)
MIDWEST				
MICHIGAN				
Allendale	352	97%	80%(2)	82%
Allendale, MI				
Alpine	381	99%	99%	99%
Grand Rapids, MI				
Bedford Hills	339	94%	98%	100%
Battle Creek, MI				
Brentwood	197	99%	99%	98%
Kentwood, MI				
Byron Center	143	97%	100%	99%
Byron Center, MI				
Candlewick Court	211	99%	98%	100%
Owosso, MI				
College Park Estates	230	99%	99%	99%
Canton, MI				
Continental Estates	385	93%	92%	93%
Davison, MI				
Continental North	474	95%	96%	70%(2)
Davison, MI				
Country Acres	182	98%	96%	99%
Cadillac, MI				
Country Meadows	577	99%	96%(2)	100%
Flat Rock, MI				
Countryside Village	359	96%	96%	97%
Perry, MI				
Creekwood (3)	238	---	98%	86%
Burton, MI				
Cutler Estates	281	98%	98%	98%
Grand Rapids, MI				
Davison East	190	99%	97%	97%
Davison, MI				
Fisherman's Cove	162	97%	97%	98%
Flint, MI				
Grand	311	98%	99%	96%
Grand Rapids, MI				
Hamlin	146	100%	98%	99%
Webberville, MI				
Kensington Meadows	289	67% (6)	77%(2)	80%
Lansing, MI				
Kings Court	639	92% (6)	95%(2)	98%
Traverse City, MI				
Lafayette Place	254	(5)	(5)	97%
Metro Detroit, MI				
Lincoln Estates	191	97%	100%	99%
Holland, MI				
Maple Grove Estates	46	100%	98%	100%
Dorr, MI				
Meadow Lake Estates	425	100%	100%	100%
White Lake, MI				
Meadowbrook Estates	453	100%	100%	100%
Monroe, MI				
Meadowstream Village	159	99%	99%	97%
Sodus, MI				
Parkwood	249	97%	98%	99%
Grand Blanc, MI				

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/98 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/98 (1)
Presidential Hudsonville, MI	364	98%	92% (2)	99%
Richmond Place (8) Metro Detroit, MI	117	---	(5)	98%
Scio Farms Ann Arbor, MI	913	99%	100%	100%
Sherman Oaks Jackson, MI	366	99%	98%	99%
St. Clair Place (8) Metro Detroit, MI	100	(5)	(5)	99%
Timberline Estates Grand Rapids, MI	296	100%	100%	98 %
Town & Country Traverse City, MI	192	100%	99%	99%
White Lake White Lake, MI	268	(4)	97%	99%
White Oak Estates Mt. Morris, MI	422	(4)	97%	88% (2)
Windham Estates Jackson, MI	189	(5)	(5)	59% (2)
Woodhaven Place (8) Metro Detroit, MI	220	(5)	(5)	100%
Village Trails Howard City, MI	61	(5)	(5)	82%
Michigan Total	11,371	98%	97%	95%
INDIANA	=====	====	====	====
Brookside Village Goshen, IN	521	99%	84% (2)	84% (2)
Carrington Pointe Ft. Wayne, IN	320	(4)	76%	55% (2)
Clear Water Village South Bend, IN	227	97%	94% (2)	96%
Cobus Green Elkhart, IN	386	98%	98%	99%
Holiday Village Elkhart, IN	326	99%	98%	99%
Liberty Farms Valparaiso, IN	220	92% (2)	100%	100%
Maplewood Lawrence, IN	207	99%	97%	98%
Meadows Nappanee, IN	330	98%	99%	98%
Pine Hills Middlebury, IN	128	96%	94%	92%
Timberbrook Bristol, IN	567	88% (2)	97%	98%
Valleybrook Indianapolis, IN	799	98%	98%	98%
West Glen Village Indianapolis, IN	552	99%	99%	100%
Woodlake Ft. Wayne, IN	225	(5)	(5)	93%
Woods Edge West Lafayette, IN	509	99%	98%	84%
Indiana Total	5,317	97%	94%	93%
OTHER	=====	====	====	====
Autumn Ridge Ankeny, IA	413	98%	99%	97%
Boulder Ridge Pflugerville, TX	362	---	18% (6)	82% (2)

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/98 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/98 (1)
Branch Creek Estates Austin, TX	392	94% (6)	99%	99%
Candlelight Chicago Heights, IL	309	95%	99%	98%
Casa del Valle (9) Alamo, TX	114	(4)	96%	100%
Catalina Community Middletown, OH	462	99%	97%	98%
Chisholm Point Estates Pflugerville, TX	410	83% (2)	98%	99%
Douglas Atlanta, GA	202	95%	96%	96%
Edwardsville Edwardsville, KS	634	93%	90% (2)	95%
Flagview Atlanta, GA	200	98%	100%	98%
Oakwood Village Dayton, Ohio	284	(5)	(5)	100%
Paradise Chicago Heights, IL	277	98%	100%	97%
Pine Ridge Petersburg, VA	245	98%	99%	98%
Pin Oak Parc O'Fallon, MO	508	99%	96% (2)	79% (2)
Snow to Sun (9) Weslaco, TX	176	(4)	98%	99%
Southfork Belton, MO	476	(4)	98%	95%
Sun Villa Estates Reno, NV	324	(5)	(5)	100%
Timber Ridge Ft. Collins, CO	581	100%	100%	99%
Willowbrook (8) Toledo, OH	266	(4)	97%	98%
Woodland Park Estates Eugene, OR	399	(5)	(5)	100%
Woodside Terrace (8) Holland, OH	439	(4)	98%	99%
Worthington Arms Delaware, OH	224	100%	99%	99%
Other Total	7,697	96%	96%	96%
	=====	===	===	===
SOUTHEAST				
FLORIDA				
Arbor Terrace Bradenton, FL	(7)	---	---	---
Ariana Village Lakeland, FL	209	78% (6)	79%	82%
Bonita Lake Bonita Springs, FL	(7)	---	---	---
Breezy Hill (9) Pompano Beach, FL	169	99%	94%	97%
Chain O'Lakes Grand Island, FL	308	95%	95%	92%
Elmwood Mobile Home Park Daytona Beach, FL	100	(4)	100%	100%
Gold Coaster (9) Florida City, FL	250	(4)	100%	100%
Golden Lakes Plant City, FL	426	92%	94%	94%
Groves RV Resort Lee County, FL	(7)	---	---	---

PROPERTY AND LOCATION	DEVELOPED SITES AS OF 12/31/98 (1)	OCCUPANCY AS OF 12/31/96 (1)	OCCUPANCY AS OF 12/31/97 (1)	OCCUPANCY AS OF 12/31/98 (1)
Holly Forrest Estates Holly Hill, FL	402	(4)	100%	100%
Indian Creek (9) Ft. Myers Beach, FL	353	100%	100%	100%
Island Lakes Merritt Island, FL	301	100%	99%	100%
Kings Lake Debary, FL	245	66% (6)	76%	82%
Kings Pointe Winter Haven, FL	229	48% (6)	52%	53%
Kissimmee Gardens Kissimmee, FL	239	100%	100%	100%
Lake Juliana Auburndale, FL	293	57% (6)	59%	63%
Lake San Marino Naples, FL	(7)	---	---	---
Leesburg Landing Lake County, FL	96	54% (6)	50%	59%
Meadowbrook Village Tampa, FL	257	97%	100%	99%
Orange Tree Orange City, FL	246	83% (6)	89%	92%
Royal Country Miami, FL	864	99%	99%	99%
Saddle Oak Club Ocala, FL	376	100%	99%	99%
Siesta Bay Ft. Myers Beach, FL	(7)	---	---	---
Silver Star Orlando, FL	426	96%	95%	93%
Tallowood Coconut Creek, FL	270	63%	68%	71%
Water Oak Country Club Estates Lady Lake, FL	744	100%	100%	100%
Whispering Palm (9) Sebastian, FL	324	96%	92%	92%
Florida Total	7,127	93%	92%	92%
	=====	===	===	===
TOTAL/AVERAGE	31,512	95%	95%	94.2%
	=====	===	===	=====

- (1) Excludes approximately 5,100 recreational vehicle sites owned at December 31, 1998.
- (2) Occupancy in these Properties reflects the recent development of sites which are in their initial lease-up phase.
- (3) This Property is owned by a joint venture in which the Operating Partnership has a 50% interest.
- (4) Acquired in 1997.
- (5) Acquired in 1998.
- (6) Occupancy in these Properties reflects the fact that these communities are in their initial lease-up phase.
- (7) This Property contains only recreational vehicle sites.
- (8) The Company leases this Property. The Company has the option to purchase the Property upon the expiration of the lease. If the Company does not exercise its option to purchase, the lessor has the right to cause the Company to purchase the Property at the expiration of the lease at the option price.
- (9) This Property also contains recreational vehicle sites.

Leases. The typical lease entered into between a tenant and the Company for the rental of a site is month-to-month or year-to-year, renewable upon the consent of both parties, or, in some instances, as provided by statute. In some cases, leases are for one-year terms, with up to ten renewal options exercisable by the tenant, with rent adjusted for increases in the consumer price index. These leases are cancelable for non-payment of rent, violation of community rules and regulations or other specified defaults. See "Regulations and Insurance."

ITEM 3. LEGAL PROCEEDINGS

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

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

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

PART II

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

MARKET INFORMATION

The Company's Common Stock has been listed on the New York Stock Exchange ("NYSE") since December 8, 1993 under the symbol "SUI." On March 5, 1999, the closing sales price of the Common Stock was \$32.25 and the Common Stock was held by approximately 1,213 holders of record. The following table sets forth the high and low closing sales prices per share for the Common Stock for the periods indicated as reported by the NYSE and the distributions paid by the Company with respect to each such period.

	High ----	Low ---	Distribution -----
FISCAL YEAR ENDED DECEMBER 31, 1997			
First Quarter of 1997.....	33 5/8	31 1/2	.47
Second Quarter of 1997.....	34 3/4	30 1/2	.47
Third Quarter of 1997.....	37 7/8	33 9/16	.47
Fourth Quarter of 1997.....	36 9/16	33 7/8	.47
FISCAL YEAR ENDED DECEMBER 31, 1998			
First Quarter of 1998.....	36 1/4	33 3/4	.49
Second Quarter of 1998.....	35	32 3/8	.49
Third Quarter of 1998.....	34	30 1/2	.49
Fourth Quarter of 1998.....	34 13/16	31 1/2	.49

RECENT SALES OF UNREGISTERED SECURITIES

In 1996, the Operating Partnership issued an aggregate of 1,496,942 units ("OP Units") to certain sellers in exchange for property. In 1997, the Operating Partnership issued an

aggregate of 38,021 OP Units to certain sellers in exchange for property. In 1998, the Operating Partnership issued an aggregate of 90,704 OP Units to certain sellers in exchange for property. On December 15, 1998, the Operating Partnership issued an aggregate of 679,025 OP Units to certain officers, directors and consultants of the Company and its subsidiaries for a purchase price of \$31.75 per OP Unit.

In 1996, the Company issued an aggregate of 2,917 shares of Common Stock upon conversion of an aggregate of 2,917 OP Units. In 1997, the Company issued an aggregate of 41,621 shares of Common Stock upon conversion of an aggregate of 41,621 OP Units. In 1998, the Company issued an aggregate of 312,870 shares of Common Stock upon conversion of an aggregate of 312,870 OP Units. On June 5, 1998, the Company issued, as compensation, an aggregate of 165,000 shares of Common Stock to certain of its officers, which shares are restricted by the terms of certain Restricted Stock Award Agreements. On December 15, 1998, the Company issued an aggregate of 122,600 shares of Common Stock to certain employees and consultants of the Company and its subsidiaries for a purchase price of \$31.75 per share.

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

ITEM 6. SELECTED FINANCIAL DATA

SUN COMMUNITIES, INC.

	YEAR ENDED DECEMBER 31, (2)				
	1998	1997	1996	1995	1994
	(IN THOUSANDS EXCEPT OTHER DATA AND PROPERTY DATA)				
OPERATING DATA:					
Revenues:					
Income from property.....	\$ 114,346	\$ 93,188	\$ 71,312	\$ 44,048	\$ 30,461
Income from affiliates.....	4,415	1,518	506	325	432
Other income.....	1,827	1,535	1,381	739	1,450
Total revenues.....	120,588	96,241	73,199	45,112	32,343
Expenses:					
Property operating and maintenance.....	25,647	21,111	15,970	9,838	7,404
Real estate taxes.....	8,728	7,481	5,654	2,981	2,167
Property management.....	2,269	1,903	1,246	937	908
General and administrative.....	3,339	2,617	2,212	1,598	1,097
Depreciation and amortization.....	24,961	20,668	14,887	9,747	6,949
Interest.....	24,245	14,534	11,277	6,420	4,894
Total expenses.....	89,189	68,314	51,246	31,521	23,419
Income before other net, extraordinary item and minority interests.....	31,399	27,927	21,953	13,591	8,924
Other, net	655	--	--	--	--
Extraordinary item, early extinguishment of debt	--	--	(6,896)	--	--
Income before minority interests.....	32,054	27,927	15,057	13,591	8,924
Income allocated to minority interests.....	5,958	5,672	3,353	1,930	1,138
Net income.....	\$ 26,096	\$ 22,255	\$ 11,704	\$ 11,661	\$ 7,786
Net income per weighted average share:					
Basic.....	\$ 1.55	\$ 1.38	\$.85	\$ 1.19	\$ 1.05
Diluted.....	\$ 1.53	\$ 1.37	\$.85	\$ 1.19	\$ 1.04
Weighted average common shares outstanding.....	16,856	16,081	13,733	9,792	7,416
Distribution per common share (1).....	\$ 1.94	\$ 1.865	\$ 1.81	\$ 1.335	\$ 1.78
BALANCE SHEET DATA:					
Rental property, before accumulated depreciation.....	\$ 803,152	\$ 684,821	\$ 588,813	\$ 326,613	\$257,030
Total assets.....	\$ 821,439	\$ 690,914	\$ 585,056	\$ 325,104	\$267,370
Total debt.....	\$ 365,164	\$ 264,264	\$ 185,000	\$ 107,055	\$ 62,931
Stockholders' equity.....	\$ 340,364	\$ 326,780	\$ 300,932	\$ 177,593	\$174,978
OTHER DATA:					
Total properties (at end of period).....	104	99	83	54	46
Total sites (at end of period).....	37,566	35,936	30,026	18,145	14,318

(1) The distribution of \$.445 per share for the fourth quarter of 1995 was declared and paid in January 1996, and accordingly, is not included in the \$1.335.

(2) See the Consolidated Financial Statements of the Company included elsewhere herein.

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

OVERVIEW

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

RESULTS OF OPERATIONS

Comparison of year ended December 31, 1998 to year ended December 31, 1997

For the year ended December 31, 1998, income before other, net and minority interests increased by \$3.5 million from \$27.9 million to \$31.4 million, when compared to the year ended December 31, 1997. The increase was due to increased revenues of \$24.3 million while expenses increased by \$20.9 million.

Income from property increased by \$21.1 million from \$93.2 million to \$114.3 million due primarily to the acquisition of 10 communities comprising approximately 2,100 developed sites during 1998 and 14 communities comprising approximately 5,200 developed sites during 1997.

Income from affiliates increased by \$2.9 million to \$4.4 million from \$1.5 million due to increased sales of homes by Sun Home Services, Inc. ("SHS") and interest income earned on advances to Bingham Financial Services Corporation ("BFSC").

Property operating and maintenance expenses increased by \$4.5 million from \$21.1 million to \$25.6 million due primarily to the acquired communities.

Real estate taxes increased by \$1.2 million from \$7.5 million to \$8.7 million due primarily to the acquired communities.

Property management expenses increased by \$.4 million from \$1.9 million to \$2.3 million representing 2.0 percent of income from property in 1998 and 1997.

General and administrative expenses increased by \$.7 million from \$2.6 million to \$3.3 million due primarily to additional staff and facilities as a result of the Company's growth.

Interest expense increased by \$9.7 million from \$14.5 million to \$24.2 million due primarily to investments in rental property. Included in interest is amortization of deferred finance costs of \$.7 million and \$.2 million in 1998 and 1997, respectively.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by \$17.5 million from \$63.1 million to \$80.6 million. EBITDA as a percent of revenues was 66.8% compared to 65.6% in 1997.

Depreciation and amortization expense increased by \$4.3 million from \$20.7 million to \$25.0 million due primarily to the acquisition of communities in 1998 and 1997.

Included in other, net of \$.6 million are \$1.5 million in net gains on asset sales offset by \$.9 million related to an unsuccessful portfolio acquisition.

Comparison of year ended December 31, 1997 to year ended December 31, 1996

For the year ended December 31, 1997, income before other, net, extraordinary item and minority interests increased by \$5.9 million from \$22.0 million to \$27.9 million, when compared to the year ended December 31, 1996. The increase was due to increased revenues of \$23.0 million while expenses increased by \$17.1 million.

Income from property increased by \$21.9 million from \$71.3 million to \$93.2 million due primarily to the acquisition and financing of 14 communities comprising approximately 5,200 developed sites during 1997 and 29 communities comprising in excess of 11,300 developed sites during 1996.

Income from affiliates increased by \$1.0 million to \$1.5 million from \$.5 million due to increased sales of homes by SHS and interest income earned on advances to BFSC.

Property operating and maintenance expenses increased by \$5.1 million from \$16.0 million to \$21.1 million due primarily to the acquired communities.

Real estate taxes increased by \$1.8 million from \$5.7 million to \$7.5 million due primarily to the acquired communities.

Property management expenses increased by \$.7 million to \$1.9 million from \$1.2 million representing 2.0 percent and 1.7 percent of income from property in 1997 and 1996, respectively.

General and administrative expenses increased by \$.4 million from \$2.2 million to \$2.6 million due primarily to additional staff and facilities as a result of the Company's growth.

Interest expense increased by \$3.2 million from \$11.3 million to \$14.5 million due primarily to \$150 million Senior Notes which were issued May 1, 1996. Included in interest is amortization of deferred finance costs of \$.2 million in 1997 and 1996.

EBITDA increased by \$15.0 million from \$48.1 million to \$63.1 million. EBITDA as a percent of revenues was 65.6% compared to 65.7% in 1996.

Depreciation and amortization expense increased by \$5.8 million from \$14.9 million to \$20.7 million due primarily to the acquisition of communities in 1997 and 1996.

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the years ended December 31, 1998 and 1997. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 1997. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The table includes sites where the Company's interest is in the form of shared appreciation notes or where the Company is providing financing and managing the properties. Such amounts relate to 766 sites in 1998 and 1,873 sites in 1997.

	SAME PROPERTY		TOTAL PORTFOLIO	
	1998	1997	1998	1997
	(In Thousands)		(In Thousands)	
Income from property	\$ 75,954	\$ 70,580	\$ 114,346	\$ 93,188
Property operating expenses:				
Property operating and maintenance	14,223	13,927	25,647	21,111
Real estate taxes	6,573	5,987	8,728	7,481
Property operating expenses	20,796	19,914	34,375	28,592
Property EBITDA	\$ 55,158	\$ 50,666	\$ 79,971	\$ 64,596
Number of properties	72	72	104	99
Developed sites	24,979	24,164	37,566	35,936
Occupied sites	23,482	22,907	34,644	33,415
Occupancy %	94.0% (1)	94.7% (1)	94.3% (1)	95.0% (1)
Weighted average monthly rent per site	\$ 266 (1)	\$ 254 (1)	\$ 267 (1)	\$ 255 (1)
Sites available for development	1,316	2,142	6,924	3,641
Sites under development	145	542	2,019	904

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

On a same property basis, property revenues increased by \$5.4 million from \$70.6 million to \$76.0 million, or 7.6 percent, due primarily to increases in rents and occupancy related charges including water and property tax pass throughs. Also contributing to revenue growth was the increase of 575 leased sites at December 31, 1998 compared to December 31, 1997.

Property operating expenses increased by \$.9 million from \$19.9 million to \$20.8 million, or 4.4 percent, due to increased occupancies and costs and increases in assessments and millage by local taxing authorities. Property EBITDA increased by \$4.5 million from \$50.7 million to \$55.2 million, or 8.9 percent.

LIQUIDITY SOURCES AND REQUIREMENTS

Net cash provided by operating activities increased by \$12.4 million from \$40.2 million to \$52.6 million for the year ended December 31, 1998 as compared to the year ended December 31, 1997. This increase was due primarily to a \$7.8 million increase in income before depreciation and amortization, minority interests and other, net and a \$6.3 million increase in accounts payable and other liabilities offset by a \$2.1 million increase in other assets.

Net cash used in investing activities decreased by \$2.0 million from \$107.7 million to \$105.7 million for the year ended December 31, 1998 as compared to the year ended December 31, 1997. This was due to a \$7.9 million reduction of cash used for notes receivable and investment in and advances to affiliates offset by a \$5.9 million increase in investment in rental properties, net of proceeds from asset sales.

Net cash provided by financing activities increased by \$.1 million from \$60.5 million to \$60.6 million for the year ended December 31, 1998 as compared to the year ended December 31, 1997. This increase was due to a \$12.8 million increase in proceeds from net borrowings including payments for deferred financing costs, offset by an increase of \$3.4 million in distributions and a \$9.3 million reduction in proceeds from sales of common stock and OP units.

The Company expects to meet its short-term liquidity requirements generally through its working capital provided by operating activities. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities and property acquisitions through the issuance of equity or debt securities, or interests in the Operating Partnership. The Company considers these sources to be adequate and anticipates they will continue to be adequate to meet operating requirements, capital improvements, investment in development, and payment of distributions by the Company in accordance with REIT requirements in both the short and long term. The Company can also meet these short-term and long-term requirements by utilizing its \$100 million line of credit which bears interest at LIBOR plus .90% and is due November 1, 1999.

At December 31, 1998, the Company's debt to total market capitalization approximated 32.4% (assuming conversion of all Common and Preferred OP Units to shares of common stock), with a weighted average maturity of approximately 6.1 years and a weighted average interest rate of 7.07%.

Capital expenditures for 1998 included recurring capital expenditures of \$5.3 million including \$.4 million for additional space and related costs at corporate headquarters and revenue producing capital expenditures of \$.9 million which principally consisted of water metering programs.

RATIO OF EARNINGS TO FIXED CHARGES

The Company's ratio of earnings to fixed charges for the years ended December 31, 1998, 1997, and 1996 was 2.04:1, 2.40:1, and 2.49:1 respectively.

INFLATION

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

SAFE HARBOR STATEMENT

This Form 10-K contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "may", "will", "expect", "believe", "anticipate", "should", "estimate", and similar expressions identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but are based upon current assumptions regarding the Company's operations, future results and prospects, and are subject to many uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Please see the section entitled "Risk Factors" of the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on February 16, 1999 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.

YEAR 2000 UPDATE

The Year 2000 ("Y2K") issue concerns the inability of computerized information systems and non-information systems to accurately calculate, store or use a date after 1999. This could result in computer system failures or miscalculations causing disruptions of operations.

In 1997, the Company implemented a corporate-wide Y2K program to minimize any such disruption caused by the failures of its own internal systems or those of its business supply chain. In the first phase of the project, the Company reviewed its inventory of computer hardware and software, and other devices with embedded microprocessors. The Company also discussed its software applications and internal operational programs with its current information systems' vendors. Finally, in this assessment phase, key members of the business supply chain were contacted and interviewed regarding their awareness of the Y2K problem and the status of their own Y2K project. The first phase was completed on schedule during 1998 and all key members of the Company's business supply chain reported that they were aware of the Y2K problem and were in the process of readying for the Y2K issue.

In the second phase of the project, all systems found to be Y2K non-compliant were upgraded, fixed, replaced and tested. The second phase was also completed on schedule in December 1998. The Company believes that as a result of this Implementation/Testing phase, its applications and programs will properly recognize calendar dates beginning in the year 2000. The Company plans to continue monitoring Y2K communications from its software vendors and anticipates that some vendors will recommend further patches/upgrades and testing.

In the third and final phase of the Y2K program, the Company is surveying its material third-party service providers, such as its banks, payroll processor, stock transfer agent and telecommunications provider. The purpose of the survey is to follow-up on the status of their Y2K compliance efforts and assess what effect their possible non-compliance might have on the Company. In addition, the Company is discussing with its material vendors the possibility of any interface difficulties and/or electrical or mechanical problems relating to Y2K which may affect properties owned or operated by the Company. The Company plans to complete its assessment of Y2K compliance by such parties by April 30, 1999. Until such time, the Company cannot estimate any potential adverse impact resulting from the failure of vendors or third-party service providers to address their Y2K issues; however, to date, no significant Y2K related conditions have been identified.

Expenditures for assessing the Company's Y2K issues have not been material because the evaluation has been conducted by its own personnel or by its vendors in connection with their servicing operations. The Company has contracted a consultant for \$25,000 to assess the methodology of its Y2K program. The Company plans to remedy any exceptions found during this review process and deemed as material by the Company by June 30, 1999.

Based on its current information, the Company believes that the risk posed by any foreseeable Y2K related problem with its internal systems and the systems at its properties (including both information and non-information systems) or with its vendors is minimal. Y2K related problems with the Company's software applications and internal operational programs or with the electrical or mechanical systems at its properties are unlikely to cause more than minor disruptions in the Company's operations. The Company believes that the risk posed by Y2K related problems for certain third-party service providers is marginally greater, though, based on its current information, the Company does not believe any such problems would have a material effect on its operations. Any Y2K related problems at these third-party service providers could delay the processing of financial transactions or payroll and could disrupt the Company's internal and external communications.

While the Company believes that it will be Y2K capable by December 31, 1999, there can be no assurance that the Company has been or will be successful in identifying and assessing Y2K issues, or that, to the extent identified, the Company's efforts to resolve such issues will be effective such that Y2K issues will not have a material adverse effect on the Company's business, financial condition, or results of operation.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. This statement will be adopted effective January 1, 2000. The Company has not yet determined the impact of SFAS 133 on the earnings and financial position of the Company.

OTHER

Industry analysts consider funds from operations ("FFO") to be an appropriate measure of the performance of an equity REIT. It is defined as income before minority interests plus non-cash items such as depreciation and amortization. FFO should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity.

The following table presents FFO for each of the quarters during 1998, 1997 and 1996:

Quarters Ended	1998	1997	1996
March 31	\$ 13,271	\$ 11,204	\$ 6,201
June 30	13,366	11,178	8,960
September 30	13,473	11,485	9,652
December 31	13,577	12,081	10,282
	-----	-----	-----
	\$ 53,687	\$ 45,948	\$ 35,095
	=====	=====	=====
For the year ended December 31,	1998	1997	1996
Weighted average			
OP Units used for basic FFO per share	19,101	18,444	15,646
Dilutive securities:			
Stock options and other	176	187	87
Convertible preferred OP Units	1,210	1,224	883
	-----	-----	-----
Weighted average OP			
Units used for diluted FFO per share	20,487	19,855	16,616
	=====	=====	=====

Diluted FFO per unit reflects the potential dilution that would occur if securities were exercised or converted into OP Units. For purposes of calculating diluted FFO per OP Unit, \$2,505, \$2,505 and \$1,670 would be added to FFO in 1998, 1997 and 1996, respectively.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's principle market risk exposure is interest rate risk. The Company's exposure to market risk for changes in interest rates relates primarily to refinancing long-term fixed rate obligations, the opportunity cost of fixed rate obligations in a falling interest rate environment and its variable rate line of credit. The Company primarily enters into debt obligations to support general corporate purposes including acquisitions, capital improvements and working capital needs. The Company has used interest rate hedge agreements to hedge against rising interest rates in anticipation of refinancing or new debt issuance. Information relating to quantitative and qualitative disclosure about market risk as it relates to hedging transactions is described in Note 4 "Debt" to the Company's Consolidated Financial Statements and is incorporated herein by reference.

The table below presents principal, interest and related weighted average interest rates by year of maturity (in thousands):

	Cash Flows							Fair Value
	1999	2000	2001	2002	2003	Thereafter	Total	
Debt (all fixed rate except line of credit)								
Unsecured debt								
Principal	\$ --	\$ --	\$65,000	\$ --	\$85,000	\$100,000	\$250,000	\$250,000
Interest	\$18,115	\$18,115	\$14,919	\$13,321	\$ 9,000	\$ 59,624	\$133,094	
Average interest rate	7.25%	7.25%	7.25%	7.25%	7.25%	6.80%	7.02%	
Mortgage notes								
Principal amortization	\$ 1,356	\$ 1,370	\$ 1,416	\$ 1,153	\$ 1,037	\$ 56,290	\$ 62,622	\$62,622
Interest	\$ 4,449	\$ 4,456	\$ 4,372	\$ 4,294	\$ 4,209	\$ 16,511	\$ 38,291	
Average interest rate	7.27%	7.32%	7.33%	7.33%	7.34%	7.34%	7.32%	
Capitalized lease obligations								
Principal	\$ 357	\$ 457	\$ 9,776	\$15,952	--	--	\$ 26,542	\$26,542
Interest	\$ 1,627	\$ 1,602	\$ 1,132	\$ 915	--	--	\$ 5,276	
Average interest rate	6.17%	6.17%	6.10%	6.09%	--	--	6.14%	
Line of Credit								
Principal	\$26,000						\$ 26,000	\$26,000
Interest	\$ 1,847						\$ 1,847	
Average interest rate	6.74%						6.74%	

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data are filed herewith under Item 14.

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

There have been no changes in the Company's independent public accountants during the past two fiscal years.

PART III

The information required by ITEMS 10, 11, 12 AND 13 will be included in the Company's proxy statement for its 1999 Annual Meeting of Shareholders, and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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

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

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

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

(b) Reports on Form 8-K

None.

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Report of Independent Accountants	F-2
Financial Statements:	
Consolidated Balance Sheet as of December 31, 1998 and 1997	F-3
Consolidated Statement of Income for the Years Ended December 31, 1998, 1997 and 1996	F-4
Consolidated Statement of Stockholders' Equity for the Years Ended December 31, 1998, 1997 and 1996	F-5
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To the Board of Directors and Shareholders of
Sun Communities, Inc.:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Sun Communities, Inc. (the "Company") at December 31, 1998 and December 31, 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(1) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Detroit, Michigan
February 12, 1999

SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1998 AND 1997
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

ASSETS	1998 ----	1997 ----
Investment in rental property, net	\$ 732,212	\$ 634,737
Cash and cash equivalents	9,646	2,198
Investments in and advances to affiliates	26,355	16,559
Notes receivable	26,685	19,269
Other assets	26,541	18,151
	-----	-----
Total assets	\$ 821,439 =====	\$ 690,914 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	\$ 26,000	\$ 17,000
Debt	339,164	247,264
Accounts payable and accrued expenses	12,637	8,765
Deposits and other liabilities	12,051	8,853
	-----	-----
	389,852	281,882
	-----	-----
Minority interests	91,223	82,252
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000 shares authorized, none issued		166
Common stock, \$.01 par value, 100,000 shares authorized, 17,256 and 16,587 issued and outstanding in 1998 and 1997, respectively	172	
Paid-in capital	389,448	364,050
Officers' notes	(11,609)	(11,773)
Unearned compensation	(5,302)	--
Distributions in excess of accumulated earnings	(32,345)	(25,663)
	-----	-----
Total stockholders' equity	340,364	326,780
	-----	-----
Total liabilities and stockholders' equity	\$ 821,439 =====	\$ 690,914 =====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

	1998 ----	1997 ----	1996 ----
REVENUES			
Income from property.....	\$ 114,346	\$ 93,188	\$ 71,312
Income from affiliates.....	4,415	1,518	506
Other income, principally interest.....	1,827	1,535	1,381
	-----	-----	-----
Total revenues.....	120,588	96,241	73,199
	-----	-----	-----
EXPENSES			
Property operating and maintenance.....	25,647	21,111	15,970
Real estate taxes.....	8,728	7,481	5,654
Property management.....	2,269	1,903	1,246
General and administrative.....	3,339	2,617	2,212
Depreciation and amortization.....	24,961	20,668	14,887
Interest.....	24,245	14,534	11,277
	-----	-----	-----
Total expenses.....	89,189	68,314	51,246
	-----	-----	-----
Income before other net, extraordinary item and minority interests	31,399	27,927	21,953
Other, net.....	655	--	--
Extraordinary item, early extinguishment of debt.....	--	--	(6,896)
	-----	-----	-----
Income before minority interests.....	32,054	27,927	15,057
Less income allocated to minority interests:			
Preferred OP Units.....	2,505	2,505	1,670
Common OP Units.....	3,453	3,167	1,683
	-----	-----	-----
Net income.....	\$ 26,096	\$ 22,255	\$ 11,704
	=====	=====	=====
Basic earnings per share:			
Income before extraordinary item.....	\$ 1.55	\$ 1.38	\$ 1.35
Extraordinary item.....	--	--	.50
	-----	-----	-----
Net income.....	\$ 1.55	\$ 1.38	\$.85
	=====	=====	=====
Weighted average common shares outstanding.....	16,856	16,081	13,733
	=====	=====	=====
Diluted earnings per share:			
Income before extraordinary item.....	\$ 1.53	\$ 1.37	\$ 1.35
Extraordinary item.....	--	--	.50
	-----	-----	-----
Net income.....	\$ 1.53	\$ 1.37	\$.85
	=====	=====	=====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

	COMMON STOCK -----	PAID-IN CAPITAL -----	UNEARNED COMPENSATION -----	DISTRIBUTIONS IN EXCESS OF EARNINGS -----
Balance, January 1, 1996.....	\$ 99	\$ 193,575		\$ (7,431)
Issuance of 4,807 shares of common stock.....	48	118,245		
Issuance of other common stock, net.....	7	15,198		
Reclassification and conversion of minority interests.....		1,303		
Net income.....				11,704
Cash distributions declared of \$1.81 per share.....				(22,643)
	-----	-----	-----	-----
Balance, December 31, 1996.....	154	328,321		(18,370)
Issuance of common stock, net.....	12	36,712		
Reclassification and conversion of minority interests.....		(983)		
Net income.....				22,255
Cash distributions declared of \$1.865 per share.....				(29,548)
	-----	-----	-----	-----
Balance, December 31, 1997.....	166	364,050		(25,663)
Issuance of common stock, net.....	6	11,418	\$ (5,302)	
Reclassification and conversion of minority interests.....		13,980		
Net income.....				26,096
Cash distributions declared of \$1.94 per share.....				(32,778)
	-----	-----	-----	-----
Balance, December 31, 1998.....	\$ 172	\$ 389,448	\$ (5,302)	\$ (32,345)
	=====	=====	=====	=====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(AMOUNTS IN THOUSANDS)

	1998	1997	1996
	----	----	----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income.....	\$ 26,096	\$ 22,255	\$ 11,704
Adjustments to reconcile net income to cash provided by operating activities:			
Income allocated to minority interests.....	3,453	3,167	1,683
Other, net.....	(655)	--	--
Extraordinary item, net of prepayment penalties.....	--	--	1,390
Depreciation and amortization costs.....	24,961	20,668	14,887
Amortization of deferred financing costs.....	681	235	236
Increase in other assets.....	(9,019)	(6,919)	(2,659)
Increase in accounts payable and other liabilities.....	7,070	796	8,173
	-----	-----	-----
Net cash provided by operating activities.....	52,587	40,202	35,414
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in rental properties.....	(105,268)	(78,552)	(78,722)
Proceeds related to asset sales.....	20,773	--	--
Investment in notes receivable.....	(11,592)	(15,093)	--
Investment in and advances to affiliates.....	(9,796)	(11,456)	1,804
Officer note.....	164	(2,600)	--
	-----	-----	-----
Net cash used in investing activities.....	(105,719)	(107,701)	(76,918)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of common stock and operating partnership units.....	27,396	36,724	132,975
Borrowings (repayments) on line of credit, net.....	9,000	17,000	(37,300)
Proceeds from notes payable and other debt.....	65,000	45,000	185,000
Repayments on notes payable and other debt.....	(935)	(189)	(203,814)
Payments for deferred financing costs.....	(2,794)	(4,326)	(277)
Distributions.....	(37,087)	(33,748)	(25,965)
	-----	-----	-----
Net cash provided by financing activities.....	60,580	60,461	50,619
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	7,448	(7,038)	9,115
Cash and cash equivalents, beginning of year.....	2,198	9,236	121
	-----	-----	-----
Cash and cash equivalents, end of year.....	\$ 9,646	\$ 2,198	\$ 9,236
	=====	=====	=====
SUPPLEMENTAL INFORMATION			
Cash paid for interest including capitalized amounts of \$787, \$645 and \$380 in 1998, 1997 and 1996, respectively.....	\$ 23,517	\$ 14,742	\$ 9,958
Noncash investing and financing activities:			
Rental properties and other assets acquired through issuance of operating and preferred partnership units	2,204	--	53,437
Debt assumed for rental properties and other.....	18,356	--	134,059
Capitalized lease obligations for rental properties and other.....	9,479	17,453	--
Common stock issued as unearned compensation.....	5,631	--	--

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

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 1998, 1997 AND 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES:

- A. BUSINESS: Sun Communities, Inc. and its subsidiaries (the "Company") is a real estate investment trust ("REIT") which owns and operates or finances 104 manufactured housing communities located in 15 states concentrated principally in the Midwest and Southeast comprising approximately 37,500 developed sites and approximately 6,900 sites suitable for development. The Company generally will not be subject to federal or state income taxes to the extent it distributes its REIT taxable income to its stockholders.

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

- B. PRINCIPLES OF CONSOLIDATION: The accompanying financial statements include the accounts of the Company and all majority-owned subsidiaries. The minority interests include Common Operating Partnership Units ("OP Units") which are convertible into an equivalent number of shares of the Company's common stock. Such conversion would have no effect on earnings per share since the allocation of earnings to an OP Unit is equivalent to earnings allocated to a share of common stock. Of the 20.1 million OP Units outstanding, the Company owns 17.3 million or 86.0 percent. The minority interests are adjusted to their relative ownership interest whenever OP Units or common stock are issued, converted or retired by reclassification to/from paid-in capital.

Also included in minority interest are 1.3 million Preferred OP Units ("POP Units") issued at \$27 per unit bearing an annual cumulative dividend of \$1.89 and redeemable at par or convertible in June, 2002. The POP Units are convertible one-for-one into OP Units at prices up to \$31.50 per share. At prices above \$31.50 per share, the POP Units are convertible into OP Units based on a formula the numerator of which is \$31.50 plus 25 percent of stock price appreciation above \$36 per share. The denominator is the then stock price. Had conversion occurred at the December 31, 1998 stock price of \$34.81, the 1.325 million POP Units would have converted into 1.2 million OP Units.

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

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Useful lives are 30 years for land improvements and buildings and 7 to 15 years for furniture, fixtures and equipment. Expenditures for ordinary maintenance and repairs are charged to operations as incurred and significant renovations and improvements, which improve and/or extend the useful life of the asset, are capitalized and depreciated over their estimated useful lives.

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

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 1998, 1997 AND 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES, CONTINUED:

E. INVESTMENTS IN AND ADVANCES TO AFFILIATES: Sun Home Services ("SHS") provides home sales and other services to current and prospective tenants. The Company owns 100 percent of the outstanding preferred stock of SHS, is entitled to 95 percent of the operating cash flow, and accounts for its investment utilizing the equity method of accounting. The common stock is owned by three officers of the Company who are entitled to receive 5 percent of the operating cash flow.

Bingham Financial Services, Corp. ("BFSC") is a specialty finance company whose primary business activities include the financing of manufactured homes and all aspects of commercial real estate mortgage banking, including originating, underwriting, placing, securitizing and servicing commercial real estate loans. The Company owns 25,000 shares of common stock in BFSC (less than 2% of the issued and outstanding shares of common stock of BFSC) and the Company owns warrants to purchase 680,000 shares of BFSC common stock exercisable at prices ranging from \$10 to \$14 per share from 2001 through 2018. The market price of BFSC stock at December 31, 1998 was \$14.50. Interest earned on advances to BFSC is included in income from affiliates.

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

G. FAIR VALUE OF FINANCIAL INSTRUMENTS: The carrying value of financial instruments which includes cash and cash investments, mortgages and notes receivable and debt approximates fair value.

H. TAX STATUS OF DIVIDENDS: Approximately 19.8, 31.2, and 56.6 percent of the distributions paid in 1998, 1997, and 1996, respectively, represent a return of capital. The distributions paid during 1998 included a 14.6 percent capital gain.

I. CASH FLOW HEDGES: The company periodically enters into hedge transactions to lock-in the basic interest cost of financing acquisitions. The gain or loss on such hedges is amortized as an adjustment to interest expense over the term of the related financing.

J. RECLASSIFICATIONS: Certain 1996 and 1997 amounts have been reclassified to conform with the 1998 financial statement presentation. Such reclassifications have no effect on results of operations as originally presented.

2. RENTAL PROPERTY (AMOUNTS IN THOUSANDS):

	AT DECEMBER 31	
	1998	1997
Land.....	\$ 98,441	\$ 67,677
Land improvements and buildings.....	679,755	598,699
Furniture, fixtures, and equipment	15,209	12,676
Property under development.....	9,747	5,769
	-----	-----
	803,152	684,821
Less accumulated depreciation.....	(70,940)	(50,084)
	-----	-----
	\$ 732,212	\$ 634,737
	=====	=====

2. RENTAL PROPERTY, CONTINUED:

Land improvements and buildings consist primarily of infrastructure, roads, landscaping, clubhouses, maintenance buildings and amenities. Included in rental property at December 31, 1998 and 1997 are net carrying amounts related to capitalized leases of \$29.8 million and 18.4 million, respectively.

During 1998, the Company acquired 10 manufactured housing communities comprising 2,100 developed sites and 1,000 sites suitable for development for \$65.5 million and 8 development communities comprising 3,650 sites for \$20.1 million. During 1997, the Company acquired 12 manufactured housing communities comprising 4,250 developed sites and 425 sites suitable for development for \$69.8 million. These transactions have been accounted for as purchases, and the statements of income include the operations of the acquired communities from the dates of their respective acquisitions. In conjunction with a prior year acquisition, the Company is obligated to issue \$11.1 million of OP Units over the expected lease-up of the community through 2009 based on the per unit price of the OP Units on each annual date.

3. NOTES RECEIVABLE:

Notes receivable consisted of the following (amounts in thousands):

	AT DECEMBER 31	
	1998	1997
Mortgage notes receivable with minimum monthly interest payments at 7%, maturing June 30, 2012, collateralized by manufactured housing/recreational vehicle communities located in Dover, DE (a).	\$ 15,093	\$ 15,093
Mortgage note receivable, bears interest at 9% maturing July 1, 1999, collateralized by land in Harris County, Texas.	4,400	--
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 10% and 22 years, respectively. (b)	5,339	--
Notes receivable, other, various interest rates ranging from 6% to 9.5% or prime + 1.5%, various maturity dates through December 31, 2003.	1,853	4,176
	\$ 26,685	\$ 19,269

(a) The stated interest rate is 12%. The excess of the interest earned at the stated rate over the pay rate is recognized upon receipt of payment.

(b) Loans purchased from BFSC in December 1998 with BFSC retaining full recourse.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 1998, 1997 AND 1996

3. NOTES RECEIVABLE, CONTINUED:

The officers' notes are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 372,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse. Interest income of \$.9 million and \$.8 million has been recognized in 1998 and 1997, respectively. Accrued interest of \$.2 million has been recorded at December 31, 1998 and 1997, respectively of which \$.2 million was paid in both February 1999 and February 1998.

At December 31, 1997, notes receivable, other included shared appreciation mortgage notes of \$4.2 million which were received in 1998 resulting in a gain of \$.9 million included in other, net.

4. DEBT (AMOUNTS IN THOUSANDS):

	AT DECEMBER 31	
	1998	1997
Collateralized term loan, interest at 7.01%, due September 9, 2007.....	\$ 44,425	\$ 44,889
Senior notes, interest at 7.375%, due May 1, 2001.....	65,000	65,000
Senior notes, interest at 7.625%, due May 1, 2003.....	85,000	85,000
Senior notes, interest at 6.97%, due December 3, 2007.....	35,000	35,000
Callable/redeemable notes, interest at 6.77%, due May 14, 2015, callable/redeemable May 16, 2005.....	65,000	--
Capitalized lease obligations, interest ranging from 6.1% to 6.3%, due March 2001 through December 2002.....	26,542	17,375
Mortgage notes, other.....	18,197	--
	<u>\$ 339,164</u>	<u>\$ 247,264</u>

The Company has a \$100 million unsecured line of credit at LIBOR plus .90% maturing in November 1999, of which \$74 million was available at December 31, 1998. The average interest rate of outstanding borrowings at December 31, 1998 was 6.30%.

The term loan is collateralized by 7 communities comprising approximately 3,400 sites. Annual payments under capitalized lease obligations range from \$1.3 million to \$1.4 million during their terms. The extraordinary item of \$6.9 million in 1996 results from the early extinguishment of debt and includes prepayment penalties and related deferred financing costs.

At December 31, 1998, the Company has outstanding rate lock instruments for a total notional amount of \$52.8 million and an unrealized loss of \$1.5 million for the purpose of hedging against the potential for increased interest expense on anticipated future fixed rate financings. At the present time, the Company anticipates issuing fixed rate securities in 1999 with a maturity of five to ten years. Should medium term interest rates increase, the value of the rate locks will increase offsetting a portion of the additional interest expense incurred. Alternatively, should medium term interest rates decrease, the Company will incur costs which would be offset by lower interest expense.

At December 31, 1998, the maturities of debt, excluding the line of credit, during the next five years were approximately as follows: 1999 - \$1.7 million; 2000 - \$1.8 million; 2001 - \$76.2 million; 2002 - \$17.1 million; and 2003 - \$86.0 million.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 1998, 1997 AND 1996

5. STOCK OPTIONS:

Data pertaining to stock option plans are as follows:

	1998 ----	1997 ----	1996 ----
Options outstanding, January 1.....	965,900	767,434	301,167
Options granted.....	162,500	262,000	482,950
Option price.....	\$33.75-\$34.13	\$27-\$35.39	\$26.625-\$28.637
Options exercised.....	66,800	61,033	16,683
Option price.....	\$20-\$33.75	\$20-\$28.64	\$20-\$23.125
Options forfeited.....	6,000	2,501	--
Option price.....	\$33.75-\$34.91	\$24.88-\$28.64	--
Options outstanding, December 31.....	1,055,600 (a)	965,900	767,434
Option price.....	\$20-\$35.39	\$20-\$35.39	\$20-\$28.637
Options exercisable, December 31.....	601,410 (a)	482,651	392,949

(a) There are 278,900 and 274,066 options outstanding and exercisable, respectively, which range from \$20.00 - \$27.99 with a weighted average life of 6.0 years related to the outstanding options. The weighted average exercise price for these outstanding and exercisable options is \$22.82 and \$22.74, respectively. There are 776,700 and 327,344 options outstanding and exercisable, respectively, which range from \$28.00 - \$35.99 with a weighted average life of 6.3 years related to the outstanding options. The weighted average exercise price for these outstanding and exercisable options is \$30.93 and \$29.38, respectively.

At December 31, 1998, 171,000 shares of common stock were available for the granting of options. Options are granted at fair value and generally vest over a two-year period and may be exercised for 10 years after date of grant. The stock option plans provide for the grant of up to 1,653,000 options. In addition, the Company established a Long-Term Incentive Plan for certain employees granting up to 240,000 options in 1997, which become exercisable in equal installments in 2002-2004 based on corporate profit performance.

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

	1998 -----	1997 -----	1996 -----
Estimated fair value per share of options granted during year.....	\$ 2.43	\$ 2.82	\$ 1.94
Assumptions:			
Annualized dividend yield.....	7.0%	7.1%	6.9%
Common stock price volatility.....	15.9%	15.6%	15.1%
Risk-free rate of return.....	5.4%	6.7%	6.2%
Expected option term (in years).....	4	7	8

If compensation cost for stock option grants had been recognized based on the fair value at the grant date, this would have resulted in net income of \$25.8 million, \$21.9 million and \$11.5 million and basic net income per share of \$1.53, \$1.36 and \$.84 in 1998, 1997 and 1996, respectively.

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 1998, 1997 AND 1996

6. STOCKHOLDERS' EQUITY:

In April 1998, the Company declared a dividend of one Preferred Stock Purchase Right (Right) for each outstanding share of common stock. The Rights are not presently exercisable. Each Right entitles the holder, upon the occurrence of certain specified events, including a material change in the ownership of the Company, to purchase preferred stock and common stock, from the Company and/or from another person into which the Company is merged or which acquires control of the Company. The Rights may be generally redeemed by the Company at a price of \$0.01 per Right. The Rights expire on June 8, 2008.

In June 1998, the Company issued stock awards of 165,000 restricted shares to executive officers which are being amortized over their 10 year vesting period.

In December 1998, the Company issued common stock and OP units aggregating \$25.5 million to directors, employees and consultants. The purchase was financed by personal bank loans guaranteed by the Company.

7. EARNINGS PER SHARE (AMOUNTS IN THOUSANDS):

	1998	1997	1996
	-----	-----	-----
Earnings used for basic and diluted earnings per share computation	\$ 26,096 =====	\$ 22,255 =====	\$ 11,704 =====
Total shares used for basic earnings per share	16,856	16,081	13,733
Dilutive securities:			
Stock options and other	175 -----	187 -----	87 -----
Total shares used for diluted earnings per share computation	17,031 =====	16,268 =====	13,820 =====

Diluted earnings per share reflect the potential dilution that would occur if dilutive securities were exercised or converted into common stock. Convertible POP Units are excluded from the computations as their inclusion would have an anti-dilutive effect on earnings per share in 1998, 1997 and 1996.

8. QUARTERLY FINANCIAL DATA (UNAUDITED):

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

	FIRST QUARTER MARCH 31	SECOND QUARTER JUNE 30	THIRD QUARTER SEPT. 30	FOURTH QUARTER DEC. 31
	-----	-----	-----	-----
1998				
Total revenues.....	\$ 29,419	\$ 29,824	\$ 30,403	\$ 30,942
Operating income (a).....	\$ 19,517	\$ 20,086	\$ 20,320	\$ 20,682
Income before other, net and allocation to minority interests.....	\$ 7,999	\$ 7,968	\$ 8,027	\$ 7,405
Other, net (b).....	\$ 937	\$ --	\$ 2,093	\$ (2,375)
Net income.....	\$ 7,301	\$ 6,503	\$ 8,410	\$ 3,882
Weighted average common shares outstanding.....	16,682	16,867	16,900	16,978
Earnings per common share.....	\$.44	\$.38	\$.50	\$.23

SUN COMMUNITIES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 1998, 1997 AND 1996

8. QUARTERLY FINANCIAL DATA (UNAUDITED) CONTINUED:

	FIRST QUARTER MARCH 31 -----	SECOND QUARTER JUNE 30 -----	THIRD QUARTER SEPT. 30 -----	FOURTH QUARTER DEC. 31 -----
1997				
Total revenues.....	\$ 23,393	\$ 23,233	\$ 24,117	\$ 25,498
Operating income (a).....	\$ 15,305	\$ 15,188	\$ 15,740	\$ 16,896
Income before allocation to minority interests.....	\$ 7,039	\$ 6,878	\$ 6,992	\$ 7,018
Net income.....	\$ 5,568	\$ 5,447	\$ 5,573	\$ 5,667
Weighted average common shares outstanding.....	15,632	15,924	16,243	16,527
Earnings per common share.....	\$.36	\$.34	\$.34	\$.34

- (a) Operating income is defined as total revenues less property operating and maintenance expense, real estate tax expense, property management and general and administrative expenses. Operating income is a measure of the performance of the operations of the properties before the effects of depreciation, amortization and interest expense. Operating income is not necessarily an indication of the performance of the Company or a measure of liquidity.
- (b) Other, net consists of gains on asset sales in the first and third quarters of 1998, and fourth quarter write-offs relating to a pending asset sale and an unsuccessful portfolio acquisition.

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	
			LAND	BUILDING AND FIXTURES	LAND	BUILDING AND FIXTURES
(A)						
Allendale	Allendale, MI	-	\$ 393	\$ 3,684	-	\$ 2,773
Alpine	Grand Rapids, MI	-	729	6,692	-	694
Arbor Terrace	Bradenton, FL	-	481	4,410	-	118
Ariana Village	Lakeland, FL	-	240	2,195	-	320
Autumn Ridge	Ankeny, IO	-	890	8,054	-	496
Bedford Hills	Battle Creek, MI	(1)	1,265	11,562	-	170
Bonita Lake	Bonita Springs, FL	-	285	2,641	-	56
Boulder Ridge	Pflugerville, TX	-	1,000	500	\$ 518	6,335
Branch Creek	Austin, TX	-	796	3,716	-	4,057
Breezy Hill	Pompano Beach, FL	-	1,778	16,085	-	101
Brentwood	Kentwood, MI	-	385	3,592	-	94
Brookside Village	Goshen, IN	-	260	1,080	386	5,595
Byron Center	Byron Center, MI	-	257	2,402	-4	75
Candlelight Village	Chicago Heights, IL	-	600	5,623	-	245
Candlewick Court	Owosso, MI	-	125	1,900	132	836
Carrington Pointe	Ft. Wayne, IN	-	1,076	3,632	-	1,391
Casa Del Valle	Alamo, TX	-	246	2,316	-	216
Catalina	Middletown, OH	-	653	5,858	-	295
Cave Creek	Evans, CO	-	2,170	-	-	39
Chain O=Lakes	Grand Island, FL	-	551	5,003	-	135
Chisholm Point	Pflugerville, TX	-	609	5,286	-	1,339
Clearwater Village	South Bend, IN	-	80	1,270	61	1,608
Cobus Green	Elkhart, IN	-	762	7,037	-	418
College Park Estates	Canton, MI	-	75	800	174	4,354
Continental Estates	Davison, MI	-	1,625	16,581	150	1,997
Country Acres	Cadillac, MI	-	380	3,495	-	82
Country Meadows	Flat Rock, MI	-	924	7,583	296	7,941
Countryside Village	Perry, MI	(1)	275	3,920	185	1,586

GROSS AMOUNT
 CARRIED AT
 DECEMBER 31, 1998

PROPERTY NAME	LOCATION	LAND	BUILDING AND FIXTURES	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
(A)						
Allendale	Allendale, MI	\$ 393	\$ 6,457	\$ 6,850	\$ 421	1996 (A)
Alpine	Grand Rapids, MI	729	7,386	8,115	617	1996 (A)
Arbor Terrace	Bradenton, FL	481	4,528	5,009	392	1996 (A)
Ariana Village	Lakeland, FL	240	2,515	2,755	376	1994 (A)
Autumn Ridge	Ankeny, IO	890	8,550	9,440	704	1996 (A)
Bedford Hills	Battle Creek, MI	1,265	11,732	12,997	1,004	1996 (A)
Bonita Lake	Bonita Springs, FL	285	2,697	2,982	232	1996 (A)
Boulder Ridge	Pflugerville, TX	1,518	6,835	8,353	186	1998 (C)
Branch Creek	Austin, TX	796	7,773	8,569	566	1995 (A)
Breezy Hill	Pompano Beach, FL	1,778	14,686 (3)	16,464	1,401	1996 (A)
Brentwood	Kentwood, MI	385	3,686	4,071	324	1996 (A)
Brookside Village	Goshen, IN	646	6,675	7,321	752	1985 (A)
Byron Center	Byron Center, MI	253	2,477	2,730	221	1996 (A)
Candlelight Village	Chicago Heights, IL	600	5,868	6,468	505	1996 (A)
Candlewick Court	Owosso, MI	257	2,736	2,993	463	1985 (A)
Carrington Pointe	Ft. Wayne, IN	1,076	5,023	6,099	218	1997 (A)
Casa Del Valle	Alamo, TX	246	2,532	2,778	133	1997 (A)
Catalina	Middletown, OH	653	6,153	6,806	1,073	1993 (A)
Cave Creek	Evans, CO	2,170	39	2,209	0	1998 (A)
Chain O=Lakes	Grand Island, FL	551	5,138	5,689	500	1996 (A)
Chisholm Point	Pflugerville, TX	609	6,625	7,234	687	1995 (A)
Clearwater Village	South Bend, IN	141	2,878	3,019	355	1986 (A)
Cobus Green	Elkhart, IN	762	7,455	8,217	1,256	1993 (A)
College Park Estates	Canton, MI	249	5,154	5,403	769	1978 (A)
Continental Estates	Davison, MI	1,775	18,578	20,353	1,459	1996 (A)
Country Acres	Cadillac, MI	380	3,577	3,957	308	1996 (A)
Country Meadows	Flat Rock, MI	1,220	15,524	16,744	1,766	1994 (A)
Countryside Village	Perry, MI	460	5,506	5,966	844	1987 (A)

SUN COMMUNITIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION, CONTINUED
 (AMOUNTS IN THOUSANDS)

SCHEDULE III

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	
			LAND	BUILDING AND FIXTURES	IMPROVEMENTS	
					LAND	BUILDING AND FIXTURES
(A)						
Creekwood Meadows	Burton, MI	-	808	2,043	404	3,258
Cutler Estates	Grand Rapids, MI	(1)	822	7,604	-	79
Del Camino	Firestone, CO	-	4,073	150	-	2,240
Desert View Village	West Wendover, NV	-	1,180	-	403	352
Douglas Estates	Austell, GA	-	508	2,125	-	756
Edwardsville	Edwardsville, KS	(1)	425	8,805	541	1,800
Elmwood	Holly Hill, FL	-	230	2,076	-	29
Fisherman's Cove	Flint, MI	-	380	3,438	-	363
Flagview Village	Douglasville, GA	-	508	2,125	-	596
Goldcoaster	Homestead, FL	-	446	4,234	38	550
Golden Lakes	Plant City, FL	-	1,092	7,161	1	727
Grand	Grand Rapids, MI	-	578	5,396	-	64
Groves	Ft. Myers, FL	-	249	2,396	-	136
Hamlin	Webberville, MI	-	125	1,675	77	821
Holiday Village	Elkhart, IN	-	100	3,207	143	946
Holly Forest	Holly Hill, FL	-	920	8,376	-	116
Hunter's Glen	Leighton Twp., MI	-	1,063	-	39	176
Indian Creek	Ft. Myers Beach, FL	-	3,832	34,660	-	284
Island Lake	Merritt Island, FL	-	700	6,431	-	146
Kensington Meadows	Lansing, MI	-	250	2,699	-	2,601
King=s Court	Traverse City, MI	-	1,473	13,782	-	778
King's Lake	Debary, FL	-	280	2,542	-	1,317
King's Pointe	Winter Haven, FL	-	262	2,359	-	211
Kissimmee Gardens	Kissimmee, FL	-	594	5,522	-	199
Lafayette Place	Warren, MI	-	669	5,979	-	480
Lake Juliana	Auburndale, FL	-	335	2,848	-	373
Lake San Marino	Naples, FL	-	650	5,760	-	192
Leesburg Landing	Leesburg, FL	-	50	429	-	129
Liberty Farms	Valparaiso, IN	-	66	1,201	116	1,655
Lincoln Estates	Holland, MI	-	455	4,201	-	197
Maple Grove Estates	Dorr, MI	-	15	210	19	244

GROSS AMOUNT
 CARRIED AT
 DECEMBER 31, 1998

PROPERTY NAME	LOCATION	LAND	BUILDING AND FIXTURES		TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
			LAND	FIXTURES			
(A)							
Creekwood Meadows	Burton, MI	1,212	5,301	6,513	190	1997 (C)	
Cutler Estates	Grand Rapids, MI	822	7,683	8,505	662	1996 (A)	
Del Camino	Firestone, CO	4,073	2,390	6,463	2	1998 (A)	
Desert View Village	West Wendover, NV	1,583	352	1,935	-	1998 (A)	
Douglas Estates	Austell, GA	508	2,881	3,389	431	1988 (A)	
Edwardsville	Edwardsville, KS	966	10,605	11,571	1,703	1987 (A)	
Elmwood	Holly Hill, FL	230	2,105	2,335	105	1997 (A)	
Fisherman's Cove	Flint, MI	380	3,801	4,181	636	1993 (A)	
Flagview Village	Douglasville, GA	508	2,721	3,229	425	1988 (A)	
Goldcoaster	Homestead, FL	484	4,784	5,268	241	1997 (A)	
Golden Lakes	Plant City, FL	1,093	7,888	8,981	1,322	1993 (A)	
Grand	Grand Rapids, MI	578	5,460	6,038	477	1996 (A)	
Groves	Ft. Myers, FL	249	2,532	2,781	134	1997 (A)	
Hamlin	Webberville, MI	202	2,496	2,698	387	1984 (A)	
Holiday Village	Elkhart, IN	243	4,153	4,396	713	1986 (A)	
Holly Forest	Holly Hill, FL	920	8,492	9,412	428	1997 (A)	
Hunter's Glen	Leighton Twp., MI	1,102	176	1,278	-	1998 (A)	
Indian Creek	Ft. Myers Beach, FL	3,832	34,944	38,776	3,030	1996 (A)	
Island Lake	Merritt Island, FL	700	6,577	7,277	771	1995 (A)	
Kensington Meadows	Lansing, MI	250	5,300	5,550	428	1995 (A)	
King=s Court	Traverse City, MI	1,473	14,560	16,033	1,217	1996 (A)	
King's Lake	Debary, FL	280	3,859	4,139	486	1994 (A)	
King's Pointe	Winter Haven, FL	262	2,570	2,832	392	1994 (A)	
Kissimmee Gardens	Kissimmee, FL	594	5,721	6,315	1,030	1993 (A)	
Lafayette Place	Warren, MI	669	6,459	7,128	112	1998 (A)	
Lake Juliana	Auburndale, FL	335	3,221	3,556	489	1994 (A)	
Lake San Marino	Naples, FL	650	5,952	6,602	510	1996 (A)	
Leesburg Landing	Leesburg, FL	50	558	608	45	1996 (A)	
Liberty Farms	Valparaiso, IN	182	2,856	3,038	446	1985 (A)	
Lincoln Estates	Holland, MI	455	4,398	4,853	375	1996 (A)	
Maple Grove Estates	Dorr, MI	34	454	488	76	1979 (A)	

SUN COMMUNITIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION, CONTINUED
 (AMOUNTS IN THOUSANDS)

SCHEDULE III

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION IMPROVEMENTS	
			LAND	BUILDING AND FIXTURES	LAND	BUILDING AND FIXTURES
(A)						
Maplewood	Lawrence, IN	-	280	2,122	-	544
Meadow Lake Estates	White Lake, MI	-	1,188	11,498	127	1,232
Meadowbrook Estates	Monroe, MI	-	431	3,320	379	5,452
Meadowbrook Village	Tampa, FL	-	519	4,728	-	189
Meadows	Nappanee, IN	-	300	2,300	-7	1,934
Meadowstream Village	Sodus, MI	-	100	1,175	109	1,143
Oakcrest	Austin, TX	-	3,543	-	35	18
Oakwood Village	Miamisburg, OH	1,024	1,964	6,401	-	519
Orange Tree	Orange City, FL	-	283	2,530	15	381
Paradise	Chicago Heights, IL	-	723	6,638	-	127
Parkwood	Grand Blanc, MI	-	477	4,279	-	488
Pin Oak Parc	St. Louis, MO	-	1,038	3,250	467	2,962
Pine Hills	Middlebury, IN	-	72	544	56	1,466
Pine Ridge	Petersburg, VA	-	405	2,397	-	950
Presidential	Hudsonville, MI	-	680	6,314	-	925
Richmond	Richmond, MI	(2)	501	2,040	-	215
River Ridge	Austin, TX	-	1,458	-	-	486
Royal Country	Miami, FL	(1)	2,290	20,758	-	383
Saddle Oak Club	Ocala, FL	-	730	6,743	-	264
Scio Farms	Ann Arbor, MI	-	2,300	22,659	-	2,634
Sherman Oaks	Jackson, MI	(1)	200	2,400	240	3,135
Siesta Bay	Ft. Myers Beach, FL	-	2,051	18,549	-	176
Silver Star	Orlando, FL	-	1,067	9,685	-	144
Snow to Sun	Weslaco, TX	-	190	2,143	15	504
Southfork	Belton, MO	-	1,000	9,011	-	574
St. Clair Place	St. Clair, MI	(2)	501	2,029	-	206
Sun Villa	Reno, NV	6,987	2,385	11,773	-	117
Superstition Falls	Apache Junction, AZ	-	5,368	-	61	683

GROSS AMOUNT
 CARRIED AT
 DECEMBER 31, 1998

PROPERTY NAME	LOCATION	LAND	BUILDING AND FIXTURES	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
(A)						
Maplewood	Lawrence, IN	280	2,666	2,946	446	1989 (A)
Meadow Lake Estates	White Lake, MI	1,315	12,730	14,045	1,968	1994 (A)
Meadowbrook Estates	Monroe, MI	810	8,772	9,582	1,480	1986 (A)
Meadowbrook Village	Tampa, FL	519	4,917	5,436	824	1994 (A)
Meadows	Nappanee, IN	293	4,234	4,527	654	1987 (A)
Meadowstream Village	Sodus, MI	209	2,318	2,527	399	1984 (A)
Oakcrest	Austin, TX	3,578	18	3,596	-	1998 (A)
Oakwood Village	Miamisburg, OH	1,964	6,920	8,884	118	1998 (A)
Orange Tree	Orange City, FL	298	2,911	3,209	423	1994 (A)
Paradise	Chicago Heights, IL	723	6,765	7,488	582	1996 (A)
Parkwood	Grand Blanc, MI	477	4,767	5,244	784	1993 (A)
Pin Oak Parc	St. Louis, MO	1,505	6,212	7,717	633	1994 (A)
Pine Hills	Middlebury, IN	128	2,010	2,138	327	1980 (A)
Pine Ridge	Petersburg, VA	405	3,347	3,752	559	1986 (A)
Presidential	Hudsonville, MI	680	7,239	7,919	588	1996 (A)
Richmond	Richmond, MI	501	2,255	2,756	41	1998 (A)
River Ridge	Austin, TX	1,458	486	1,944	-	1998 (A)
Royal Country	Miami, FL	2,290	21,141	23,431	3,565	1994 (A)
Saddle Oak Club	Ocala, FL	730	7,007	7,737	982	1995 (A)
Scio Farms	Ann Arbor, MI	2,300	25,293	27,593	2,846	1995 (A)
Sherman Oaks	Jackson, MI	440	5,535	5,975	921	1986 (A)
Siesta Bay	Ft. Myers Beach, FL	2,051	18,725	20,776	1,622	1996 (A)
Silver Star	Orlando, FL	1,067	9,829	10,896	852	1996 (A)
Snow to Sun	Weslaco, TX	205	2,647	2,852	128	1997 (A)
Southfork	Belton, MO	1,000	9,585	10,585	164	1997 (A)
St. Clair Place	St. Clair, MI	501	2,235	2,736	48	1998 (A)
Sun Villa	Reno, NV	2,385	11,890	14,275	202	1998 (A)
Superstition Falls	Apache Junction, AZ	5,429	683	6,112	-	1998 (A)

SUN COMMUNITIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION, CONTINUED
 (AMOUNTS IN THOUSANDS)

SCHEDULE III

PROPERTY NAME	LOCATION	ENCUMBRANCE	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION IMPROVEMENTS	
			LAND	BUILDING AND FIXTURES	LAND	BUILDING AND FIXTURES
(A)						
Sunset Ridge	Portland, MI	-	2,044	-	-	-
Stonebridge	Richfield Twp., MI	1,119	2,044	-	17	-
Tallowood	Coconut Creek, FL	-	510	5,099	-	583
Timber Ridge	Ft. Collins, CO	-	990	9,231	-	313
Timberbrook	Bristol, IN	(1)	490	3,400	101	4,355
Timberline Estates	Grand Rapids, MI	-	536	4,867	-	329
Town and Country	Traverse City, MI	-	406	3,736	-	128
Valley Brook	Indianapolis, IN	-	150	3,500	1,277	7,894
Village Trails	Howard City, MI	858	988	1,472	-	143
Water Oak Country Club Est.	Lady Lake, FL	-	2,503	17,478	-	1,825
West Glen Village	Indianapolis, IN	-	1,100	10,028	-	515
Whispering Palm	Sebastian, FL	-	975	8,754	-	325
White Lake	White Lake, MI	-	673	6,179	-	1,879
White Oak	Mt. Morris, MI	-	782	7,245	68	1,471
Willowbrook	Toledo, OH	(2)	781	7,054	-	229
Windham Hills	Jackson, MI	-	2,673	2,364	-	1,360
Woodhaven Place	Wood Haven, MI	(2)	501	4,541	-	561
Woodlake Estates	Yoder, IN	-	632	3,674	-	150
Woodland Park Estates	Eugene, OR	8,209	1,593	14,398	-	101
Woods Edge	West Lafayette, IN	-	100	2,600	3	3,302
Woodside Terrace	Holland, OH	(2)	1,064	9,625	-	720
Worthington Arms	Delaware, OH	-	376	2,624	-	862
Corporate Headquarters	Farmington Hills, MI	-	-	-	-	1,595
Property Under Development		-	-	-	-	829
			\$ 96,003	\$ 579,506	\$ 6,642	\$122,501

GROSS AMOUNT
 CARRIED AT
 DECEMBER 31, 1998

PROPERTY NAME	LOCATION	LAND	BUILDING AND FIXTURES	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION (C) ACQUISITION (A)
(A)						
Sunset Ridge	Portland, MI	2,044	-	2,044	-	1998 (A)
Stonebridge	Richfield Twp., MI	2,061	-	2,061	-	1998 (A)
Tallowood	Coconut Creek, FL	510	5,682	6,192	850	1994 (A)
Timber Ridge	Ft. Collins, CO	990	9,544	10,534	820	1996 (A)
Timberbrook	Bristol, IN	591	7,755	8,346	1,167	1987 (A)
Timberline Estates	Grand Rapids, MI	536	5,196	5,732	801	1994 (A)
Town and Country	Traverse City, MI	406	3,864	4,270	331	1996 (A)
Valley Brook	Indianapolis, IN	1,427	11,394	12,821	1,604	1989 (A)
Village Trails	Howard City, MI	988	1,615	2,603	29	1998 (A)
Water Oak Country Club Est.	Lady Lake, FL	2,503	19,303	21,806	3,264	1993 (A)
West Glen Village	Indianapolis, IN	1,100	10,543	11,643	1,584	1994 (A)
Whispering Palm	Sebastian, FL	975	9,079	10,054	767	1996 (A)
White Lake	White Lake, MI	673	8,058	8,731	348	1997 (A)
White Oak	Mt. Morris, MI	850	8,716	9,566	400	1997 (A)
Willowbrook	Toledo, OH	781	7,283	8,064	124	1997 (A)
Windham Hills	Jackson, MI	2,673	3,724	6,397	67	1998 (A)
Woodhaven Place	Wood Haven, MI	501	5,102	5,603	89	1998 (A)
Woodlake Estates	Yoder, IN	632	3,824	4,456	66	1998 (A)
Woodland Park Estates	Eugene, OR	1,593	14,499	16,092	247	1998 (A)
Woods Edge	West Lafayette, IN	103	5,902	6,005	690	1985 (A)
Woodside Terrace	Holland, OH	1,064	10,345	11,409	502	1997 (A)
Worthington Arms	Delaware, OH	376	3,486	3,862	591	1990 (A)
Corporate Headquarters	Farmington Hills, MI	-	1,595	1,595	648	Various
Property Under Development		-	829	829	-	1998 (A)
		\$ 102,645 (4)	\$ 700,507	803,152	\$ 70,940	

- (1) These communities collateralize \$44.4 million of secured debt.
 (2) These communities are financed by \$26.5 million of collateralized lease obligations.
 (3) Carrying value reduced by \$1.5 million writedown due to pending sale.

(4) Includes \$4.2 million of land in property under development in Footnote 2 "Rental Property" to the Company's Consolidated Financial Statements included elsewhere herein.

SUN COMMUNITIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION, CONTINUED
 (AMOUNTS IN THOUSANDS)

SCHEDULE III

The change in investment in real estate for the years ended December 31, 1998, 1997 and 1996 is as follows:

	1998 -----	1997 -----	1996 -----
Balance, beginning of year	\$ 684,821	\$ 588,813	\$ 326,613
Community and land acquisitions, including immediate improvements	102,248	73,065	251,181
Community expansion and development	26,874	17,300	11,425
Improvements, other	6,193	5,643	3,628
Dispositions and other	(16,984)	--	(4,034)
	-----	-----	-----
Balance, end of year	\$ 803,152 =====	\$ 684,821 =====	\$ 588,813 =====

The change in accumulated depreciation for the years ended December 31, 1998, 1997 and 1996 is as follows:

	1998 -----	1997 -----	1996 -----
Balance, beginning of year	\$ 50,084	\$ 30,535	\$ 16,583
Depreciation for the period	22,765	19,549	14,250
Dispositions and other	(1,909)	--	(298)
	-----	-----	-----
Balance, end of year	\$ 70,940 =====	\$ 50,084 =====	\$ 30,535 =====

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 5, 1999

SUN COMMUNITIES, INC.

By /s/ Gary A. Shiffman

Gary A. Shiffman, President

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

NAME -----	TITLE -----	DATE -----
/s/ Milton M. Shiffman ----- Milton M. Shiffman	Chairman of the Board of Directors	March 5, 1999
/s/ Gary A. Shiffman ----- Gary A. Shiffman	Chief Executive Officer, President and Director	March 5, 1999
/s/ Jeffrey P. Jorissen ----- Jeffrey P. Jorissen	Senior Vice President, Chief Financial Officer, Treasurer, Secretary and Principal Accounting Officer	March 5, 1999
/s/ Paul D. Lapidés ----- Paul D. Lapidés	Director	March 5, 1999
/s/ Ted J. Simon ----- Ted J. Simon	Director	March 5, 1999
/s/ Clunet R. Lewis ----- Clunet R. Lewis	Director	March 5, 1999

/s/ Ronald L. Piasecki

Ronald L. Piasecki

Director

March 5, 1999

/s/ Arthur A. Weiss

Arthur A. Weiss

Director

March 5, 1999

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE ----
2.1	Form of Sun Communities, Inc.'s Common Stock Certificate	(1)
3.1	Amended and Restated Articles of Incorporation of Sun Communities, Inc.	(1)
3.2	Bylaws of Sun Communities, Inc.	(3)
4.1	Indenture, dated as of April 24, 1996, among Sun Communities, Inc., Sun Communities Operating Limited Partnership and Bankers Trust Company, as Trustee	(4)
4.2	Form of Note for the 2001 Notes	(4)
4.3	Form of Note for the 2003 Notes	(4)
4.4	First Supplemental Indenture, dated as of August 20, 1997, by and between Sun Communities Operating Limited Partnership and Bankers Trust Company, as Trustee	(9)
4.5	Form of Medium-Term Note (Floating Rate)	(9)
4.6	Form of Medium-Term Note (Fixed Rate)	(9)
10.1	Second Amended and Restated Agreement of Limited Partnership of Sun Communities Operating Limited Partnership	(8)
10.2	Amended and Restated 1993 Stock Option Plan#	(8)
10.3	Amended and Restated 1993 Non-Employee Director Stock Option Plan#	(8)
10.4	Form of Stock Option Agreement between Sun Communities, Inc. and certain directors, officers and other individuals#	(1)
10.5	Form of Non-Employee Director Stock Option Agreement between Sun Communities, Inc. and certain directors#	(5)
10.6	Employment Agreement between Sun Communities, Inc. and Gary A. Shiffman#	(8)
10.7	Registration Rights and Lock-Up Agreement with Sun Communities, Inc.	(5)
10.8	Senior Unsecured Line of Credit Agreement with Lehman Brothers Holdings Inc.	(9)
10.9	Amended and Restated Loan Agreement between Sun Communities Funding Limited Partnership and Lehman Brothers Holdings Inc.	(9)
10.10	Amended and Restated Loan Agreement among Miami Lakes Venture Associates, Sun Communities Funding Limited Partnership and Lehman Brothers Holdings Inc.	(9)
10.11	Form of Indemnification Agreement between each officer and director of Sun Communities, Inc. and Sun Communities, Inc.	(9)
10.12	Loan Agreement among Sun Communities Operating Limited Partnership, Sea Breeze Limited Partnership and High Point Associates, LP.	(9)

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.13	Option Agreement by and between Sun Communities Operating Limited Partnership and Sea Breeze Limited Partnership	(9)
10.14	Option Agreement by and between Sun Communities Operating Limited Partnership and High Point Associates, LP	(9)
10.15	\$1,022,538.12 Promissory Note from Gary A. Shiffman to Sun Communities Operating Limited Partnership	(7)
10.16	\$1,022,538.13 Promissory Note from Gary A. Shiffman to Sun Communities Operating Limited Partnership	(7)
10.17	\$6,604,923.75 Promissory Note from Gary A. Shiffman to Sun Communities Operating Limited Partnership	(7)
10.18	Stock Pledge Agreement between Gary A. Shiffman and Sun Communities Operating Limited Partnership for 94,570 shares of Common Stock	(7)
10.19	Stock Pledge Agreement between Gary A. Shiffman and Sun Communities Operating Limited Partnership for 305,430 shares of Common Stock	(7)
10.20	\$ 1,300,195.40 Promissory Note from Gary A. Shiffman to Sun Communities Operating Limited Partnership	(9)
10.21	\$ 1,300,195.40 Promissory Note from Gary A. Shiffman to Sun Communities Operating Limited Partnership	(9)
10.22	Stock Pledge Agreement between Gary A. Shiffman and Sun Communities Operating Limited Partnership with respect to 80,000 shares of Common Stock	(9)
10.23	Registration Rights Agreement between Gary A. Shiffman and Sun Communities Operating Limited Partnership	(3)
10.24	Registration Rights and Lock Up Agreement among Sun Communities, Inc. and the partners of Miami Lakes Venture Associates, as amended	(3)
10.25	Registration Rights and Lock Up Agreement among Sun Communities, Inc. and the partners of Scio Farms Estates Limited Partnership	(3)
10.26	Registration Rights and Lock Up Agreement among Sun Communities, Inc. and the partners of Kensington Meadows Associates	(3)
10.27	Registration Rights and Lock Up Agreement among Sun Communities, Inc. and certain affiliates of Aspen Enterprises, Ltd. (Preferred OP Units)	(8)
10.28	Registration Rights and Lock Up Agreement among Sun Communities, Inc. and certain affiliates of Aspen Enterprises, Ltd. (Common OP Units)	(8)
10.29	Registration Rights Agreement among Sun Communities, Inc. and the partners of S&K Smith Co.	(8)
10.30	Employment Agreement between Sun Communities, Inc. and Jeffrey P. Jorissen#	(11)
10.31	Long Term Incentive Plan	(9)

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE ----
10.32	Restricted Stock Award Agreement between Sun Communities, Inc. and Gary A. Shiffman, dated June 5, 1998#	(11)
10.33	Restricted Stock Award Agreement between Sun Communities, Inc. and Jeffrey P. Jorissen, dated June 5, 1998#	(11)
10.34	Restricted Stock Award Agreement between Sun Communities, Inc. and Jonathan M. Colman, dated June 5, 1998#	(11)
10.35	Restricted Stock Award Agreement between Sun Communities, Inc. and Brian W. Fannon, dated June 5, 1998#	(11)
10.36	Sun Communities, Inc. 1998 Stock Purchase Plan#	(11)
10.37	Employment Agreement between Sun Home Services, Inc. and Brian Fannon#	(11)
10.38	Facility and Guaranty Agreement among Sun Communities, Inc., Sun Communities Operating Limited Partnership, Certain Subsidiary Guarantors and First National Bank of Chicago, dated December 10, 1998	(11)
10.39	Rights Agreement between Sun Communities, Inc. and State Street Bank and Trust Company, dated April 24, 1998	(10)
10.40	Articles Supplementary of Board of Directors of Sun Communities, Inc. Designating a Series of Preferred Stock and Fixing Distribution and other Rights in such Series	(11)
10.41	Employment Agreement between Sun Communities, Inc. and Brian W. Fannon#	(11)
12.1	Computation of Ratio of Earnings to Fixed Charges and Ratio Earnings to Combined Fixed Charges and Preferred Dividends	(11)
21	List of Subsidiaries of Sun Communities, Inc.	(11)
23	Consent of PricewaterhouseCoopers LLP, independent accountants	(11)
27	Financial Data Schedule	(11)

(1)	Incorporated by reference to Sun Communities, Inc.'s Registration Statement No. 33-69340.	
(2)	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K dated March 20, 1996.	
(3)	Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1995.	
(4)	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K dated April 24, 1996.	
(5)	Incorporated by reference to Sun Communities, Inc.'s Registration Statement No. 33-80972.	

- (6) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1994.
- (7) Incorporated by reference to Sun Communities, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 1995.
- (8) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1996.
- (9) Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1997.
- (10) Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K dated April 24, 1998.
- (11) Filed herewith.

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

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of December , 1998, but effective as of January 1, 1999, by and between SUN COMMUNITIES, INC., a Maryland corporation (the "Company"), and JEFFREY P. JORISSEN (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to continue the employment of the Executive, and the Executive desires to continue to be employed by the Company, on the terms and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. Employment.

(a) The Company agrees to employ the Executive and the Executive accepts the employment, on the terms and subject to the conditions set forth below. During the term of employment hereunder, the Executive shall serve as Senior Vice President, Treasurer, Chief Financial Officer and Secretary of the Company, and shall do and perform diligently all such services, acts and things as are customarily done and performed by such officers of companies in similar business and in size to the Company, together with such other duties as may reasonably be requested from time to time by the Board of Directors of the Company (the "Board"), which duties shall be consistent with the Executive's positions as set forth above.

(b) For service as an officer and employee of the Company, the Executive shall be entitled to the full protection of the applicable indemnification provisions of the Articles of Incorporation and Bylaws of the Company, as they may be amended from time to time.

2. Term of Employment.

Subject to the provisions for termination provided below, the term of the Executive's employment under this Agreement shall commence on January 1, 1999 and shall continue thereafter for a period of five (5) years ending on December 31, 2003; provided, however, that the term of this Agreement shall be automatically extended for successive terms of one (1) year each thereafter, unless either party notifies the other party in writing of its desire to terminate this Agreement at least thirty (30) days before the end of the term then in effect.

3. Devotion to the Company's Business.

The Executive shall devote his best efforts, knowledge, skill, and his entire productive time, ability and attention to the business of the Company during the term of this Agreement.

4. Compensation.

(a) During the term of this Agreement, the Company shall pay or provide, as the case may be, to the Executive the compensation and other benefits and rights set forth in paragraphs 4, 5 and 6 of this Agreement.

(b) Base Compensation. As compensation for the services to be performed hereunder, the Company shall pay to the Executive, during his employment hereunder, an annual base salary (the "Base Salary") of Two Hundred Forty Thousand Dollars (\$240,000.00) per year,

payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly).

(c) COLA Adjustment. At the beginning of each calendar year of this Agreement, commencing with January 1, 2000, 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 1998 and 1999 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) 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.

(d) Incentive Compensation. The Company shall pay to the Executive incentive compensation ("Incentive Compensation") for each calendar year that the Executive is employed under this Agreement ("Bonus Year") or prorated on a per diem basis for partial Bonus Years, which Incentive Compensation shall be determined and calculated as follows:

If the Company's Funds from Operations (as defined below) per share of the Company's common stock, \$.01 par value ("Common Stock"), for the Bonus Year increased by more than five percent (5%) over the Company's Funds from Operations per share of Common Stock for the previous calendar year, then the Executive shall be entitled to Incentive Compensation equal to twenty-five percent (25%) of the Base Salary for the Bonus Year in which the increase occurred. If the Company's Funds from Operations per share of Common Stock for the Bonus Year increased by more than eight and one half percent (8.5%) over the Company's Funds from Operations per share of Common Stock for the previous calendar year, then the Executive shall be entitled, in lieu of the Incentive Compensation described in the immediately preceding sentence, to Incentive Compensation equal to fifty percent (50%) of the Base Salary for the Bonus Year in which the increase occurred. For purposes hereof, "Funds from Operations" shall have the meaning ascribed to such term by the National Association of Real Estate Investment Trusts ("NAREIT") and Funds from Operations shall be calculated in accordance with NAREIT's definition of such term.

Such Incentive Compensation shall be paid entirely in cash. Unless otherwise specified by the Company's Chief Executive Officer, one-twelfth of such Incentive Compensation shall be paid monthly during the year following such Bonus Year; provided, however, in the event that the Executive voluntarily terminates his employment under this Agreement pursuant to paragraph 7(a)(i) hereof or the Executive's employment under this Agreement is terminated with "cause" pursuant to paragraph 7(a)(ii) hereof or the Executive is in default of that certain Reimbursement Agreement by and between the Executive and Sun Communities Operating Limited Partnership (the "Reimbursement Agreement"), the Executive shall not be entitled to any unpaid Incentive Compensation.

The determination of the Incentive Compensation shall be made no later than February 15 of each calendar year of this Agreement by the Company, who shall provide a copy of its calculations to the Executive. The Executive shall have the right to dispute any such calculation by delivering written notice of the dispute to the Company. If the Company and the Executive are

unable to resolve the dispute within thirty (30) days after written notice of the dispute is delivered by the Executive to the Company, the dispute shall be submitted to the independent public accountants regularly retained by the Company (the "Accountants") and the determination of the Accountants shall be final and binding on the parties. Notwithstanding a dispute of the calculation of the Incentive Compensation, the Company shall pay the Executive the Incentive Compensation in accordance with the terms of this Agreement and the Executive's receipt of such Incentive Compensation shall not be deemed a waiver of his right to dispute the calculation of the Incentive Compensation.

(e) Disability. During any period that the Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness (the "Disability Period"), the Executive shall continue to receive his full Base Salary, Incentive Compensation and other benefits at the rate in effect for such period until his employment is terminated by the Company pursuant to paragraph 7(a)(iii) hereof; provided, however, that payments so made to the Executive during the Disability Period shall be reduced by the sum of the amounts, if any, which were paid to the Executive at or prior to the time of any such payment under disability benefit plans of the Company.

5. Benefits.

(a) Insurance. The Company shall provide to the Executive life, medical and hospitalization insurance for himself, his spouse and eligible family members as may be determined by the Board to be consistent with the Company's standard policies.

(b) Benefit Plans. The Executive, at his election, may participate, during his employment hereunder, in all retirement plans, 401(K) plans and other benefit plans of the Company generally available from time to time to other executive employees of the Company and for which the Executive qualifies under the terms of the plans (and nothing in this Agreement shall or shall be deemed to in any way affect the Executive's right and benefits under any such plan except as expressly provided herein). The Executive shall also be entitled to participate in any equity, stock option or other employee benefit plan that is generally available to senior executives of the Company. The Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(c) Annual Vacation. The Executive shall be entitled to four (4) weeks vacation time each year, without loss of compensation. The Executive shall not take more than fourteen (14) consecutive calendar days of vacation without the prior approval of the Company's Chief Executive Officer. In the event that the Executive is unable for any reason to take the total amount of vacation time authorized herein during any year, he may accrue such unused time and add it to the vacation time for any following year; provided, however, that no more than ten (10) business days of accrued vacation time may be carried over at any time (the "Carry-Over Limit"). In the event that the Executive has accrued and unused vacation time in excess of the Carry-Over Limit (the "Excess Vacation Time"), the Excess Vacation Time shall be paid to the Executive within ten (10) days of the end of the year in which the Excess Vacation Time was earned based on the Base Salary then in effect. Upon any termination of this Agreement for any reason whatsoever, accrued and unused vacation time (not to exceed thirty (30) business days) shall be paid to the Executive within ten (10) days of such termination based on the Base Salary in effect on the date of such termination. For purposes of this Agreement, one-twelfth (1/12) of the applicable annual vacation time shall accrue on the last day of each calendar month that the Executive is employed under this Agreement.

6. Reimbursement of Business Expenses.

The Company shall reimburse the Executive or provide him with an

expense allowance during the term of this Agreement for travel, entertainment and other expenses reasonably and necessarily incurred by the Executive in connection with the Company's business. The Executive shall furnish such documentation with respect to reimbursement to be paid hereunder as the Company shall reasonably request.

7. Termination of Employment.

(a) The Executive's employment under this Agreement may be terminated:

(i) by either the Executive or the Company at any time for any reason whatsoever or for no reason upon not less than sixty (60) days written notice;

(ii) by the Company at any time for "cause" as defined below, without prior notice;

(iii) by the Company upon the Executive's "permanent disability" (as defined below) upon not less than thirty (30) days written notice; and

(iv) upon the Executive's death.

(b) For purposes hereof, for "cause" shall mean the material breach of any provision of this Agreement by the Executive which breach, if curable, continues uncured for a period of twenty (20) days after the Executive's receipt of written notice of such breach from the Company, or any action of the Executive (or the Executive's failure to act), which, in the reasonable determination of the Board, involves malfeasance, fraud, or moral turpitude, or which, if generally known, would or might have a material adverse effect on the Company and/or its reputation.

(c) For purposes hereof, the Executive's "permanent disability" shall be deemed to have occurred after one hundred twenty (120) consecutive days during which the Executive, by reason of his physical or mental disability or illness, shall have been unable to discharge his duties under this Agreement. The date of permanent disability shall be such one hundred twenty-first (121st) day. In the event either the Company or the Executive, after receipt of notice of the Executive's permanent disability from the other, disputes that the Executive's permanent disability shall have occurred, the Executive shall promptly submit to a physical examination by the chief of medicine of any major accredited hospital in Michigan and, unless such physician shall issue his written statement to the effect that in his opinion, based on his diagnosis, the Executive is capable of resuming his employment and devoting his full time and energy to discharging his duties within thirty (30) days after the date of such statement, such permanent disability shall be deemed to have occurred.

8. Compensation Upon Termination or Disability.

(a) In the event that the Company terminates the Executive's employment under this Agreement without "cause" pursuant to paragraph 7(a)(i) hereof, the Executive shall be entitled to any unpaid Base Salary, Incentive Compensation and benefits accrued and earned by him hereunder up to and including the effective date of such termination, which shall be paid by the Company to the Executive within thirty (30) days of the effective date of such termination, and the Company shall pay the Executive monthly an amount equal to one-twelfth (1/12) of the Base Salary (at the rate that would otherwise have been payable under this Agreement) for a period of up to eighteen (18) months if the Executive fully complies with paragraph 12 of this Agreement (the "Severance Payment"). Notwithstanding the foregoing, the Company, in its sole discretion, may elect to make the Severance Payment to the Executive in one lump sum due

within thirty (30) days of the Executive's termination of employment.

(b) In the event of termination of the Executive's employment under this Agreement for "cause" or if the Executive voluntarily terminates his employment hereunder, the Executive shall be entitled to no further compensation or other benefits under this Agreement, except only as to any unpaid Base Salary and benefits accrued and earned by him hereunder up to and including the effective date of such termination.

(c) In the event of termination of the Executive's employment under this Agreement due to the Executive's permanent disability or death, the Executive (or his successors and assigns in the event of his death) shall be entitled to any unpaid Base Salary, Incentive Compensation and benefits accrued and earned by him hereunder up to and including the effective date of such termination, which shall be paid by the Company to the Executive or his successors and assigns, as appropriate, within thirty (30) days of the effective date of such termination, and the Company shall pay the Executive monthly an amount equal to one-twelfth (1/12) of the Base Salary (at the rate that would otherwise have been payable under this Agreement) for a period of up to twenty four (24) months if the Executive fully complies with paragraph 12 of this Agreement (the "Disability Payment"); provided, however, that payments so made to the Executive shall be reduced by the sum of the amounts, if any, which: (i) were paid to the Executive at or prior to the time of any such payment under disability benefit plans of the Company, and (ii) did not previously reduce the Base Salary, Incentive Compensation and other benefits due the Executive under paragraph 4(e) of this Agreement. Notwithstanding the foregoing, the Company, in its sole discretion, may elect to make the Disability Payment to the Executive in one lump sum due within thirty (30) days of the Executive's termination of employment.

(d) Regardless of the reason for termination of the Executive's employment hereunder, Incentive Compensation and benefits shall be prorated for any period of employment not covering an entire year of employment.

(e) Notwithstanding anything to the contrary in this paragraph 8, the Company's obligation to pay, and the Executive's right to receive, any compensation under this paragraph 8, including, without limitation, the Severance Payment and the Disability Payment, shall terminate upon the Executive's breach of any provision of paragraph 12 hereof or the Executive's breach of any provision of the Reimbursement Agreement. In addition, the Executive shall promptly forfeit any compensation received from the Company under this paragraph 8, including, without limitation, the Severance Payment and the Disability Payment, upon the Executive's breach of any provision of paragraph 12 hereof.

9. Resignation of Executive. Upon any termination of the Executive's employment under this Agreement, the Executive shall be deemed to have resigned from any and all offices held by the Executive in the Company and/or any of the Affiliates (as defined below). In addition, upon any termination of the Executive's employment under this Agreement, the Executive shall promptly transfer one-half (1/2) of his stock in Sun Home Services, Inc., a Michigan corporation, to each of Milton M. Shiffman and Gary A. Shiffman for and in consideration of \$1.00.

10. Effect of Change in Control.

(a) The Company or its successor shall pay the Executive the Change in Control Benefits (as defined below) if there has been a Change in Control (as defined below) and any of the following events has occurred: (i) the Executive's employment under this Agreement is terminated in accordance with paragraph 7(a)(i), (ii) upon a Change in Control under paragraph 10(f)(ii), the Company or its successor does not expressly assume all of the terms and conditions of this Agreement, or (iii) there are less than thirty (30) months remaining under the term of this

Agreement (without regard to the last clause of paragraph 2 hereof).

(b) For purposes of this Agreement, the "Change in Control Benefits" shall mean the following benefits:

(i) A cash payment equal to two and 99/100 (2.99) times the Base Salary in effect on the date of such Change in Control, payable within sixty (60) days of the Change in Control; and

(ii) Continued receipt of all compensation and benefits set forth in paragraphs 5(a) and 5(b) of this Agreement, until the earlier of (i) one year following the Change in Control (subject to the Executive's COBRA rights) or (ii) the commencement of comparable coverage from another employer. The provision of any one benefit by another employer shall not preclude the Executive from continuing participation in Company benefit programs provided under this paragraph 10(b)(ii) that are not provided by the subsequent employer. The Executive shall promptly notify the Company upon receipt of benefits from a new employer comparable to any benefit provided under this paragraph 10(b)(ii).

(c) Notwithstanding anything to the contrary herein, (i) in the event that the Executive's employment under this Agreement is terminated in accordance with paragraph 7(a)(i) within sixty (60) days prior to a Change in Control, such termination shall be deemed to have been made in connection with the Change in Control and the Executive shall be entitled to the Change in Control Benefits; and (ii) in the event that the Executive's employment under this Agreement is terminated by the Company or its successor in accordance with paragraph 7(a)(i) after a Change in Control and the Executive was not already entitled to the Change in Control Benefits under paragraph 10(a)(iii), the Company or its successor shall pay the Executive an amount equal to the difference between the Change in Control Benefits and the amounts actually paid to the Executive under this Agreement after the Change in Control but prior to his termination.

(d) The Change in Control Benefits are in addition to any and all other Company benefits to which the Executive may be entitled, including, without limitation, Base Salary, Incentive Compensation, Severance Payment, Disability Payment and the exercise or surrender of stock options as a result of the Change in Control.

(e) Notwithstanding anything to the contrary contained herein, the Change in Control Benefits shall be reduced by all other payments to the Executive which constitute "excess parachute payments" under Section 280(G) of the Internal Revenue Code of 1986, as amended.

(f) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred:

(i) if any person or group of persons acting together (other than (a) the Company or any person (I) who on December 1, 1998 was a director or officer of the Company, or (II) whose shares of Common Stock of the Company are treated as "beneficially owned" by any such director or officer, or (b) any institutional investor (filing reports under Section 13(g) rather than 13(d) of the Securities Exchange Act of 1934, as amended, including any employee benefit plan or employee benefit trust sponsored by the Company)), becomes a beneficial owner, directly or indirectly, of securities of the Company representing ten percent (10%) or more of either the then-outstanding Common Stock of the Company or the combined voting power of the Company's then-outstanding voting securities;

(ii) if the directors or stockholders of the Company approve an agreement to merge into or consolidate with, or to sell all or substantially all of the Company's assets to, any person (other than a wholly-owned subsidiary of the Company formed for the purpose of changing the Company's corporate domicile); or

(iii) if the new directors appointed to the Board during any twelve-month period constitute a majority of the members of the Board, unless (I) the directors who were in office for at least twelve (12) months prior to such twelve-month period (the "Incumbent Directors") plus (II) the new directors who were recommended or appointed by a majority of the Incumbent Directors constitutes a majority of the members of the Board.

For purposes of this paragraph 10(f), a "person" includes an individual, a partnership, a corporation, an association, an unincorporated organization, a trust or any other entity.

11. Stock Options. In the event of termination of the Executive's employment under this Agreement for "cause", all stock options or other stock based compensation awarded to the Executive shall lapse and be of no further force or effect whatsoever in accordance with the Company's Amended and Restated 1993 Stock Option Plan. In the event that the Company terminates the Executive's employment under this Agreement without "cause" or upon the death or permanent disability of the Executive, all stock options and other stock based compensation awarded to the Executive shall become fully vested and immediately exercisable; provided, however, such options and other stock based compensation cannot be exercised until the expiration of the eighteen month periods referenced in paragraph 12 hereof and such stock options or other stock based compensation shall be automatically forfeited upon the Executive's breach of any of the provisions of paragraph 12 hereof. Any Stock Option Agreements between the Company and the Executive shall be amended to conform to the provisions of this paragraph 11.

12. Covenant Not To Compete and Confidentiality.

(a) The Executive acknowledges the Company's reliance and expectation of the Executive's continued commitment to performance of his duties and responsibilities during the term of this Agreement. In light of such reliance and expectation on the part of the Company, the Executive agrees that:

(i) for a period commencing on the date of this Agreement and ending upon the expiration of eighteen (18) months following the termination of the Executive's employment under this Agreement for any reason, the Executive shall not, either directly or indirectly, engage in, or have an interest in or be associated with (whether as an officer, director, stockholder, partner, associate, employee, consultant, owner or otherwise) any corporation, firm or enterprise which is engaged in (A) the real estate business (the "Real Estate Business"), including, without limitation, the development, ownership, leasing, sales, management or financing of single family or multi-family housing, condominiums, townhome communities or other form of housing, or (B) any business which is competitive with the business then or at any time during the term of this Agreement conducted or proposed to be conducted by the Company, or any corporation owned or controlled by the Company or under common control with the Company (an "Affiliate"), anywhere within the continental United States or Canada; provided, however, that the Executive may invest in any publicly held entity engaged in the Real Estate Business, if his investment in such entity does not exceed one percent (1%) in value of the issued and outstanding equity securities of such entity;

(ii) the Executive will not at any time, for so long as any Confidential Information (as defined below) shall remain confidential or otherwise remain wholly or partially

protectable, either during the term of this Agreement or thereafter, use or disclose, directly or indirectly, to any person outside of the Company or any Affiliate any Confidential Information;

(iii) promptly upon the termination of this Agreement for any reason, the Executive (or in the event of the Executive's death, his personal representative) shall return to the Company any and all copies (whether prepared by or at the direction of the Company or Executive) of all records, drawings, materials, memoranda and other data constituting or pertaining to Confidential Information;

(iv) for a period commencing on the date of this Agreement and ending upon the expiration of eighteen (18) months from the termination of this Agreement for any reason, the Executive shall not, either directly or indirectly, divert, or by aid to others, do anything which would tend to divert, from the Company or any Affiliate any trade or business with any customer or supplier with whom the Executive had any contact or association during the term of the Executive's employment with the Company or with any party whose identity or potential as a customer or supplier was confidential or learned by the Executive during his employment by the Company; and

(v) for a period commencing on the date of this Agreement and ending upon the expiration of eighteen (18) months from the termination of this Agreement for any reason, the Executive shall not, either directly or indirectly, solicit for employment any person with whom the Executive was acquainted while in the Company's employ.

As used in this Agreement, the term "Confidential Information" shall mean all business information of any nature and in any form which at the time or times concerned is not generally known to those persons engaged in business similar to that conducted or contemplated by the Company or any Affiliate (other than by the act or acts of an employee not authorized by the Company to disclose such information) and which relates to any one or more of the aspects of the present or past business of the Company or any of the Affiliates or any of their respective predecessors, including, without limitation, patents and patent applications, inventions and improvements (whether or not patentable), development projects, policies, processes, formulas, techniques, know-how, and other facts relating to sales, advertising, promotions, financial matters, customers, customer lists, customer purchases or requirements, and other trade secrets.

(b) The Executive agrees and understands that the remedy at law for any breach by him of this paragraph 12 will be inadequate and that the damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that, upon adequate proof of the Executive's violation of any legally enforceable provision of this paragraph 12, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach. Nothing in this paragraph 12 shall be deemed to limit the Company's remedies at law or in equity for any breach by the Executive of any of the provisions of this paragraph 12 which may be pursued or availed of by the Company.

13. Arbitration. Any dispute or controversy arising out of or relating to this Agreement shall be settled finally and exclusively by arbitration in the State of Michigan in accordance with the expedited procedures of the Commercial Arbitration Rules of the American Arbitration Association then in effect. Such arbitration shall be conducted by an arbitrator(s) appointed by the American Arbitration Association in accordance with its rules and any finding by such arbitrator(s) shall be final and binding upon the parties. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the courts of the State of Michigan for this purpose. Nothing contained in this paragraph 13 shall be construed to preclude the Company from obtaining injunctive or other equitable relief to secure specific performance or to otherwise prevent a breach or contemplated

breach of this Agreement by the Executive as provided in paragraph 12 hereof.

14. Notice. Any notice, request, consent or other communication given or made hereunder shall be given or made only in writing and (a) delivered personally to the party to whom it is directed; (b) sent by first class mail or overnight express mail, postage and charges prepaid, addressed to the party to whom it is directed; or (c) telecopied to the party to whom it is directed, at the following addresses or at such other addresses as the parties may hereafter indicate by written notice as provided herein:

If to the Company:

Sun Communities. Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Fax: (248) 932-3072
Attn: President

If to the Executive:

Jeffrey P. Jorissen
26165 Northpointe Drive
Farmington Hills, Michigan 48331

In all events, with a copy to:

Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Fax: (313) 961-8358
Attn: Arthur A. Weiss

Any such notice, request, consent or other communication given or made: (i) in the manner indicated in clause (a) of this paragraph shall be deemed to be given or made on the date on which it was delivered; (ii) in the manner indicated in clause (b) of this paragraph shall be deemed to be given or made on the third business day after the day in which it was deposited in a regularly maintained receptacle for the deposit of the United States mail, or in the case of overnight express mail, on the business day immediately following the day on which it was deposited in the regularly maintained receptacle for the deposit of overnight express mail; and (iii) in the manner indicated in clause (c) of this paragraph shall be deemed to be given or made when received by the telecopier owned or operated by the recipient thereof.

15. Miscellaneous.

(a) The provisions of this Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions and any partially unenforceable provision to the extent enforceable in any jurisdiction nevertheless shall be binding and enforceable.

(b) The rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding on, the Company and its successors and assigns, and the rights and obligations (other than obligations to perform services) of the Executive under this Agreement shall inure to the benefit of, and shall be binding upon, the Executive and his heirs, personal representatives and assigns. This Agreement is personal to Executive and he may not

assign his obligations under this Agreement in any manner whatsoever.

(c) The failure of either party to enforce any provision or protections of this Agreement shall not in any way be construed as a waiver of any such provision or provisions as to any future violations thereof, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted the parties herein are cumulative and the waiver of any single remedy shall not constitute a waiver of such party's right to assert all other legal remedies available to it under the circumstances.

(d) This Agreement supersedes all agreements and understandings between the parties and may not be modified or terminated orally. No modification, termination or waiver shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

(e) This Agreement shall be governed by and construed according to the laws of the State of Michigan.

(f) Captions and paragraph headings used herein are for convenience and are not a part of this Agreement and shall not be used in construing it.

(g) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) Each party shall pay his or its own fees and expenses, including, without limitation, legal fees, incurred in connection with the transactions contemplated by this Agreement, including, without limitation, any fees incurred in connection with any arbitration arising out of the transactions contemplated by this Agreement.

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

COMPANY:

SUN COMMUNITIES, INC.,
a Maryland corporation

By:

Gary A. Shiffman, President and
Chief Executive Officer

EXECUTIVE:

JEFFREY P. JORISSEN

SUN COMMUNITIES, INC.
AMENDED AND RESTATED 1993 STOCK OPTION PLAN
RESTRICTED STOCK AWARD AGREEMENT

Sun Communities, Inc., a Maryland corporation (the "Company"), upon the recommendation of the Company's Board of Directors (the "Board") and pursuant to that certain Amended and Restated 1993 Stock Option Plan adopted by the Company's Board of Directors (the "Plan") and approved by its shareholders, and in consideration of the services to be rendered to the Company or its subsidiaries by GARY A. SHIFFMAN ("Employee"), hereby grants, as of June 5, 1998 (the "Date of Grant"), to Employee seventy-five thousand (75,000) shares of the Company's Common Stock, par value \$0.01 per share (the "Shares"), subject to the terms and conditions contained in this Restricted Stock Award Agreement (the "Agreement") and subject to all the terms and conditions of the Plan, which are incorporated by reference herein. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

I. RECEIPT AND DELIVERY OF SHARES

Until such time as the Shares vest in accordance with Section II below, the stock certificate or certificates evidencing the Shares shall be registered in the name of Employee but held in escrow by the Company. As soon as practicable after the date upon which any Shares vest, the Company shall deliver to Employee a certificate or certificates representing such vested Shares, registered in the name of Employee.

II. VESTING SCHEDULE

(a) Subject to the restrictions and conditions set forth in the Plan, the Shares shall vest as follows:

- (i) 7,500 Shares vest on January 31, 2002;
- (ii) 7,500 Shares vest on January 31, 2003;
- (iii) 7,500 Shares vest on January 31, 2004;
- (iv) 7,500 Shares vest on January 31, 2005;
- (v) 7,500 Shares vest on January 31, 2006;
- (vi) 7,500 Shares vest on January 31, 2007; and
- (vii) 30,000 Shares vest on January 31, 2008.

(b) In the event of Employee's Termination of Employment at any time for any reason other than the death or Disability (as defined below) of Employee, all unvested Shares shall be automatically forfeited to the Company and, accordingly, Employee shall forfeit all right, title and interest in and to such forfeited Shares. For purposes hereof, "Disability" shall mean physical or mental incapacity for an aggregate period of at least 90 days within any period of 365 consecutive days.

(c) Notwithstanding anything to the contrary herein, upon the death or Disability of Employee or the occurrence of a Change of Control Event, all unvested Shares shall immediately become fully vested.

III. RESTRICTIONS ON SHARES

Until a Share vests pursuant to Section II above, it shall not be liable for the debts, contracts or obligations of Employee nor be subject to disposition by assignment, transfer, sale, alienation, pledge, encumbrance or any other means, whether such disposition is voluntary or involuntary or by operation of

law by judgment, levy, attachment, garnishment or other legal or equitable proceeding (including bankruptcy), and any attempted disposition thereof shall be null and void and of no force or effect; provided, however, that this Section III does not prevent transfers by will or by the applicable laws of descent and distribution, or pursuant to the terms of a Qualified Domestic Relations Order.

IV. RIGHTS AS A STOCKHOLDER

Notwithstanding Section 9.06 of the Plan to the contrary, Employee shall be entitled to all of the rights of a stockholder with respect to the Shares, including the right to vote such Shares and to receive dividends and other distributions payable with respect to such Shares from and after the Date of Grant; provided that any securities or other property (but not cash) received in any such distribution with respect to any Shares that are still subject to the restrictions of Section II and III of this Agreement shall be subject to all of the restrictions in this Agreement with respect to such Shares.

V. REGISTRATION

Subject to the other terms and conditions of this Agreement, the Shares may be offered and sold by Employee only if such stock is registered for resale under the Securities Act of 1933, as amended (the "Securities Act"), or if an exemption from registration under the Securities Act is available. Employee acknowledges and agrees: (a) that the Company has no obligation to effect such registration; (b) not to offer or sell the Shares unless and until such stock is registered for resale under the Securities Act or an exemption from registration is available; and (c) that the Shares were acquired for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

VI. NO RIGHT TO EMPLOYMENT CONFERRED

Nothing in this Agreement or the Plan shall confer upon Employee any right to continue in employment with the Company or a subsidiary or interfere in any way with the right of the Company or any subsidiary to terminate such person's employment at any time.

VII. MISCELLANEOUS

(a) In accordance with the terms of the Plan, the Company is entitled to withhold (or secure payment from Employee in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to the award or issuance of the Shares. Employee understands that the taxable income recognized by Employee as a result of the award of the Shares would be affected by a decision by Employee to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "83(b) Election"), with respect to the Shares within thirty (30) days after the Date of Grant. Employee acknowledges and agrees that he will have the sole responsibility for determining whether to make an 83(b) Election with respect to the Shares and for properly making such election and filing such election with the relevant taxing authorities on a timely basis.

(b) If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue to be in full force and effect to the maximum extent permitted by law. If the implementation or presence of any provision of this Agreement would or will cause the Plan and thereby the Shares purchased thereunder to not be in compliance with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or any other statutory provision, such Agreement provision shall not be implemented or, at the Company's option following notice, such provision shall be severed from the Agreement as is appropriate or necessary to achieve statutory compliance; provided, however, that the parties hereby agree to negotiate in good faith as may be necessary to modify this Agreement to achieve statutory compliance or otherwise effectuate the intent of the parties following a severance permitted by this Section VII(b).

(c) Any notice required to be given hereunder to the Company shall be addressed to the Chief Financial Officer, Sun Communities, Inc., 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, and any notice required to be given to Employee shall be sent to Employee's address as shown on the records of the Company.

(d) This instrument contains the entire Agreement of the parties and may only be amended by written agreement executed by the parties hereto.

(e) This Agreement is made and entered into in, and shall be construed and enforced in accordance with the laws of, the State of Michigan.

IN WITNESS WHEREOF, this Restricted Stock Award Agreement is hereby executed as of June 5, 1998.

"COMPANY"

SUN COMMUNITIES, INC., a Maryland corporation

By:

Jeffrey P. Jorissen, Chief Financial Officer

"EMPLOYEE"

GARY A. SHIFFMAN

SUN COMMUNITIES, INC.
AMENDED AND RESTATED 1993 STOCK OPTION PLAN
RESTRICTED STOCK AWARD AGREEMENT

Sun Communities, Inc., a Maryland corporation (the "Company"), upon the recommendation of the Company's Board of Directors (the "Board") and pursuant to that certain Amended and Restated 1993 Stock Option Plan adopted by the Company's Board of Directors (the "Plan") and approved by its shareholders, and in consideration of the services to be rendered to the Company or its subsidiaries by JEFFREY P. JORISSEN ("Employee"), hereby grants, as of June 5, 1998 (the "Date of Grant"), to Employee fifty thousand (50,000) shares of the Company's Common Stock, par value \$0.01 per share (the "Shares"), subject to the terms and conditions contained in this Restricted Stock Award Agreement (the "Agreement") and subject to all the terms and conditions of the Plan, which are incorporated by reference herein. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

I. RECEIPT AND DELIVERY OF SHARES

Until such time as the Shares vest in accordance with Section II below, the stock certificate or certificates evidencing the Shares shall be registered in the name of Employee but held in escrow by the Company. As soon as practicable after the date upon which any Shares vest, the Company shall deliver to Employee a certificate or certificates representing such vested Shares, registered in the name of Employee.

II. VESTING SCHEDULE

(a) Subject to the restrictions and conditions set forth in the Plan, the Shares shall vest as follows:

- (i) 5,000 Shares vest on January 31, 2002;
- (ii) 5,000 Shares vest on January 31, 2003;
- (iii) 5,000 Shares vest on January 31, 2004;
- (iv) 5,000 Shares vest on January 31, 2005;
- (v) 5,000 Shares vest on January 31, 2006;
- (vi) 5,000 Shares vest on January 31, 2007; and
- (vii) 20,000 Shares vest on January 31, 2008.

(b) In the event of Employee's Termination of Employment at any time for any reason other than the death or Disability (as defined below) of Employee, all unvested Shares shall be automatically forfeited to the Company and, accordingly, Employee shall forfeit all right, title and interest in and to such forfeited Shares. For purposes hereof, "Disability" shall mean physical or mental incapacity for an aggregate period of at least 90 days within any period of 365 consecutive days.

(c) Notwithstanding anything to the contrary herein, upon the death or Disability of Employee or the occurrence of a Change of Control Event, all unvested Shares shall immediately become fully vested.

III. RESTRICTIONS ON SHARES

Until a Share vests pursuant to Section II above, it shall not be liable for the debts, contracts or obligations of Employee nor be subject to disposition by assignment, transfer, sale, alienation, pledge, encumbrance or any other means, whether such disposition is voluntary or involuntary or by operation of

law by judgment, levy, attachment, garnishment or other legal or equitable proceeding (including bankruptcy), and any attempted disposition thereof shall be null and void and of no force or effect; provided, however, that this Section III does not prevent transfers by will or by the applicable laws of descent and distribution, or pursuant to the terms of a Qualified Domestic Relations Order.

IV. RIGHTS AS A STOCKHOLDER

Notwithstanding Section 9.06 of the Plan to the contrary, Employee shall be entitled to all of the rights of a stockholder with respect to the Shares, including the right to vote such Shares and to receive dividends and other distributions payable with respect to such Shares from and after the Date of Grant; provided that any securities or other property (but not cash) received in any such distribution with respect to any Shares that are still subject to the restrictions of Section II and III of this Agreement shall be subject to all of the restrictions in this Agreement with respect to such Shares.

V. REGISTRATION

Subject to the other terms and conditions of this Agreement, the Shares may be offered and sold by Employee only if such stock is registered for resale under the Securities Act of 1933, as amended (the "Securities Act"), or if an exemption from registration under the Securities Act is available. Employee acknowledges and agrees: (a) that the Company has no obligation to effect such registration; (b) not to offer or sell the Shares unless and until such stock is registered for resale under the Securities Act or an exemption from registration is available; and (c) that the Shares were acquired for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

VI. NO RIGHT TO EMPLOYMENT CONFERRED

Nothing in this Agreement or the Plan shall confer upon Employee any right to continue in employment with the Company or a subsidiary or interfere in any way with the right of the Company or any subsidiary to terminate such person's employment at any time.

VII. MISCELLANEOUS

(a) In accordance with the terms of the Plan, the Company is entitled to withhold (or secure payment from Employee in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to the award or issuance of the Shares. Employee understands that the taxable income recognized by Employee as a result of the award of the Shares would be affected by a decision by Employee to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "83(b) Election"), with respect to the Shares within thirty (30) days after the Date of Grant. Employee acknowledges and agrees that he will have the sole responsibility for determining whether to make an 83(b) Election with respect to the Shares and for properly making such election and filing such election with the relevant taxing authorities on a timely basis.

(b) If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue to be in full force and effect to the maximum extent permitted by law. If the implementation or presence of any provision of this Agreement would or will cause the Plan and thereby the Shares purchased thereunder to not be in compliance with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or any other statutory provision, such Agreement provision shall not be implemented or, at the Company's option following notice, such provision shall be severed from the Agreement as is appropriate or necessary to achieve statutory compliance; provided, however, that the parties hereby agree to negotiate in good faith as may be necessary to modify this Agreement to achieve statutory compliance or otherwise effectuate the intent of the parties following a severance permitted by this Section VII(b).

(c) Any notice required to be given hereunder to the Company shall be addressed to the Chief Executive Officer, Sun Communities, Inc., 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, and any notice required to be given to Employee shall be sent to Employee's address as shown on the records of the Company.

(d) This instrument contains the entire Agreement of the parties and may only be amended by written agreement executed by the parties hereto.

(e) This Agreement is made and entered into in, and shall be construed and enforced in accordance with the laws of, the State of Michigan.

IN WITNESS WHEREOF, this Restricted Stock Award Agreement is hereby executed as of June 5, 1998.

"COMPANY"

SUN COMMUNITIES, INC., a Maryland corporation

By:

Gary A. Shiffman, Chief Executive Officer

"EMPLOYEE"

JEFFREY P. JORISSEN

SUN COMMUNITIES, INC.
AMENDED AND RESTATED 1993 STOCK OPTION PLAN
RESTRICTED STOCK AWARD AGREEMENT

Sun Communities, Inc., a Maryland corporation (the "Company"), upon the recommendation of the Company's Board of Directors (the "Board") and pursuant to that certain Amended and Restated 1993 Stock Option Plan adopted by the Company's Board of Directors (the "Plan") and approved by its shareholders, and in consideration of the services to be rendered to the Company or its subsidiaries by JONATHAN M. COLMAN ("Employee"), hereby grants, as of June 5, 1998 (the "Date of Grant"), to Employee fifteen thousand (15,000) shares of the Company's Common Stock, par value \$0.01 per share (the "Shares"), subject to the terms and conditions contained in this Restricted Stock Award Agreement (the "Agreement") and subject to all the terms and conditions of the Plan, which are incorporated by reference herein. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

I. RECEIPT AND DELIVERY OF SHARES

Until such time as the Shares vest in accordance with Section II below, the stock certificate or certificates evidencing the Shares shall be registered in the name of Employee but held in escrow by the Company. As soon as practicable after the date upon which any Shares vest, the Company shall deliver to Employee a certificate or certificates representing such vested Shares, registered in the name of Employee.

II. VESTING SCHEDULE

(a) Subject to the restrictions and conditions set forth in the Plan, the Shares shall vest as follows:

- (i) 1,500 Shares vest on January 31, 2002;
- (ii) 1,500 Shares vest on January 31, 2003;
- (iii) 1,500 Shares vest on January 31, 2004;
- (iv) 1,500 Shares vest on January 31, 2005;
- (v) 1,500 Shares vest on January 31, 2006;
- (vi) 1,500 Shares vest on January 31, 2007; and
- (vii) 6,000 Shares vest on January 31, 2008.

(b) In the event of Employee's Termination of Employment at any time for any reason other than the death or Disability (as defined below) of Employee, all unvested Shares shall be automatically forfeited to the Company and, accordingly, Employee shall forfeit all right, title and interest in and to such forfeited Shares. For purposes hereof, "Disability" shall mean physical or mental incapacity for an aggregate period of at least 90 days within any period of 365 consecutive days.

(c) Notwithstanding anything to the contrary herein, upon the death or Disability of Employee or the occurrence of a Change of Control Event, all unvested Shares shall immediately become fully vested.

III. RESTRICTIONS ON SHARES

Until a Share vests pursuant to Section II above, it shall not be liable for the debts, contracts or obligations of Employee nor be subject to disposition by assignment, transfer, sale, alienation, pledge, encumbrance or any other means, whether such disposition is voluntary or involuntary or by operation of

law by judgment, levy, attachment, garnishment or other legal or equitable proceeding (including bankruptcy), and any attempted disposition thereof shall be null and void and of no force or effect; provided, however, that this Section III does not prevent transfers by will or by the applicable laws of descent and distribution, or pursuant to the terms of a Qualified Domestic Relations Order.

IV. RIGHTS AS A STOCKHOLDER

Notwithstanding Section 9.06 of the Plan to the contrary, Employee shall be entitled to all of the rights of a stockholder with respect to the Shares, including the right to vote such Shares and to receive dividends and other distributions payable with respect to such Shares from and after the Date of Grant; provided that any securities or other property (but not cash) received in any such distribution with respect to any Shares that are still subject to the restrictions of Section II and III of this Agreement shall be subject to all of the restrictions in this Agreement with respect to such Shares.

V. REGISTRATION

Subject to the other terms and conditions of this Agreement, the Shares may be offered and sold by Employee only if such stock is registered for resale under the Securities Act of 1933, as amended (the "Securities Act"), or if an exemption from registration under the Securities Act is available. Employee acknowledges and agrees: (a) that the Company has no obligation to effect such registration; (b) not to offer or sell the Shares unless and until such stock is registered for resale under the Securities Act or an exemption from registration is available; and (c) that the Shares were acquired for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

VI. NO RIGHT TO EMPLOYMENT CONFERRED

Nothing in this Agreement or the Plan shall confer upon Employee any right to continue in employment with the Company or a subsidiary or interfere in any way with the right of the Company or any subsidiary to terminate such person's employment at any time.

VII. MISCELLANEOUS

(a) In accordance with the terms of the Plan, the Company is entitled to withhold (or secure payment from Employee in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to the award or issuance of the Shares. Employee understands that the taxable income recognized by Employee as a result of the award of the Shares would be affected by a decision by Employee to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "83(b) Election"), with respect to the Shares within thirty (30) days after the Date of Grant. Employee acknowledges and agrees that he will have the sole responsibility for determining whether to make an 83(b) Election with respect to the Shares and for properly making such election and filing such election with the relevant taxing authorities on a timely basis.

(b) If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue to be in full force and effect to the maximum extent permitted by law. If the implementation or presence of any provision of this Agreement would or will cause the Plan and thereby the Shares purchased thereunder to not be in compliance with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or any other statutory provision, such Agreement provision shall not be implemented or, at the Company's option following notice, such provision shall be severed from the Agreement as is appropriate or necessary to achieve statutory compliance; provided, however, that the parties hereby agree to negotiate in good faith as may be necessary to modify this Agreement to achieve statutory compliance or otherwise effectuate the intent of the parties following a severance permitted by this Section VII(b).

(c) Any notice required to be given hereunder to the Company shall be addressed to the Chief Executive Officer, Sun Communities, Inc., 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, and any notice required to be given to Employee shall be sent to Employee's address as shown on the records of the Company.

(d) This instrument contains the entire Agreement of the parties and may only be amended by written agreement executed by the parties hereto.

(e) This Agreement is made and entered into in, and shall be construed and enforced in accordance with the laws of, the State of Michigan.

IN WITNESS WHEREOF, this Restricted Stock Award Agreement is hereby executed as of June 5, 1998.

"COMPANY"

SUN COMMUNITIES, INC., a Maryland corporation

By:

Gary A. Shiffman, Chief Executive Officer

"EMPLOYEE"

JONATHAN M. COLMAN

SUN COMMUNITIES, INC.
AMENDED AND RESTATED 1993 STOCK OPTION PLAN
RESTRICTED STOCK AWARD AGREEMENT

Sun Communities, Inc., a Maryland corporation (the "Company"), upon the recommendation of the Company's Board of Directors (the "Board") and pursuant to that certain Amended and Restated 1993 Stock Option Plan adopted by the Company's Board of Directors (the "Plan") and approved by its shareholders, and in consideration of the services to be rendered to the Company or its subsidiaries by BRIAN W. FANNON ("Employee"), hereby grants, as of June 5, 1998 (the "Date of Grant"), to Employee twenty-five thousand (25,000) shares of the Company's Common Stock, par value \$0.01 per share (the "Shares"), subject to the terms and conditions contained in this Restricted Stock Award Agreement (the "Agreement") and subject to all the terms and conditions of the Plan, which are incorporated by reference herein. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

I. RECEIPT AND DELIVERY OF SHARES

Until such time as the Shares vest in accordance with Section II below, the stock certificate or certificates evidencing the Shares shall be registered in the name of Employee but held in escrow by the Company. As soon as practicable after the date upon which any Shares vest, the Company shall deliver to Employee a certificate or certificates representing such vested Shares, registered in the name of Employee.

II. VESTING SCHEDULE

(a) Subject to the restrictions and conditions set forth in the Plan, the Shares shall vest as follows:

- (i) 2,500 Shares vest on January 31, 2002;
- (ii) 2,500 Shares vest on January 31, 2003;
- (iii) 2,500 Shares vest on January 31, 2004;
- (iv) 2,500 Shares vest on January 31, 2005;
- (v) 2,500 Shares vest on January 31, 2006;
- (vi) 2,500 Shares vest on January 31, 2007; and
- (vii) 10,000 Shares vest on January 31, 2008.

(b) In the event of Employee's Termination of Employment at any time for any reason other than the death or Disability (as defined below) of Employee, all unvested Shares shall be automatically forfeited to the Company and, accordingly, Employee shall forfeit all right, title and interest in and to such forfeited Shares. For purposes hereof, "Disability" shall mean physical or mental incapacity for an aggregate period of at least 90 days within any period of 365 consecutive days.

(c) Notwithstanding anything to the contrary herein, upon the death or Disability of Employee or the occurrence of a Change of Control Event, all unvested Shares shall immediately become fully vested.

III. RESTRICTIONS ON SHARES

Until a Share vests pursuant to Section II above, it shall not be liable for the debts, contracts or obligations of Employee nor be subject to disposition by assignment, transfer, sale, alienation, pledge, encumbrance or any other means, whether such disposition is voluntary or involuntary or by operation of

law by judgment, levy, attachment, garnishment or other legal or equitable proceeding (including bankruptcy), and any attempted disposition thereof shall be null and void and of no force or effect; provided, however, that this Section III does not prevent transfers by will or by the applicable laws of descent and distribution, or pursuant to the terms of a Qualified Domestic Relations Order.

IV. RIGHTS AS A STOCKHOLDER

Notwithstanding Section 9.06 of the Plan to the contrary, Employee shall be entitled to all of the rights of a stockholder with respect to the Shares, including the right to vote such Shares and to receive dividends and other distributions payable with respect to such Shares from and after the Date of Grant; provided that any securities or other property (but not cash) received in any such distribution with respect to any Shares that are still subject to the restrictions of Section II and III of this Agreement shall be subject to all of the restrictions in this Agreement with respect to such Shares.

V. REGISTRATION

Subject to the other terms and conditions of this Agreement, the Shares may be offered and sold by Employee only if such stock is registered for resale under the Securities Act of 1933, as amended (the "Securities Act"), or if an exemption from registration under the Securities Act is available. Employee acknowledges and agrees: (a) that the Company has no obligation to effect such registration; (b) not to offer or sell the Shares unless and until such stock is registered for resale under the Securities Act or an exemption from registration is available; and (c) that the Shares were acquired for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

VI. NO RIGHT TO EMPLOYMENT CONFERRED

Nothing in this Agreement or the Plan shall confer upon Employee any right to continue in employment with the Company or a subsidiary or interfere in any way with the right of the Company or any subsidiary to terminate such person's employment at any time.

VII. MISCELLANEOUS

(a) In accordance with the terms of the Plan, the Company is entitled to withhold (or secure payment from Employee in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to the award or issuance of the Shares. Employee understands that the taxable income recognized by Employee as a result of the award of the Shares would be affected by a decision by Employee to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "83(b) Election"), with respect to the Shares within thirty (30) days after the Date of Grant. Employee acknowledges and agrees that he will have the sole responsibility for determining whether to make an 83(b) Election with respect to the Shares and for properly making such election and filing such election with the relevant taxing authorities on a timely basis.

(b) If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue to be in full force and effect to the maximum extent permitted by law. If the implementation or presence of any provision of this Agreement would or will cause the Plan and thereby the Shares purchased thereunder to not be in compliance with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or any other statutory provision, such Agreement provision shall not be implemented or, at the Company's option following notice, such provision shall be severed from the Agreement as is appropriate or necessary to achieve statutory compliance; provided, however, that the parties hereby agree to negotiate in good faith as may be necessary to modify this Agreement to achieve statutory compliance or otherwise effectuate the intent of the parties following a severance permitted by this Section VII(b).

(c) Any notice required to be given hereunder to the Company shall be addressed to the Chief Executive Officer, Sun Communities, Inc., 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, and any notice required to be given to Employee shall be sent to Employee's address as shown on the records of the Company.

(d) This instrument contains the entire Agreement of the parties and may only be amended by written agreement executed by the parties hereto.

(e) This Agreement is made and entered into in, and shall be construed and enforced in accordance with the laws of, the State of Michigan.

IN WITNESS WHEREOF, this Restricted Stock Award Agreement is hereby executed as of June 5, 1998.

"COMPANY"

SUN COMMUNITIES, INC., a Maryland corporation

By:

Gary A. Shiffman, Chief Executive Officer

"EMPLOYEE"

BRIAN W. FANNON

SUN COMMUNITIES, INC.
1998 STOCK PURCHASE PLAN

1. PURPOSE. The 1998 Stock Purchase Plan (the "Plan") of Sun Communities, Inc., a Maryland corporation (the "Company"), is adopted to facilitate the immediate purchase of shares of the Company's Common Stock, \$.01 par value per share ("Common Stock"), and limited partnership interests (the "Common OP Units") in Sun Communities Operating Limited Partnership, a Michigan limited partnership, by certain employees, consultants, officers and directors of the Company, its subsidiaries and affiliates. The purpose of the Plan is to increase the ownership of Common Stock and Common OP Units among key employees, consultants, officers and directors of the Company, its subsidiaries and affiliates in order to more closely align their financial rewards with the financial rewards realized by all other holders of Common Stock.

2. ELIGIBILITY. Only Eligible Participants (as defined below) are eligible to purchase shares of Common Stock under this Plan and only Eligible Participants who are also "Accredited Investors" (as that term is defined in Regulation D promulgated under the Securities Act of 1933, as amended) are eligible to purchase Common OP Units under this Plan. For purposes of this Plan, "Eligible Participants" means all employees, consultants, officers and directors of the Company, its subsidiaries and/or affiliates whose annual gross income is at least \$50,000.00 and such other employees and consultants of the Company, its subsidiaries and affiliates selected by the Company in its sole and absolute discretion.

3. PARTICIPATION. No Eligible Participant is required to participate in the Plan and, subject to the eligibility requirements of Section 2 above and the limitations of Section 4 below, an Eligible Participant may purchase any number of shares of Common Stock and/or Common OP Units under this Plan. To become a Plan participant ("Active Participant"), an Eligible Participant must satisfy the following requirements on or before the Issuance Date (as defined below):

- (a) submit a completed, signed and irrevocable subscription agreement to purchase, on or before November 30, 1998 or such other date designated by the Board of Directors of the Company (the "Issuance Date"), a specified number of shares of Common Stock and/or Common OP Units (the "Purchased Shares") at \$31.75 per Purchased Share;
- (b) submit payment to the Company of \$0.25 per Purchased Share to cover a portion of the fees and expenses incurred by the Company in connection with implementing and administering this Plan (the "Fees") (see Section 8 regarding payment of the remaining portion of the Fees);
- (c) complete and sign all necessary agreements and other documents relating to the loan described in Section 6 below if the Active Participant elects to participate in the loan program; and
- (d) pay for the Purchased Shares (with the Active Participant's own funds or those funds received pursuant to the loan program) pursuant to Section 5 below.

4. LIMITATIONS. Notwithstanding anything to the contrary contained herein, (a) no Active Participant may purchase (i) less than 2,500 shares of Common Stock and/or Common OP Units, or (ii) shares of Common Stock and/or Common OP Units having a value of more than three (3) times such Active Participant's annual gross income, unless the Company, in its sole and absolute discretion, is satisfied with the financial condition of such Active Participant; (b) no Active Participant may purchase more than 170,000 shares of Common Stock and/or Common OP Units under this Plan; and (c) the aggregate number of shares of Common Stock and Common OP Units issuable under this Plan shall not exceed 850,000. If the Company receives subscription agreements for more than 850,000 shares of Common Stock and Common OP Units in the

aggregate from Eligible Participants, the Company will issue Common Stock and Common OP Units on a pro rata basis among the Eligible Participants satisfying the requirements set forth in Section 3 based on the number of shares of Common Stock and/or Common OP Units desired to be acquired by each Eligible Participant in accordance with Section 3.

5. PAYMENT OF PURCHASE PRICE. On or before the Issuance Date, each Active Participant must deliver to the Company (at such place and in such manner as may be determined by the Board of Directors of the Company) an amount equal to the product of such Active Participant's Purchased Shares and \$31.75 (the "Purchase Price") ; provided, however that if the Company reasonably determines that the Purchase Price when compared to the fair market value of the Common Stock on the Issuance Date produces (taking into account Section 9 of this Plan) a price discount to the Active Participants greater than five (5%) percent, the Company may increase the Purchase Price or modify the Sharing Ratio (as defined in Section 9) to reduce such discount to no more than five (5%) percent.

6. LOAN. The Company has arranged for each Active Participant to have the opportunity to obtain a loan (a "Loan") to fund the purchase of the Purchased Shares through a syndicate of banks (the "Banks") for which The First National Bank of Chicago is serving as agent. Each Active Participant must sign a letter of direction which directs all loan proceeds to be paid directly to the Company in payment for the Purchased Shares and each Active Participant is responsible for satisfying all of the lending requirements specified by the Banks to qualify for the Loan. Each Active Participant is fully obligated to repay to the Banks all principal, interest and fees on the Loan when due and payable. The Company has arranged for each Active Participant to have an opportunity to obtain a Loan, but the Company is not advising any Active Participant as to whether or not it is in the best interest of such Active Participant to obtain a Loan, as such Active Participant must make such decision on his or her own behalf with the advice of any representatives or advisors such Active Participant may elect to consult. This Section 6 is only a brief summary of the Loan program, and is subject to the terms and conditions set forth in each document prepared by the Banks that an Active Participant may sign in connection with a Loan.

7. REGISTRATION OF SHARES. On the Issuance Date, the Purchased Shares shall be registered in the name of the Active Participant and certificated. Each certificate shall bear a legend referring to this Plan and the agreements between the Active Participant and the Company relating to the Purchased Shares. No certificate will be issued to evidence Common OP Units as each Active Participant purchasing Common OP Units will receive an amendment to the partnership agreement of Sun Communities Operating Limited Partnership indicating the number of Common OP Units held by such Active Participant.

8. DIVIDENDS; SALE OF PURCHASED SHARES. To the extent required by the loan agreements and documents identified in Section 3(c) above, the Company shall be irrevocably directed to deliver all dividends and distributions earned on each Active Participant's Purchased Shares directly to The First National Bank of Chicago for payment of interest accrued on such Active Participant's Loan. Any dividends or distributions in excess of required interest payments will be deposited to such Active Participant's account at The First National Bank of Chicago. Upon the sale of the Purchased Shares, the Active Participant shall pay to the Company (or, if appropriate, the Company shall withhold from the Active Participant) any remaining Fees associated with such Purchased Shares, which remaining Fees shall be calculated by the Company, but are presently estimated at \$0.60 per Purchased Share.

9. GAIN ON SALES. Subject to Section 5 above, an Active Participant who sells Purchased Shares prior to November 30, 2001 shall, after payment of broker's fees, contemporaneously remit to the Company fifty percent (50%) of any profit recognized upon such sale (the "Sharing Ratio"); provided, however, that no profit shall be remitted to the Company pursuant to this Section 9 in the event of the death or permanent disability of the Active Participant.

10. LOAN GUARANTY. As a condition to the loan arrangement that the Company has made with The First National Bank of Chicago, the Company will guarantee repayment to The First National Bank of Chicago of all principal, interest, early payment fees and other obligations of each Active Participant under such Active Participant's Loan (the "Guaranty"). Notwithstanding anything to the contrary contained herein, each Active Participant is fully obligated to repay to The First National Bank of Chicago, in a timely manner, all principal, interest, and other amounts due on such Active Participant's Loan. By participating in the Plan, each Active Participant acknowledges and agrees that the Company may take any and all lawful actions relating to an Active Participant and his or her assets, which the Board of Directors of the Company deems reasonable and necessary, to obtain full reimbursement for amounts the Company pays to The First National Bank of Chicago under the Guaranty as a result of such Active Participant's Loan.

11. SECURITY. Notwithstanding anything to the contrary contained herein, neither the Loan nor the Guaranty shall be secured or "indirectly secured" (as defined in Regulation U of the Board of Governors of the Federal Reserve System) by shares of Common Stock issued under the Plan. Each Active Participant purchasing Common OP Units under this Plan must enter into a security agreement (in form and substance satisfactory to the Company) with the Company whereby: (a) all Common OP Units purchased by such Active Participant under this Plan are pledged to the Company as security for the Company's obligations under the Guaranty with respect to such Active Participant's Loan; and (b) such Active Participant agrees that the Common OP Units issued under this Plan are not convertible into shares of Common Stock unless and until such Active Participant's Loan is repaid in full.

12. REGISTRATION RIGHTS. The limited partnership agreement of Sun Communities Operating Limited Partnership presently provides that each Common OP Unit may be converted into one share of Common Stock (such conversion ratio is subject to change as set forth in the partnership agreement). Each share of Common Stock issued under the Plan and each share of Common Stock that may be received upon conversion of a Common OP Unit has not been registered under the Securities Act of 1933 or any state securities law, and will be characterized as "restricted stock". By virtue of being classified as restricted stock, the Common Stock (whether originally issued or received upon conversion of a Common OP Unit) cannot be sold unless such stock is registered under the Securities Act of 1933 or an exemption is available. The Company will offer, on or before November 30, 2001, to each Active Participant the right to register for sale all Purchased Shares pursuant to the Securities Act of 1933. The Company will use reasonable efforts to register the Purchased Shares for sale by filing with the Securities and Exchange Commission a registration statement covering the sale of the Purchased Shares held by those Active Participants that wish to participate in the registration. As a condition to such registration, each Active Participant electing to register his or her Purchased Shares will be required to enter into a registration rights agreement with the Company.

13. NOTICES. Any notice to the Company from an Active Participant shall be addressed as follows:

Sun Communities, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attn: Chief Financial Officer

All notices to the Company will be deemed effective upon receipt.

14. COMPLIANCE WITH REIT RULES. In order to comply with certain tax rules applicable to the Company by virtue of its status as a real estate investment trust, the Company reserves the right to modify the Purchase Price and/or Sharing Ratio, to ensure compliance with such rules.

15. MISCELLANEOUS.

(a) Neither this Plan nor any action taken hereunder shall be construed as giving any Eligible Participant any right to be retained in the employ of the Company, its subsidiaries and/or affiliates.

(b) This Plan shall be governed by, and construed in accordance with, the laws of the State of Michigan.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into on this 31st day of December, 1998, but shall be effective as of January 1, 1999, by and between SUN HOME SERVICES, INC., a Michigan corporation (the "Company"), and BRIAN W. FANNON (the "Executive").

PRELIMINARY NOTE:

This Agreement is entered into contemporaneously with that certain Employment Agreement (the "Sun Agreement") by and between the Executive and Sun Communities, Inc., a Maryland corporation ("Sun Communities"), and, in the event of any contradiction between the terms of this Agreement and the terms of the Sun Agreement, the Sun Agreement shall control.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. Employment.

The Company agrees to employ the Executive and the Executive accepts the employment, on the terms and subject to the conditions set forth below. During the term of employment hereunder, the Executive shall serve as the Chief Executive Officer of the Company, and shall do and perform diligently all such services, acts and things as are customarily done and performed by such officers of companies in similar business and in size to the Company, together with such other duties as may reasonably be requested from time to time by the Board of Directors of the Company (the "Board"), which duties shall be consistent with the Executive's position as set forth above.

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, 1999 and shall continue thereafter for a period of three (3) years ending on December 31, 2001.

3. Devotion to the Company's Business.

The Executive shall devote his best efforts, knowledge, skill, and his entire productive time, ability and attention to the business of the Company and its Affiliates (as defined in paragraph 12 of the Sun Agreement) during the term of this Agreement.

4. Compensation.

(a) During the term of this Agreement, the Company shall pay or provide, as the case may be, to the Executive the compensation and other benefits and rights set forth in paragraphs 4, 5 and 6 of this Agreement.

(b) Base Compensation. As compensation for the services to be performed hereunder, the Company shall pay to the Executive, during his employment hereunder, an annual base salary (the "Base Salary") of Two Hundred Twenty Five Thousand Dollars (\$225,000.00) per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly).

(c) Annual Salary Increase. On January 1 of each year, commencing January 1, 2000, the Base Salary shall be increased by five percent (5%) of the Base Salary for the immediately prior year or such greater increase as may be deemed appropriate by the Board, in

its sole and absolute discretion.

(d) Bonus. The Board shall prepare and adopt an executive bonus plan (the "Bonus Plan") which shall be established for the payment of an incentive bonus to the Executive based on the Company achieving certain performance criteria to be established by the Company and the Executive. Upon adoption, a copy of the Bonus Plan shall be attached to this Agreement and incorporated herein, and the Executive shall be eligible to receive an award under the Bonus Plan on the terms and conditions set forth in that document; provided, however, that such bonus shall not exceed fifty percent (50%) of the Executive's then current Base Salary.

5. Benefits.

(a) Insurance. The Company shall provide to the Executive life, medical and hospitalization insurance for himself, his spouse and eligible family members as may be determined by the Board to be consistent with the Company's standard policies.

(b) Benefit Plans. The Executive, at his election, may participate, during his employment hereunder, in all retirement plans, 401(K) plans and other benefit plans of the Company generally available from time to time to other executive employees of the Company and for which the Executive qualifies under the terms of the plans (and nothing in this Agreement shall or shall be deemed to in any way affect the Executive's right and benefits under any such plan except as expressly provided herein). The Executive shall also be entitled to participate in any equity, stock option or other employee benefit plan that is generally available to senior executives, as distinguished from general management, of the Company. The Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(c) Annual Vacation. The Executive shall be entitled to the vacation time specified in the Sun Agreement.

6. Reimbursement of Business Expenses.

The Company shall reimburse the Executive or provide him with an expense allowance during the term of this Agreement for travel, car telephone, and other expenses reasonably and necessarily incurred by the Executive in connection with the Company's business. The Executive shall furnish such documentation with respect to reimbursement to be paid hereunder as the Company shall reasonably request.

7. Termination of Employment.

This Agreement, and the Executive's employment hereunder, shall automatically be terminated upon termination of the Sun Agreement.

8. Severance Compensation.

(a) In the event that Sun Communities terminates the Executive's employment under the Sun Agreement without "cause" pursuant to paragraph 7(a) (i) thereof, the Executive shall be entitled to any unpaid salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination and the Company shall pay the Executive monthly an amount equal to one-twelfth (1/12) of the Base Salary in effect on the date of such termination for a period of up to twelve (12) months if the Executive fully complies with paragraph 12 of the Sun Agreement (the "Severance Payment"). Notwithstanding the foregoing, the Company, in its sole discretion, may elect to make the Severance Payment to the Executive in one lump sum due within thirty (30) days of the Executive's termination of employment.

(b) In the event of termination of the Executive's employment under the Sun Agreement for "cause" or if the Executive voluntarily terminates his employment under the Sun Agreement, the Executive shall be entitled to no further compensation or other benefits under this Agreement, except only as to any unpaid salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination.

(c) Regardless of the reason for termination of the Executive's employment hereunder, bonuses and benefits shall be prorated for any period of employment not covering an entire year of employment.

(d) Notwithstanding anything to the contrary in this paragraph 8, the Company's obligation to pay, and the Executive's right to receive, any compensation under this paragraph 8, including, without limitation, the Severance Payment, shall terminate upon the Executive's breach of any provision of paragraph 12 of the Sun Agreement or the Executive's breach of any provision of that certain Reimbursement Agreement by and between the Executive and Sun Communities Operating Limited Partnership. In addition, the Executive shall promptly forfeit any compensation received from the Company under this paragraph 8, including, without limitation, the Severance Payment, upon the Executive's breach of any provision of paragraph 12 of the Sun Agreement.

9. Affiliates. Upon any termination of the Executive's employment under this Agreement, the Executive shall be deemed to have resigned from any and all offices or directorships held by the Executive in the Company and/or the Affiliates.

10. Effect of Change of Control.

(a) In the event that Sun Communities is required to pay the Executive Change in Control Benefits (as defined in the Sun Agreement), the Company shall pay the Executive the following (the "SHS Change in Control Benefits"):

(i) A cash payment equal to two and 99/100 (2.99) times the Base Salary in effect on the date of such Change in Control (as defined in the Sun Agreement), payable within sixty (60) days of the Change in Control; and

(ii) Continued receipt of all compensation and benefits set forth in paragraphs 5(a) and 5(b) of this Agreement, until the earlier of (i) one year following the Change in Control (subject to the Executive's COBRA rights) or (ii) the commencement of comparable coverage from another employer. The provision of any one benefit by another employer shall not preclude the Executive from continuing participation in Company benefit programs provided under this paragraph 10(a)(ii) that are not provided by the subsequent employer. The Executive shall promptly notify the Company upon receipt of benefits from a new employer comparable to any benefit provided under this paragraph 10(a)(ii).

(b) The benefits set forth in paragraph 10(a) above are in addition to any and all other Company benefits to which the Executive may be entitled, including, without limitation, the Base Salary and Severance Payment.

(c) Notwithstanding anything to the contrary herein, the SHS Change in Control Benefits shall be reduced by all payments to the Executive which constitute "excess parachute payments" under Section 280(G) of the Internal Revenue Code of 1986, as amended.

11. Arbitration. Any dispute or controversy arising out of or relating to this Agreement shall be settled finally and exclusively by arbitration in the State of Michigan in accordance with the expedited procedures of the Commercial Arbitration Rules of the American

Arbitration Association then in effect. Such arbitration shall be conducted by an arbitrator(s) appointed by the American Arbitration Association in accordance with its rules and any finding by such arbitrator(s) shall be final and binding upon the parties. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the courts of the State of Michigan for this purpose.

12. Notice. Any notice, request, consent or other communication given or made hereunder shall be given or made only in writing and (a) delivered personally to the party to whom it is directed; (b) sent by first class mail or overnight express mail, postage and charges prepaid, addressed to the party to whom it is directed; or (c) telecopied to the party to whom it is directed, at the following addresses or at such other addresses as the parties may hereafter indicate by written notice as provided herein:

If to the Company:

Sun Home Services, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Fax: (248) 932-3072
Attn: Gary A. Shiffman, President

If to the Executive:

Brian W. Fannon
21555 Chase Drive
Novi, Michigan 48375
Fax: (248) 348-0468

In all events, with a copy to:

Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Fax: (313) 961-8358
Attn: Arthur A. Weiss

Any such notice, request, consent or other communication given or made: (i) in the manner indicated in clause (a) of this paragraph shall be deemed to be given or made on the date on which it was delivered; (ii) in the manner indicated in clause (b) of this paragraph shall be deemed to be given or made on the third business day after the day in which it was deposited in a regularly maintained receptacle for the deposit of the United States mail, or in the case of overnight express mail, on the business day immediately following the day on which it was deposited in the regularly maintained receptacle for the deposit of overnight express mail; and (iii) in the manner indicated in clause (c) of this paragraph shall be deemed to be given or made when received by the telecopier owned or operated by the recipient thereof.

13. Miscellaneous.

(a) The provisions of this Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions and any partially unenforceable provision to the extent enforceable in any jurisdiction nevertheless shall be binding and enforceable.

(b) The rights and obligations of the Company under this Agreement shall

inure to the benefit of, and shall be binding on, the Company and its successors and assigns, and the rights and obligations (other than obligations to perform services) of the Executive under this Agreement shall inure to the benefit of, and shall be binding upon, the Executive and his heirs, personal representatives and assigns. This Agreement is personal to Executive and he may not assign his obligations under this Agreement in any manner whatsoever.

(c) The failure of either party to enforce any provision or protections of this Agreement shall not in any way be construed as a waiver of any such provision or provisions as to any future violations thereof, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted the parties herein are cumulative and the waiver of any single remedy shall not constitute a waiver of such party's right to assert all other legal remedies available to it under the circumstances.

(d) This Agreement supersedes all agreements and understandings between the parties and may not be modified or terminated orally. No modification, termination or attempted waiver shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

(e) This Agreement shall be governed by and construed according to the laws of the State of Michigan.

(f) Captions and paragraph headings used herein are for convenience and are not a part of this Agreement and shall not be used in construing it.

(g) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) Each party shall pay his or its own fees and expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, any fees incurred in connection with any arbitration arising out of the transactions contemplated by this Agreement.

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

COMPANY:

SUN HOME SERVICES, INC.,
a Michigan corporation

By: /s/ Gary A. Shiffman

Gary A. Shiffman, President

EXECUTIVE:

/s/ Brian W. Fannon

BRIAN W. FANNON

EXECUTION COPY

=====

\$25,500,000

FACILITY AND GUARANTY AGREEMENT

AMONG

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,

SUN COMMUNITIES, INC.,

THE SUBSIDIARY GUARANTORS NAMED HEREIN,

THE FIRST NATIONAL BANK OF CHICAGO,
AS AGENT

AND

THE FINANCIAL INSTITUTIONS SIGNATORY HERETO

DATED AS OF

DECEMBER 10, 1998

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FACILITY AND GUARANTY AGREEMENT

THIS FACILITY AND GUARANTY AGREEMENT, dated as of December 10, 1998, is by and among SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership (the "Company"), SUN COMMUNITIES, INC., a Maryland corporation (the "REIT"), the SUBSIDIARY GUARANTORS (as defined herein), the financial institutions named herein (the "Lenders") and THE FIRST NATIONAL BANK OF CHICAGO, individually and as the Agent for the Lenders hereunder.

R E C I T A L S:

A. The Company has requested the Lenders to make advances to certain senior employees, officers and directors of the Company and certain of its Affiliates in the aggregate principal amount of up to \$25,500,000, the proceeds of which will be used by such senior employees, officers and directors to purchase Common Stock and/or Common OP Units pursuant to a stock purchase plan adopted by the Board of Directors of the REIT and the general partner of the Company.

B. By virtue of the Program Participants' services to the Company and the Other Guarantors, the Company and the Other Guarantors have derived and will continue to derive substantial benefits. The Company and the Other Guarantors believe that the ownership of the Common Stock or Common OP Units by the Program Participants which will be facilitated by the Loans will provide incentive to the Program Participants in performing their jobs so as to more closely align the interests of the Program Participants with those of the stockholders of the REIT and the general partner of the Company, and thus confer significant benefits upon the Company and the Other Guarantors.

C. It is a condition precedent to the obligation of the Lenders to make advances to the Program Participants that the Company, the REIT and the Subsidiary Guarantors shall have executed and delivered this Agreement.

D. The Company, the REIT and the Subsidiary Guarantors desire to execute this Agreement to satisfy the condition described in the preceding paragraph and to induce the Lenders to make the Loans contemplated hereby, and the Lenders desire to make the Loans to the Program Participants only on the terms and subject to the conditions set forth herein and in the other Loan Documents.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"Accounts Receivable" means all income and revenues of the Company and any Other Guarantor received and the Company's and such Other Guarantor's right to receive all income and revenues arising from the operation of the Real Property Assets and all payments for goods or property sold or leased or for services rendered by the Company or any Other Guarantor, whether or not yet earned by performance, and not evidenced by an instrument or chattel paper, including, without limiting the generality of the foregoing, (a) all accounts, contract rights, book debts, and notes arising from the operation of a mobile home park or manufactured housing community on the Real Property Assets or arising from the sale, lease or exchange of goods or other property and/or the performance of services, (b) the Company's and any Other Guarantor's rights to payment from any consumer credit/charge card organization or entity (such as, or similar to, the organizations or entities which sponsor and administer the American Express Card, the Visa Card, the BankAmericard, the Carte Blanche Card, or the Mastercard), (c) the Company's and any Other Guarantor's rights in, to and under all purchase orders for goods, services or other property, (d) the Company's and any Other Guarantor's rights to any goods, services or other property represented by any of the foregoing, (e) monies due to or to become due to the Company or any Other Guarantor under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services including the right to payment of any interest or finance charges in respect thereto (whether or not yet earned by performance on the part of the Company or any Other Guarantor) and (f) all collateral security and guaranties of any kind given by any person or entity with respect to any of the foregoing. Accounts Receivable shall include those now existing or hereafter created, substitutions therefor, proceeds (whether cash or non-cash, movable or immovable, tangible or intangible) received upon the sale, exchange, transfer, collection or other disposition or substitution thereof and any and all of the foregoing and proceeds therefrom.

"Advance" means, with respect to any Lender, such Lender's Pro-rata portion of any Loan.

"Affiliate" means, with reference to a specified Person, any Person that directly or indirectly through one or more intermediaries Controls or is Controlled by or is under common Control with the specified Person and any Subsidiaries (including Consolidated Subsidiaries) of such specified Person. For purposes of participation in the Program, Affiliates of the Company includes, but is not limited to, Bingham Financial Services Corporation, MHFC, Inc., Bloomfield Acceptance Company, L.L.C. and Bloomfield Servicing Company, L.L.C.

"Agent" means First Chicago in its capacity as the agent for the Lenders pursuant to Article VIII hereof, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article VIII hereof.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders.

"Agreement" means this Facility and Guaranty Agreement as from time to time amended, supplemented, restated or otherwise modified and in effect.

"Applicable Laws" means all existing and future federal, state and local laws, statutes, orders, ordinances, rules, and regulations or orders, writs, injunctions or decrees of any court affecting the Company, any Other Guarantor or any Real Property Asset, or the use thereof including, but not limited to, all zoning, fire safety and building codes, the Americans with Disabilities Act, and all Environmental Laws (as defined in the Environmental Indemnity).

"Arranger" means First Chicago Capital Markets, Inc. and its successors.

"Aspen Acquisition" has the meaning provided in subsection 5.01(o).

"Assets" of any Person means all assets of such Person that would, in accordance with GAAP, be classified as assets of a company conducting a business the same as or similar to that of such Person, including without limitation, all Real Property Assets.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights.

"Best" means A.M. Best Company, Inc.

"Book Value" means the gross book value of all of a Person's assets that is reflected on such Person's consolidated financial statements (excluding adjustment or allowance for depreciation and amortization) and calculated and prepared in accordance with GAAP.

"Borrower Account" has the meaning set forth in Section 4 of the Note.

"Borrower Event of Repayment" has the meaning set forth in the form of Note attached hereto.

"Borrowers" has the meaning set forth in Section 2.01(a).

"Business Day" means a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York City for the conduct of substantially all of their commercial lending activities and on which dealings in United States Dollars are carried on in the London interbank market.

"Capital Expenditures" means, for any period, the sum of all expenditures during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have a useful life of more than one year.

"Capitalized Lease" as to any Person means (a) any lease of property, real or personal, the obligations under which are capitalized on the consolidated balance sheet of such Person and its Subsidiaries, and (b) any other such lease to the extent that the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee.

"Cash Equivalents" shall mean any of the following, to the extent owned by a Person free and clear of all Liens: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit of or time deposits with any commercial bank that (i) is a Lender or a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) below, and (iii) is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least \$1 billion or (c) commercial paper issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies.

"Change of Control" means either (a) the REIT shall cease to be the [sole] general partner of the Company, or (b) (i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of securities of the REIT (or other securities convertible into such securities) representing more than 20% of the combined voting power of all securities of the REIT entitled to vote in the election of directors, other than securities having such power only by reason of the happening of a contingency or (ii) a majority of the members of the Board of Directors of the REIT shall cease to be Continuing Members. For this purpose, "Continuing Member" means a member of the Board of Directors of the REIT who either (1) was a member of the REIT's Board of Directors on the Closing Date and has been such continuously thereafter or (2) became a member of such Board of Directors after the Closing Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Continuing Members then members of the REIT's Board of Directors.

"Closing Date" means the date on which the Loans are made by the Lenders to the Borrowers hereunder, which subject to the conditions set forth in Article III, shall be a Business Day no later than seven (7) Business Days after the date hereof set forth in a notice delivered to the Agent prior to noon (Chicago time) three (3) Business Days prior to the designated date.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, together with all rules and regulations from time to time promulgated thereunder.

"Commitment" means, for each Lender, the commitment of such Lender to make Loans on the Closing Date pursuant hereto not in the aggregate exceeding the amount set forth opposite such Lender's name on the signature page hereto.

"Common OP Units" has the meaning ascribed to it in the Company's Partnership Agreement.

"Common Stock" means the REIT's Common Stock, \$.01 par value per share.

"Company" has the meaning set forth in the introduction hereto.

"Consolidated Interest Expense" means with respect to any Person for any period, interest accrued or payable by such Person and its Subsidiaries during such period in respect of Total Debt determined on a consolidated basis in accordance with GAAP, taking into account any Hedge Agreement.

"Consolidated Subsidiaries" means those Persons (including the Company and any Operating Partnership) set forth on Schedule 3 hereof, and any other Persons required to be consolidated with the Company or the REIT under GAAP in the Company's or the REIT's consolidated financial statements, and only for so long as (a) such Persons continue to be required to be consolidated with the Company or the REIT under GAAP in the Company's or the REIT's consolidated financial statements or (b) none of the events described in Section 7.01(e) of the Existing Credit Agreement have occurred with respect to any such Persons.

"Construction in Progress" means construction on any vacant, unimproved or non-income producing Undeveloped Land or other Real Property Asset or construction, renovation or rehabilitation of that portion of the net rentable area of any Improvements on Real Property Assets as to which no certificate of occupancy (or its equivalent) has been issued.

"Contingent Obligation" as to any Person means any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases (including Capitalized Leases) dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth, solvency or other financial condition of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof: provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business or obligations of such Person which would not be required under GAAP to be disclosed as liabilities or footnoted on such Person's financial statement. The amount of any accrued or accruable Contingent Obligation shall be determined in accordance with GAAP.

"Control" means in (a) in the case of a corporation, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all the voting stock (exclusive of stock which is voting only as required by applicable law or in the event of nonpayment of dividends and pays

dividends only on a nonparticipating basis at a fixed or floating rate), and (b) in the case of any other entity, ownership, directly or through ownership of other entities, of at least ten percent (10%) of all of the beneficial equity interests therein (calculated by a method that excludes from equity interests, ownership interests that are nonvoting (except as required by applicable law or in the event of nonpayment of dividends or distributions) and pay dividends or distributions only on a non-participating basis at a fixed or floating rate) or, in any case, (c) the power directly or indirectly, to direct or control, or cause the direction of, the management policies of another Person, whether through the ownership of voting securities, general partnership interests, common directors, trustees, officers by contract or otherwise. The terms "controlled" and "controlling" shall have meanings correlative to the foregoing definition of "Control."

"Debt Service" means with respect to any Person for any period, the sum (without duplication) of (a) Consolidated Interest Expense of such Person for such period plus (b) scheduled principal amortization of Total Debt and any unscheduled principal amortization payments actually made or required to be made during such period pursuant to a settlement of debt (giving effect to any principal payments actually made or required to be made other than scheduled balloon payments due on the applicable maturity date that are not then due or past due) of such Person for such period (whether or not such payments are made).

"Distribution" shall mean any dividends (other than dividend payable solely in common stock), distributions, return of capital to any stockholders, general or limited partners or members, other payments, distributions or delivery of property or cash to stockholders, general or limited partners or members, or any redemption, retirement, purchase or other acquisition, directly or indirectly, of any shares of any class of capital stock now or hereafter outstanding (or any options or warrants issued with respect to capital stock) general or limited partnership interest, or the setting aside of any funds for the foregoing.

"Dollars" and the symbol \$ each means lawful currency of the United States of America.

"Early Payment Fee" has the meaning set forth in Section 7 of the Note.

"EBITDA" means with respect to any Person for any period, earnings (or losses) before interest and taxes of such Person and its Affiliates for such period plus, to the extent deducted in computing such earnings (or losses) before interest and taxes, depreciation and amortization expense, all as determined on a consolidated basis with respect to such Person and its Affiliates in accordance with GAAP; provided, however, EBITDA shall exclude earnings or losses resulting from (a) cumulative changes in accounting practices, (b) discontinued operations, (c) extraordinary items, (d) net income of any entity acquired in a pooling of interest transaction for the period prior to the acquisition, (e) net income of an Affiliate or any Subsidiary Guarantor that is unavailable to the Company or the REIT, (f) net income not readily convertible into Dollars or remittable to the United States, (g) gains and losses from the sale of assets, and (h) net income from corporations, partnerships, associations, joint ventures or other entities in which the Company, the REIT or an Affiliate thereof has a minority interest and in which neither the Company, the REIT or their Affiliate has Control, except to the extent actually received.

"Employee Benefit Plan" means an employee benefit plan within the meaning of Section 3(3) of ERISA.

"Engineering Reports" means written engineering reports prepared by licensed engineers acceptable to the Agent, stating, among other things, that such Real Property Asset is in good condition and repair, free from damage and waste and is in compliance with the Americans with Disabilities Act and otherwise in form and substance satisfactory to the Agent.

"Environmental Indemnity" means that certain environmental indemnity agreement dated May 1, 1996, executed by the Company and the REIT pursuant to the Existing Credit Agreement, as the same may be supplemented or amended from time to time.

"Environmental Laws" has the meaning provided in the Environmental Indemnity.

"Environmental Reports" means written environmental site assessments, prepared by independent qualified environmental professionals acceptable to the Agent, on any Real Property Assets in form and substance satisfactory to the Agent and containing the following: (a) a Phase I environmental site assessment analyzing the presence of environmental contaminants, polychlorinated biphenyls or storage tanks and other Hazardous Substances at each of the Real Property Assets, the risk of contamination from off-site Hazardous Substances and compliance with Environmental Laws, such assessments shall be conducted in accordance with ASTM Standard E 1527-93, or any successor thereto published by ASTM, with respect to each of the Real Property Assets, (b) an asbestos survey of each of the Real Property Assets, which shall include random sampling of materials and air quality testing, (c) if any of the Real Property Assets is used for residential housing, an assessment of the presence of lead-based paint, lead in water and radon in the improvements (other than Units that are not owned or leased by the Company, the REIT, any Subsidiary Guarantor or any Affiliate thereof), and (d) such further site assessments the Agent may require or request due to the results obtained in (a), (b) or (c) hereof or in its reasonable discretion.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statute, together with all rules and regulations promulgated thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any provisions of ERISA substituted therefor.

"ERISA Controlled Group" means any corporation or entity or trade or business or person that is a member of any group described in Section 414(b), (c), (m) or (o) of the Code of which the Company, the REIT or any Subsidiary Guarantor is a member.

"Existing Credit Agreement" means that certain Senior Unsecured Line of Credit Agreement, dated as of May 1, 1996 among the Company, the REIT, First Chicago (as successor to NBD Bank), individually as a Co-Lender and as the Agent for one or more Co-Lenders and Lehman Brothers Holdings Inc., d/b/a Lehman Capital, a division of Lehman Brothers Holdings Inc., a Delaware corporation, individually as a Co-Lender and as Syndication Agent, as amended and in effect on the date hereof, without giving effect to any future amendments, supplements, modifications or waivers

of the terms thereof unless consented to in writing by the Required Lenders and without giving effect to future terminations thereof.

"Existing Note" means the note in the form of Exhibit B to the Existing Credit Agreement executed by the Company.

"Fair Market Value" means a value determined by the Agent equal to (a) with respect to any Real Property Asset, the quotient of Net Operating Income for the twelve month period immediately preceding the calculation thereof for such Real Property Asset divided by the Market Capitalization Rate, provided, however, that if such Real Property Asset is not open for business and fully operational at the time of such calculation, the Fair Market Value shall be the value determined by the Agent in its reasonable discretion, subject to approval by the Required Lenders; and (b) with respect to Other Assets, the cash and Cash Equivalents owned by a Person at the time of the calculation.

"Final Payment Date" means January 22, 2004.

"First Chicago" means The First National Bank of Chicago, in its individual capacity, and its successors.

"Fixed Charges" means the amount of scheduled lease payments with respect to leasehold interests or obligations of the respective Person and dividends and distributions on all classes of preferred stock or Preferred OP Units of such Person.

"Funds from Operations" means consolidated net income (loss) before extraordinary items, computed in accordance with GAAP, plus, to the extent deducted in determining net income (loss) and without duplication, (a) gains (or losses) from debt restructuring and sales of property, (b) non-recurring charges, (c) provisions for losses, (d) real estate related depreciation and amortization (excluding amortization of financing costs); and (e) amortization of organizational expenses less, to the extent included in net income (loss), (i) non-recurring income and (ii) equity income (loss) from unconsolidated partnerships and joint ventures less the proportionate share of funds from operations of such partnerships and joint ventures, which adjustments shall be calculated on a consistent basis.

"Furnished Information" has the meaning provided in subsection 4.01(n) hereof.

"GAAP" means United States generally accepted accounting principles on the date hereof and as in effect from time to time during the term of this Agreement, and consistent with those utilized in the preparation of the financial statements referred to in subsection 5.01(a).

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guaranteed Debt" has the meaning provided in subsection 7.01 hereof.

"Guarantors" means the Company and the Other Guarantors.

"Guaranty" means the provisions of Article VII hereof and the rights and obligations of the Company and the Other Guarantors thereunder.

"Hazardous Substances" has the meaning provided in the Environmental Indemnity.

"Hedge Agreement" shall mean an interest rate swap, cap or other interest rate management agreement, provided that the entity providing such interest rate management agreement maintains a credit rating equal or exceeding "A" as rated by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies or Aa2 by Moody's Investors Service, Inc. or such other reputable rating agency reasonably satisfactory to Agent and the Required Lenders.

"Improvements" means any building, structure, fixture, addition, enlargement, extension, modification, repair, replacement or improvement now or hereafter located or erected on any Real Property Asset.

"Indebtedness" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (b) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument, (c) the face amount of all letters of credit issued for the account of such Person and, without duplication, all un-reimbursed amounts drawn thereunder, (d) all indebtedness of any other Person secured by any Lien on any property owned by such Person, whether or not such indebtedness has been assumed, (e) all Contingent Obligations of such Person, (f) all Unfunded Benefit Liabilities of such Person, (g) all payment obligations of such Person under any interest rate protection agreement (including, without limitation, any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements, (h) all indebtedness and liabilities secured by any Lien or mortgage on any property of such Person, whether or not the same would be classified as a liability on a balance sheet, (i) the liability of such Person in respect of banker's acceptances and the estimated liability under any participating mortgage, convertible mortgage or similar arrangement, (j) the aggregate amount of rentals or other consideration payable by such Person in accordance with GAAP over the remaining unexpired term of all Capitalized Leases, (k) all judgments or decrees by a court or courts or competent jurisdiction entered against such Person, (l) all indebtedness, payment obligations, contingent obligations, etc. of any partnership in which such Person holds a general partnership interest, (m) all Preferred OP Units and preferred stock of such Person that, in either case, are redeemable for cash, a cash equivalent, a note receivable or similar instrument or are convertible to Indebtedness as defined herein (other than Indebtedness described in clauses (c), (l), (j), (k) or (m) of this definition), and (n) all obligations, liabilities, reserves and any other items which are listed as a liability on a balance sheet of such Person determined on a consolidated basis in accordance with GAAP, but excluding all general contingency reserves and reserves for deferred income taxes and investment credit.

"Interest Payment Date" means each of the interest payment dates set forth on Schedule 1.01 attached hereto, with the first such payment date being January 20, 1999.

"Leases" means all written leases and rental agreements, registration cards and agreements and other agreements, whether or not in writing, affecting the use, enjoyment or occupancy of any Real Property Asset heretofore or hereafter entered into.

"Lenders" means the lending institutions listed on the signature pages to this Agreement and their respective successors and assigns.

"Letter of Direction" means a letter of direction in the form of Exhibit B hereto executed by each Borrower and acknowledged by the Company.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, inchoate liens arising under ERISA to secure the Contingent Obligations of the Company the REIT, or any Subsidiary Guarantor, and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction, domestic or foreign.

"Loan" means the sum of the amounts advanced to a Borrower by the Lenders on the Closing Date pursuant to Section 2.01 and "Loans" means all such Loans collectively.

"Loan Documents" means this Agreement, each Note, each Letter of Direction and any and all other documents or agreements contemplated hereby or thereby and executed by the Company or any Borrower in favor of the Agent or any Lender, as the same may be amended, supplemented, restated or otherwise modified from time to time and in effect.

"Margin Stock" has the meaning provided such term by Regulation U.

"Market Capitalization Rate" means the appropriate capitalization rate for mobile home parks and manufactured housing communities as published in the then current Korpacz Real Estate Investor Survey as of the time of calculation of Fair Market Value. If the Korpacz Real Estate Investor Survey (a) has ceased publication, (b) does not report a capitalization rate for mobile home parks and manufactured housing communities, or (c) the current survey is dated more than three (3) months prior to the time of calculation, the Agent shall determine an appropriate capitalization rate, subject to the approval of the Required Lenders, which rate shall in no event be less than 9% or greater than 11 1/2%. The Agent may make such determination no more frequently than twice in any consecutive twelve (12) month period upon sixty (60) days prior written notice to the Company. If the Company has not submitted reasonably satisfactory evidence to the Agent and the Required Lenders that a different rate is appropriate, the rate chosen by the Agent shall be effective as of the end of such sixty (60) day period. If the Company and the REIT are required to submit any financial reports during such sixty (60) day period, such reports shall include a pro forma statement showing the impact of the Agent's selected rate on the calculations in such reports. As of the date hereof, the parties agree that the appropriate capitalization rate is 9.00%. The determination by the Agent and

the Required Lenders of the Market Capitalization Rate after review of any evidence submitted by the Company as provided above shall be final.

"Material Adverse Effect" means any condition which causes or continues the occurrence of a Program Event of Default or has a material adverse effect upon (a) the business, operations, properties, assets, prospects, corporate structure or condition (financial or otherwise) of the Company, the REIT or any Subsidiary Guarantor, taken as a whole, or (b) the ability of the Company, the REIT or any Subsidiary Guarantor to perform any of the Obligations, or (c) the ability of the Agent or any Lender to enforce any of the Obligations of the Company, the REIT or any Subsidiary Guarantor.

"Maturity Date" means the earlier to occur of (a) the Final Payment Date, (b) the occurrence of a Change of Control and (c) acceleration pursuant to Section 6.02 hereof.

"Minimum Capital Expenditure Reserves" means, for any Real Property Asset, an amount equal to \$50.00 per Unit pad or site located on such Real Property Asset for the twelve (12) month period preceding the calculation that the Company or the appropriate Other Guarantor shall reserve for Capital Expenditures on such Real Property Asset.

"Minimum Net Worth" has the meaning provided in Section 5.01(o).

"Multiemployer Plan" means a Plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Net Operating Income" means, with respect to any Real Property Asset, the Rents derived from the customary operation of such Real Property Asset, less Operating Expenses attributable to such Real Property Asset, and shall include only the Rents and other such income actually received and earned, in accordance with GAAP, including any rent loss or business interruption insurance proceeds, water and sewer charges, recreational vehicle storage charges, and laundry, parking or other vending or concession income, which are actually received and earned, in accordance with GAAP. Notwithstanding the foregoing, for purposes of calculating Fair Market Value, Net Operating Income will be based on the twelve (12) month period immediately preceding the date of calculation. Net Operating Income shall be calculated in accordance with customary accounting principles applicable to real estate. Notwithstanding the foregoing, Net Operating Income shall not include (w) any condemnation or insurance proceeds (excluding rent or business interruption insurance proceeds), (x) any proceeds resulting from the sale, exchange, transfer, financing or refinancing of all or any portion of the Real Property Asset for which it is to be determined, (y) amounts received from tenants as security deposits, and (z) any type of income otherwise included in Net Operating Income but paid directly by any tenant to a Person other than the Company or any Other Guarantor or its agents or representatives.

"Net Worth" means, subject to subsection 12.01(c), with respect to a Person, net worth as calculated in accordance with GAAP.

"New Manager" has the meaning provided in subsection 5.01(t).

"Note" means a master promissory note in the form of Exhibit A hereto executed by a Borrower, and "Notes" means, collectively, all such promissory notes, as the same may be amended, supplemented, restated or otherwise modified from time to time and in effect.

"Notice of Assignment" has the meaning set forth in Section 10.03(b).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Guarantors or any Borrower to the Lenders or any Lender, the Agent or any indemnified party hereunder or under any other Loan Document, arising under any of the Loan Documents.

"Operating Expenses" means, subject to subsection 12.01(c), with respect to any Real Property Asset, for any given period (and shall include the pro rata portion for such period of all such expenses attributable to, but not paid during, such period), all expenses to be paid or payable, as determined in accordance with GAAP, by the Company, the REIT or the applicable Subsidiary Guarantor during that period in connection with the operation of such Real Property Asset for which it is to be determined, including without limitation:

(a) expenses for cleaning, repair, maintenance, decoration and painting of such Real Property Asset (including, without limitation, parking lots and roadways), net of any insurance proceeds in respect of any of the foregoing;

(b) wages (including overtime payments), benefits, payroll taxes and all other related expenses for the Company's, the REIT's or any Subsidiary Guarantor's on-site personnel, up to and including (but not above) the level of the on-site manager, engaged in the repair, operation and maintenance of such Real Property Asset and service to tenants and on-site personnel engaged in audit and accounting functions performed by the Company, the REIT or the applicable Subsidiary Guarantor;

(c) management fees pursuant to a management agreement providing for fees not exceeding market and approved by the Agent. Such fees shall include all fees for management services whether such services are performed at such Real Property Asset or off-site;

(d) the cost of all electricity, oil, gas, water, steam, heat, ventilation, air conditioning and any other energy, utility or similar item and the cost of building and cleaning supplies;

(e) the cost of any leasing commissions and tenant concessions or improvements payable by the Company, the REIT or any Subsidiary Guarantor pursuant to any leases which are in effect for such Real Property Asset at the commencement of that period as such costs are recognized in accordance with GAAP, but on no less than a straight line basis over the expected term of the respective tenancy, inclusive of any renewal or extension or similar options (but in no event over a term longer than the greater of (i) the actual remaining term of the respective tenancy or (ii) 5 years);

(f) rent, liability, casualty, fidelity, errors and omissions, dram shop liability, workmen's compensation and other insurance premiums;

(g) legal, accounting and other professional fees and expenses;

(h) the cost of all equipment to be used in the ordinary course of business, which is not capitalized in accordance with GAAP;

(i) real estate, personal property and other taxes;

(j) advertising and other marketing costs and expenses;

(k) casualty losses to the extent not reimbursed by an independent third party; and

(l) all amounts that should be reserved, as reasonably determined by the Company or the applicable Other Guarantor, with approval by the Agent in its reasonable discretion, for repair or maintenance of the Real Property Asset and to maintain the value of the Real Property Asset including replacement reserves equal to the greater of (i) the reserves provided for in the Company's or the applicable Other Guarantor's capital budget and (ii) \$50.00 per Unit pad or site.

Notwithstanding the foregoing, Operating Expenses shall not include (a) depreciation or amortization or any other non-cash item of expense unless otherwise determined by the Agent; (b) interest, principal, fees, costs and expense reimbursements of the Agent and the Lenders in administering the Loans but not in exercising any of its rights under this Agreement or the Loan Documents; or (c) any expenditure (other than leasing commissions, tenant concessions and improvements, and replacement reserves) which is properly treatable as a capital item under GAAP.

"Operating Partnership" means those Persons set forth on Schedule 3, as such Schedule may be amended or supplemented from time to time, any partnership and any limited liability company in which the Company or the REIT own, singly or together, a majority or all of the economic interest and either the Company or the REIT, either directly or indirectly, is the sole managing general partner or member, as applicable.

"OP Units" means the Common OP Units and the Preferred OP Units.

"Other Assets" means all Assets of a Person that are not Real Property Assets.

"Other Guarantors" means the REIT and the Subsidiary Guarantors.

"Organization Documents" of a Person means, as applicable, the articles of incorporation, articles of organization, operating agreement, by laws, limited liability company agreements, partnership agreements and all other organization documents of such Person.

"Participants" has the meaning set forth in Section 10.02(a).

"PBGC" means the Pension Benefit Guaranty Corporation established under ERISA, or any successor thereto.

"Permitted Investments" means, at any time, (a) an aggregate amount of all investments, which shall be less than the lesser of (i) 50% of the Company's Net Worth as of the date of calculation, and (ii) 25% of the Book Value of all of the Company's Assets as of the date of calculation and (b) an aggregate amount of each of the following categories of investments, which shall be less than the specified percentage of the Book Value of all of the Company's Assets as of the date of calculation:

Permitted Investment -----	Maximum of Book Value of all ----- of the Company's Assets -----
Undeveloped Land:	5%
Construction in Progress:	7.5%
Mortgages, deeds of trust, deeds to secure debt or similar instruments or receivables that are a Lien on real property and secure indebtedness evidenced by a note or bond:	7.5%
Operating Partnerships in which the Company and the REIT own, singly or together, a majority of the economic interest and either the Company or the REIT, either directly or indirectly, is the sole managing general partner:	10%
Manufactured housing units and mobile homes that are personal property and are not deemed fixtures or real property under the law of the jurisdiction in which they are located:	2%

For purposes of calculating the foregoing: (A) the amount of each Permitted Investment will be deemed to be the original acquisition price of such Asset, verified by the Company to the satisfaction of the Agent, (B) in the case of Permitted Investment in mortgages and Operating Partnerships, the nature of underlying real property asset and the conduct of business in respect thereof shall in all respects comply with the limitations set forth in Section 2.20(a)(i) of the Existing Credit Agreement; and (C) Operating Partnerships for purposes of determining Permitted Investments shall not include Operating Partnerships that are wholly owned and controlled by the Company or the REIT, either directly or indirectly. Operating partnerships in which the Company and the REIT do not own, singly or together, a majority of the economic interest and in which neither the Company nor the REIT, either directly or indirectly, is the sole managing partner, are not Permitted Investments.

"Permitted Liens" has the meaning provided in subsection 5.02(a) hereof.

"Permitted Mortgage Debt" means any debt financing which is secured by a first priority Lien granted by the Company, the REIT or any Subsidiary Guarantor on a Real Property Asset other than an Unencumbered Asset in favor of a lending source other than pursuant to the terms of this Agreement, and which meets the following condition: the value (determined in a manner consistent with the method of determining Fair Market Value for Real Property Assets) of each Real Property Asset subject to the mortgage securing such debt does not exceed an amount equal to 75% of the Indebtedness secured thereby.

"Person" means any natural person, corporation, firm, joint venture, company, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means any employee benefit plan covered by Title IV of ERISA or which is subject to Section 412 of the Code or Section 302 of ERISA, for which the Company, any Other Guarantor or any member of either of their ERISA Controlled Group has or may have any obligation or liability, whether direct or indirect.

"Preferred OP Units" means the class of convertible preferred OP Units as defined in the Company's Partnership Agreement.

"Program" means the stock purchase plan adopted by the Board of Directors of the REIT for itself and as the general partner of the Company on November 30, 1998, entitling certain senior employees, officers and directors of the Company and certain of its Affiliates to purchase Common Stock and/or Common OP Units, as such Program may be amended, supplemented, restated or otherwise modified from time to time in the sole discretion of the Company and the REIT.

"Program Event of Default" has the meaning set forth in Section 6.01.

"Program Participant" means any senior employee, officer or director of the Company or any direct or indirect Affiliate qualified to acquire Common Stock or Common OP Units under the Program.

"Pro-rata" means when used with respect to a Lender, and any described aggregate or total amount, an amount equal to said Lender's pro-rata share or portion based on its percentage of the aggregate outstanding principal amount of outstanding Notes.

"Purchaser" has the meaning set forth in Section 10.03(a).

"Rating Agencies" means both Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies and Moody's Investor Service, Inc. If either of such agencies discontinue its rating of the Company or its ratings of real estate investment trusts generally, the Agent and all of the Lenders shall, within six (6) months of such discontinuance, determine another nationally recognized statistical ratings agency that assigns a rating to the Company, and the term Rating

Agencies shall include such substituted rating agency. During any time that only one Rating Agency is assigning a rating to the Company, that agency's rating shall be used for all calculations under this Agreement.

"Real Property Assets" means the real property set forth on Schedules 1 and 2, as such Schedules may be amended or supplemented from time to time, and all real property owned or leased, directly or indirectly, wholly or partly, by the Company, the REIT, any Operating Partnership or any other Subsidiary Guarantor subject to the conditions of subsections 5.02(g) and (i).

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and shall include any successor or other regulation or official interpretation of such Board of Governors relating to the extension of credit by securities brokers and dealers for the purpose of purchasing or carrying margin stocks.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks or other Persons for the purpose of purchasing or carrying margin stocks.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by the specified lenders for the purpose of purchasing or carrying margin stocks.

"Reimbursement Agreement" means an agreement in the form of Exhibit C hereto to be entered into between the Company and each Borrower in connection with such Borrower's Loan, as from time to time amended in the sole discretion of the Company.

"Reimbursement Obligations" means, with respect to any Borrower, all obligations of such Borrower to any Guarantor which now exist or may arise out of or in connection with the Guaranty or the performance by any Guarantor of its obligations thereunder.

"REIT" has the meaning set forth in the opening paragraph of this Agreement.

"Rents" means all income, rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses), golf revenues, and all pass-throughs and tenant's required contributions for taxes, maintenance costs, tenant improvements, leasing commissions, capital expenditures and other items including without limitation, all revenues and credit card receipts collected from recreation facilities, vending machines and concessions and all Accounts Receivable (without duplication) from the Real Property Assets.

"Reportable Event" has the meaning set forth in Section 4043(c)(3), (5), (6) or (13) of ERISA (other than a Reportable Event as to which the provision of 30 days' notice to the PBGC is waived under applicable regulations).

"Required Lenders" means Lenders in the aggregate having at least 66-2/3% of the then aggregate unpaid principal amount of all Loans or, if no such principal amount is then outstanding, Lenders in the aggregate holding at least 66-2/3% of the Aggregate Commitment.

"Responsible Officer" means the Chairman of the Board, President or the Chief Operating Officer of the REIT.

"Restoration" has the meaning provided in Paragraph 5.01(c) (viii).

"Seasonal RV Sites" has the meaning provided in subsection 5.02(j).

"Solvent" as to any Person means that (a) the sum of the assets of such Person, at a fair valuation based upon appraisals or comparable valuation, will exceed its liabilities, including contingent liabilities, (b) such Person will have sufficient capital with which to conduct its business as presently conducted and as proposed to be conducted and (c) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, "debt" means any liability on a claim, and "claim" means (x) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. With respect to any such Contingent Obligations, such liabilities shall be computed in accordance with GAAP at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

"Subsidiary" of any Person means and includes (a) any corporation Controlled by such Person, directly or indirectly through one or more intermediaries, (b) any partnership, association, joint venture or other entity Controlled by such Person, directly or indirectly through one or more intermediaries and (c) all of the parties listed as Subsidiaries on Schedule 3.

"Subordination of Management Agreement" means a Subordination of Management Agreement substantially in the form set forth as Exhibit J to the Existing Credit Agreement.

"Subsidiary Guarantor" means each Person listed on Schedule 13 hereto and any other Person which becomes a guarantor hereunder by virtue of a joinder agreement entered into with the Agent.

"Substantial Asset" means, subject to subsection 12.01(c), Real Property Assets of the Company, the REIT and any Subsidiary Guarantor which, in the aggregate, either (i) number more than 7.5% of the total number of all Real Property Assets (ii) contribute more than 7.5% of the consolidated Net Operating Income of the Company, the REIT and the Subsidiary Guarantors derived from all Real Property Assets.

"Termination Event" means (a) a Reportable Event, or (b) the initiation of any action by the Company, any member of the Company's or any Other Guarantor's ERISA Controlled Group or any other person to terminate a Plan or the treatment of an amendment to an ERISA Plan as a termination under ERISA, in either case, which would result in liability to the Company, any Other Guarantor or any of their ERISA Controlled Group in excess of \$3,000,000 (c) the institution of proceedings by the PBGC under Section 4042 of ERISA to terminate an ERISA Plan or to appoint a trustee to administer any ERISA Plan, (d) any partial or total withdrawal from a Multiemployer Plan which in either case, which would result in liability to the Company, any Other Guarantor or any of their ERISA Controlled Groups in excess of \$3,000,000 or (e) the taking of any action would require security to the Plan under Section 401(a)(29) of the Code.

"Title Searches" has the meaning provided in subsection 5.01(n).

"Total Debt" means with respect to any Person at any time, all Indebtedness of such Person as determined on a consolidated basis in accordance with GAAP.

"Transferee" has the meaning set forth in Section 10.04.

"Undeveloped Land" means any vacant or unimproved non-income producing Real Property Asset.

"Unencumbered Assets" means those Real Property Assets set forth on Schedule 1, as such Schedule may be amended or supplemented from time, (a) against which there are no liens or encumbrances except for Permitted Liens, (b) with respect to which the Company has complied with all the requirements of Section 4.01, (c) with respect to which the Company, the REIT or the Other Guarantors is the sole record and beneficial owner, and (d) which the Agent and the Required Lenders have agreed in writing are to be deemed Unencumbered Assets for purposes of this Agreement pursuant to Section 2.25 of the Existing Credit Agreement.

"Unfunded Benefit Liabilities" means with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefit liabilities under such Plan as defined in Section 4001(a)(16) of ERISA, exceeds (ii) the fair market value of all Plan assets allowable to such benefits, all determined as of the then most recent valuation date for such Plan (on the basis of assumptions prescribed by the PBGC for the purpose of Section 4044 of ERISA).

"Unit" means any mobile home units or manufactured housing units.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Program Event of Default.

"Unsecured Debt" means, with respect to a Person, the outstanding principal balance of all Indebtedness (including the Guaranty hereunder) which is not secured by any collateral or Assets of such Person and is evidenced by a promissory note or other instrument or written agreement.

"Unsecured Debt Rating" means with respect to a Person, the rating assigned by the Rating Agencies to such Person's long term unsecured debt obligations.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. The words "herein," "hereof" and words of similar import as used in this Agreement shall refer to this Agreement as a whole and not to any particular provision in this Agreement. References to "Articles," "Sections," "subsections," "paragraphs," "Exhibits" and "Schedules" in this Agreement shall refer to Sections, subsections, paragraphs, Exhibits and Schedules of this Agreement unless otherwise expressly provided; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

ARTICLE II

AMOUNTS AND TERMS OF THE LOANS

2.01 The Loans.

(a) Each Lender severally (and not jointly) agrees, on the terms and conditions set forth in this Agreement, to make Advances to individual Program Participants (such Program Participants who request and obtain a Loan hereunder are referred to as a "Borrower" individually and as the "Borrowers" collectively), severally and not jointly, on the Closing Date in amounts not to exceed in the aggregate the amount of its respective Commitment. Each of the Borrowers and the principal amount of each Loan to be made to such Borrower shall be identified in writing separately delivered by the Company to the Agent at least five Business Days (or such lesser number of Business Days as the Agent may agree) prior to the Closing Date. No amount of the Loans which are repaid or prepaid by the Borrowers may be reborrowed hereunder.

(b) All Loans shall be made on the Closing Date. No Lender shall be obligated to make an Advance to a Borrower on the Closing Date unless the aggregate principal amount of the Loan to such Borrower is in excess of \$25,000. The Loan to a Borrower hereunder shall consist of Advances made to such Borrower from the several Lenders on a Pro-rata basis.

2.02 Notes.

(a) The Loan made to each Borrower, and such Borrower's obligation to repay such Loan, shall be evidenced by a single Note issued by such Borrower to the Agent (for the benefit of all of the Lenders sharing in the Loan to such Borrower), which shall provide, among other things, that (i) such Note shall mature, and the outstanding principal amount thereof and the unpaid accrued interest thereon shall be due and payable, on the Maturity Date, (ii) such Borrower shall pay interest on the unpaid principal amount of the Loan made to such Borrower from the Closing Date until such principal amount is paid in full, payable to the Agent, for the benefit of the Lenders, in arrears on each Interest Payment Date at the rate as provided in the Note, (iii) such Note shall be

prepayable at the option of the Borrower as and to the extent provided in the Note and (iv) any such prepayments shall be subject to the payment of an Early Payment Fee and related fees as set forth in the Note. All interest payments and prepayments in respect of any Loan shall be applied by the Agent among the Lenders on a Pro-rata basis (based on each Lender's Pro-rata share of the outstanding principal amount thereof).

(b) Upon the occurrence and during the continuance of any Program Event of Default, the Agent may (and at the request of any Lender, the Agent shall) request that the Borrowers execute and deliver amended and restated Notes for each Lender in replacement of the existing master Notes.

2.03 Disbursement of Funds. Pursuant to the Letters of Direction of the Borrowers, the proceeds of all Loans will be disbursed directly to the Company for the account of the applicable Borrower.

2.04 Distribution of Payments. The Agent agrees to make payments of amounts received for the account of any Lender in accordance with the terms of Section 3 of the applicable Borrower's Note.

2.05 Funding Indemnity.

(a) The Early Payment Fee payable under each Note to First Chicago in respect of any of the principal amount thereof paid prior to the Final Payment Date or, with respect to Section 2.05(c), not borrowed on the Closing Date, shall be an amount equal to (i) the sum of (A) an amount equal to the positive difference, if any, between the Present Value of the remaining fixed rate payments under the Reference Swap (exclusive of accruals to but excluding the Break Date) minus the Present Value of the fixed rate payments under the Redeployment Swap plus (B) if the Break Date is not an Interest Payment Date, an amount equal to the positive difference, if any, between the Present Value of the Current Floating Rate payment under the Redeployment Swap minus the Present Value of the Current Floating Rate payment under the Reference Swap (exclusive of accruals to but excluding the Break Date), or (ii) if the Zero Coupon Rate cannot be determined, the amount of all Losses of First Chicago MINUS, in the case of either clause (i) or clause (ii), the difference between interest on the principal amount of the Note paid prior to the Final Payment Date accrued at the Interest Rate (as defined in the Note) for the period such principal amount was outstanding and interest on such amount calculated at the applicable Current Payment Rate (as defined in the Note) for such period (the amount calculated by reference to clause (i) or (ii) above being referred to as the "Break Costs").

(b) For purposes of this Section 2.05, the following terms shall have the following meanings:

"Break Date" means, with respect to any Break Event, the date on which such Break Event occurs.

"Break Event" means any voluntary or mandatory (whether as a result of acceleration, a Change of Control or otherwise) repayment of all or any portion of any Loan prior to the Final Payment Date.

"Current Floating Rate" means, with respect to the Reference Swap, LIBOR determined two London banking days prior to the Interest Payment Date next preceding the Break Date, and with respect to the Redeployment Swap, LIBOR referred to in the definition of Redeployment Swap.

"LIBOR" means the London interbank offered rate appearing as of 11:00 a.m. (London time) on Telerate Page 3750.

"Loss" means, with respect to First Chicago, an amount equal to the total amount required by First Chicago, as determined in good faith by First Chicago as of the Break Date, to compensate it for any losses, costs and expenses that it may incur as a result of the occurrence of the Break Event, including, without limitation, loss of bargain and any costs of maintaining, terminating, hedging or deploying any fixed rate or floating rate funding arrangements or commitments and/or any transactions employed to hedge differences arising between the Interest Rate (as defined in the Note) of the Loans and the floating rate cost of funds, as determined with reference to market interest rates or prices available or existing at or about the time of such Break Event.

"Present Value" means, in respect of any amount, the value of the amount on the Break Date after discounting such amount to present value from its respective due date at the Zero Coupon Rate in the case of fixed rate payments or at the Current Floating Rate of the Redeployment Swap in the case of floating rate payments.

"Redeployment Swap" means, with respect to a Break Event, an interest rate swap entered into at a rate per annum equal to the fixed rate a swap dealer would bid to enter into as a fixed rate payor, determined by First Chicago in good faith (as of 2:00 p.m., Chicago time, two days prior to the Break Date) on the basis of the quotation First Chicago would provide as a fixed rate payor to another swap dealer (or if First Chicago declines to provide such quotation for whatever reason, then on the basis of what a leading interest rate swap dealer selected by First Chicago in good faith is willing to bid as a fixed rate payor to enter into the Redeployment Swap as quoted to First Chicago on such date of determination) and having the same terms as the Reference Swap, except that it (i) commences on the Break Date, (ii) has equal fixed payments and (iii) has an initial floating rate payment calculated at LIBOR plus 1.50% per annum determined on the Break Date for U.S. Dollar deposits having a maturity equal to the period from such Break Date to the next succeeding Interest Payment Date, or if there exists no LIBOR rate for U.S. Dollar deposits of such maturity maturing immediately before or immediately after such maturity, whichever is higher. If the Redeployment Swap has a notional amount less than \$5,000,000, then the Redeployment Swap will be deemed to have a notional amount of \$5,000,000 for the sole purpose of obtaining any such quotation.

"Reference Swap" means an interest rate swap (i) deemed to have been entered into no later than two London banking days prior to the Closing Date (and confirmed in writing to the Company) and commencing on the Closing Date, (ii) having a notional amount at any time equal to that part of the aggregate principal amount of the Loans originally scheduled to be outstanding at such time and which has become subject to the Break Event, (iii) maturing on the Final Payment Date and (iv) obligating the floating rate payor to make payments on each Interest Payment Date at LIBOR determined two London banking days before the next preceding Interest Payment Date for three-month U.S. Dollar deposits plus 1.50% per annum, calculated for actual days elapsed on a 360-day year basis, in exchange for receiving fixed rate payments from a fixed rate payor on such dates in such amounts as set forth on Schedule 2.05(A) hereto (each such rate, the "Reference Fixed Rate", which the parties agree was the swap market rate when the Interest Rate was set), calculated for actual days elapsed on a 360-day year basis.

"Telerate Page 3750" means the display designated as "Page 3750" on the Telerate Service (or such other page as may replace Page 3750 on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for U.S. Dollar deposits).

"Zero Coupon Rate" means the rate of interest charged for a future single payment assuming no interest payments prior to the payment date. Each fixed payment will be discounted using the Zero Coupon Methodology. The Zero Coupon Rate for each fixed payment date will be determined using the appropriate LIBOR rate and the rates implied by the "90 Day Euro\$" futures contracts at the Chicago Mercantile Exchange (IMM) at IMM Settlement (2:00 p.m. Chicago time) two days prior to the Break Date as appropriate to the respective payment dates.

"Zero Coupon Methodology" means the discounting methodology set forth on Schedule 2.05(B) hereto.

(c) In the event that any Eligible Employee identified as an anticipated Borrower by the Company on the list furnished pursuant to Section 3.01(j) elects not to borrow its Loan in the amount specified on such list on the Closing Date, which election is made after determination of the Interest Rate (as defined in the Note) or any Loan contemplated by such list is not made on the Closing Date for any other reason (other than a breach by a Lender of its obligations hereunder), the Company will indemnify each Lender upon demand for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost (including lost profits) incurred in liquidating or employing deposits acquired to fund or maintain its Loan or in terminating or unwinding any interest rate exchange or similar arrangement entered into by such Lender in connection with such Loan. Such loss or cost, in the case of First Chicago only, will be calculated in accordance with Section 2.05(a).

(d) If for any reason any Early Payment Fee is not recoverable in full from a Borrower or the Company pursuant to the terms of the applicable Note or Article VII, the Company

agrees, as its independent primary obligation, to pay such amount to the applicable Lender (without duplication of amounts otherwise paid) upon demand as additional consideration for entering into this Agreement and funding the Loans.

ARTICLE III

CONDITIONS PRECEDENT

3.01 Conditions to Obligations to Make Loans. The obligations of the Lenders to make Loans to the Borrowers shall be subject to the fulfillment of each of the following conditions precedent and receipt by the Agent, with sufficient copies for each Lender, of each of the following (each such document to be in form and substance reasonably satisfactory to the Agent and its counsel):

(a) Agreement. An executed original of this Agreement, which shall be in full force and effect, together with all schedules, exhibits, certificates, instruments, opinions, documents and financial statements required to be delivered pursuant hereto.

(b) Notes. A Note duly executed by each Borrower evidencing the Loan to such Borrower, dated the Closing Date, and payable to the order of the Lenders.

(c) Borrower Information. Each Borrower shall have delivered to the Agent a personal financial statement and other financial information as the Agent may request, in each case, in form and substance satisfactory to the Agent.

(d) Legal Opinion. A written opinion of Jaffe, Raitt, Heuer & Weiss Professional Corporation counsel to the Company and the Other Guarantors, in each case in form and substance satisfactory to the Agent.

(e) Letter of Direction. A Letter of Direction in the form of Exhibit B hereto executed by each Borrower (and, if the applicable Borrower Account is a joint account, executed by each joint account holder) and acknowledged by a Responsible Officer on behalf of the REIT and the Company, directing (i) the proceeds of the Loan made to such Borrower to be paid by the Agent to the Company for the purchase price of the Common Stock or Common OP Units purchased by such Borrower and (ii) the Company and the REIT and their respective transfer agents to pay all future cash dividends (net of any taxes required to be withheld by the Company or the REIT under applicable law) on such Borrower's Common Stock or Common OP Units (and on any stock of the REIT received as a dividend on or distribution of the Common Stock or Common OP Units, as applicable) to the Agent for credit to the Borrower Account (as such term is defined in the Note) maintained by such Borrower.

(f) Charter Documents. Copies of the Organization Documents of each Guarantor, together with all amendments, and a certificate of good standing, both certified by the

appropriate governmental officer in its jurisdiction of organization, together with a certificate of good standing issued by the Secretary of State of such Guarantor's jurisdiction of formation and such other jurisdictions as shall be requested by the Agent.

(g) By-Laws and Resolutions. Copies, certified by the Secretary or Assistant Secretary of each Guarantor, of its by-laws, if applicable, and of its Board of Directors', members' or partners' resolutions authorizing the execution, delivery and performance of the Loan Documents to which such Guarantor is a party.

(h) Secretary's Certificate. An incumbency certificate, executed by the Secretary or Assistant Secretary of each Guarantor, which shall identify by name and title and bear the signature of the officers of such Guarantor authorized to sign the Loan Documents upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by such Guarantor.

(i) Officer's Certificate. A certificate, dated the Closing Date, signed by the chief financial officer of the Company and a Responsible Officer, each stating that the representations and warranties contained in Article IV are true and correct on and as of the Closing Date.

(j) List of Borrowers and Loan Amounts. Five Business Days prior to the Closing Date (or such lesser number of Business Days as the Agent may agree), a list identifying each anticipated Borrower and the principal amount of the Loan to be made to such Borrower.

(k) Account Applications. The Agent shall have received on or prior to the date of this Agreement a completed account application and such other supporting documentation from each Borrower sufficient to open the Borrower Account of each Borrower.

(l) Interest Rates and Schedules. Five Business Days (or such lesser number of Business Days as the Agent may agree) prior to the Closing Date, the Company and the Lenders shall have (i) agreed to the interest rates and other amounts to be inserted into Schedule 2.05(A) and each of the Notes where such rates and amounts are bracketed in the form of Note; and (ii) in the event the Closing Date is not December 21, 1998, agreed to an amendment to the definition of Final Payment Date and to Schedules 1.01 and 2.05(A) hereto and other conforming amendments; and all of the schedules hereto and the other Loan Documents shall be completed on or prior to the Closing Date and be in form and substance satisfactory to the Lenders.

(m) Other Documents. Such other documents as the Agent or its counsel may reasonably request.

Subject to the following sentence, if each of the conditions precedent set forth in this Section 3.01 has not been fully satisfied or waived, and the Loans have not been made by the Lenders to the Borrowers as contemplated hereunder, on or before December 21, 1998, then this Agreement and the other Loan Documents shall automatically terminate and be of no further force and effect without any further action by any party hereto or thereto, provided that all indemnification provisions set forth in the Loan Documents shall survive such termination. If all of the above

conditions are satisfied on or before December 21, 1998, except with respect to one or more Borrowers (each a "Deficient Borrower") any condition set forth in Section 3.01(b), (c), (e) or (k) is not satisfied, the Lenders shall not be obligated to make Loans to the Deficient Borrowers but shall remain obligated to make Loans to the other Borrowers. Solely for purposes of Section 3.01(b), (c), (e) and (k) only, required delivery shall be deemed to have been made to the Agent if arrangements for the delivery thereof have been made which are satisfactory to the Agent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.01 Representations and Warranties. The Company and the REIT represent and warrant to the Agent and to each Lender as follows:

(a) Corporate/Partnership Status. Each of the Company and each Other Guarantor (i) is a duly organized and validly existing corporation or partnership, as the case may be, in good standing under the laws of the jurisdiction of its incorporation or formation, (ii) has all requisite corporate or partnership power and authority, as the case may be, to own its property and assets (including the Real Property Assets) and to transact the business in which it is engaged or presently proposes to engage (including the Guaranty hereunder) and (iii) has duly qualified and is authorized to do business and is in good standing as a foreign corporation or foreign partnership, as the case may be, in every jurisdiction in which it owns or leases real property (including the Real Property Assets) or in which the nature of its business requires it to be so qualified.

(b) Corporate/Partnership Power and Authority. Each of the Company, the REIT, and each Subsidiary Guarantor has the corporate or partnership power and authority, as the case may be, to execute, deliver and carry out the terms and provisions of each of the Loan Documents to which it is a party and has taken all necessary corporate or partnership action, as the case may be, to authorize the execution, delivery and performance by it of such Loan Documents. Each of the Company, the REIT and each Subsidiary Guarantor has duly executed and delivered each such Loan Document, and each such Loan Document constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by applicable insolvency, bankruptcy or other laws affecting creditors' rights generally, or general principles of equity whether enforcement is sought in a proceeding in equity or at law.

(c) No Violation. To the best of the Company's and the REIT's knowledge, neither the execution, delivery or performance by the Company or any Other Guarantor of the Loan Documents to which it is a party, nor the compliance by such Person with the terms and provisions thereof nor the consummation of the Loans, (i) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, or (ii) will conflict with or result in any material breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the Assets (including the Real Property Assets) of the Company or any Other Guarantor (or of any partnership of which such

Person is a partner) pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which the Company or any Other Guarantor (or of any partnership of which such Person is a partner) is a party or by which it or any of its Assets (including the Real Property Assets) is bound or to which it may be subject, or (iii) will, with respect to the Company or any Other Guarantor which is a partnership, violate any provisions of the partnership agreement of such Person (or the partnership agreement of any partnership of which such Person is a partner), or (iv) will, with respect to any Other Guarantor which is a corporation, violate any provision of the Certificate of Incorporation or By-Laws of such Person.

(d) Litigation. Except as set forth on Schedule 5, there are no actions, suits or proceedings, judicial, administrative or otherwise, pending or, to the best of the Company's or the REIT's knowledge, threatened with respect to any of the Loans or any of the Loan Documents, the Company, the REIT, or any Subsidiary Guarantor, or with respect to the Real Property Assets, that could, in the aggregate, result in a Material Adverse Effect. All matters set forth on Schedule 5 do not, in the aggregate, result in a Material Adverse Effect.

(e) Financial Statements; Financial Condition, etc. The financial statements of the Company and the Other Guarantors delivered heretofore or hereafter delivered to the First Chicago were prepared in accordance with GAAP consistently applied and fairly present the financial condition and the results of operations of the Company, the REIT and their Consolidated Subsidiaries and the Real Property Assets covered thereby on the dates and for the periods covered thereby, except as disclosed in the notes thereto and, with respect to interim financial statements, subject to usual year-end adjustments. Neither the Company nor the REIT nor any of their Consolidated Subsidiaries has any material liability (contingent or otherwise) not reflected in such financial statements or in the notes thereto. There has been no adverse change in any condition, fact, circumstance or event that would make any such information materially inaccurate, incomplete or otherwise misleading or would affect the Company's, any Subsidiary Guarantors' or the REIT's ability to perform its obligations under this Agreement.

(f) Solvency. On the Closing Date and after and giving effect to the Loans, the Company and the Other Guarantors will be Solvent.

(g) Material Adverse Change. Since June 30, 1998, there has occurred no event, act or condition, and to the best of the Company's or the REIT's knowledge, there is no prospective event or condition which has had, or could have, a Material Adverse Effect.

(h) Regulation T, U and X. No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation T, Regulation U or Regulation X. Neither the making of any Loan, the providing of the Guaranty by the Guarantors, the use of the proceeds of the Loans, nor any other aspect of the transactions contemplated hereby will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X. No Margin Stock has been or will be pledged by any Borrower or by any other Person to secure the Reimbursement Obligations of such Borrower. No Reimbursement Obligations of any Borrower are or will be "indirectly secured" (as defined in Regulation U) by any Margin Stock.

(i) No Conflict; Government Consent. Neither the execution and delivery by the Company or any Other Guarantor of any Loan Document, nor the consummation of the transactions therein contemplated (including the incurrence by each Borrower of its Reimbursement Obligations), nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Company, any of the Company's Subsidiaries or any Other Guarantor or the Company's or any Other Guarantor's Organization Documents, Regulation T, U or X, or the provisions of any indenture, instrument or agreement to which the Company, its Subsidiaries or any Other Guarantor is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, except where such violation, conflict or default would not have a Material Adverse Effect, or result in the creation or imposition of any Lien in, of or on the Property of the Company, any of the Company's Subsidiaries or any Other Guarantor pursuant to the terms of any such indenture, instrument or agreement. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents.

(j) Unsecured Debt Rating. The Company has an Unsecured Debt Rating of BBB- or higher assigned by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies and of Baa3 or higher assigned by Moody's Investor Service, Inc., and the consummation of the Loans or the Guaranty will not cause any change, downgrade or withdrawal of such rating.

(k) Tax Returns and Payments. The Company, the REIT and the Subsidiary Guarantors have filed all tax returns required to be filed by them for which the filing date has passed and not been extended and has paid all taxes and assessments payable by such Persons which have become due, other than (i) those not yet delinquent or (ii) those that are reserved against in accordance with GAAP which are being diligently contested in good faith by appropriate proceedings.

(l) ERISA. Neither the Company nor the Other Guarantors has any Employee Benefit Plans other than those listed on Schedule 6. No accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA) or Reportable Event has occurred with respect to any Plan. As of the Closing Date, the Unfunded Benefit Liabilities do not in the aggregate exceed \$500,000. The Company, the Other Guarantors and each member of their respective ERISA Controlled Group have complied in all material respects with the requirements of ERISA and the Code and plan documents for each Employee Benefit Plan and Plans and are not in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan. Neither the Company nor any Other Guarantors, nor any member of their respective ERISA Controlled Groups is subject to any present or potential liability or withdrawal liability or annual withdrawal liability payments, which, individually or in the aggregate, could materially adversely affect any of such Persons. To the best knowledge of the Company, the Other Guarantors and their respective ERISA Controlled Group, no Multiemployer Plan is or is likely to be in reorganization (within the meaning of Section 4241 of ERISA or Section 418 of the Code) or is insolvent (as defined in Section 4245 of ERISA). No material liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Plan or any trust established under Title IV of ERISA has been, or

is expected by the Company, the Other Guarantors, or any member of their respective ERISA Controlled Group to be, incurred by the Company, the Other Guarantors, or any member of their respective ERISA Controlled Group. Except as otherwise disclosed on Schedule 6 hereto, none of the Company, the Other Guarantors, nor any member of their respective ERISA Controlled Group has any contingent liability with respect to any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA. No lien under Section 412(n) of the Code or 302(f) of ERISA or requirement to provide security under Section 401(a)(29) of the Code or Section 307 of ERISA has been or is reasonably expected by the Company, the Other Guarantors, or any member of their respective ERISA Controlled Group to be imposed on the assets of the Company, the Other Guarantors, or any member of their respective ERISA Controlled Group. Neither the Company nor any Other Guarantor is a party to any collective bargaining agreement. Neither the Company nor any Other Guarantor nor any of their ERISA Controlled Group has engaged in any transaction prohibited by Section 408 of ERISA or Section 4975 of the Code. As of the Closing Date and throughout the term of the Guaranty, neither the Company nor any Other Guarantor is or will be an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and none of the assets of the Company or any Other Guarantor will constitute "plan assets" of one or more such plans for purposes of Title I of ERISA. As of the Closing Date and throughout the term of the Loans, neither the Company nor any Other Guarantor is or will be a "governmental plan" within the meaning of Section 3(3) of ERISA and neither the Company nor any Other Guarantor will be subject to state statutes applicable to the Company or such Other Guarantor regulating investments and fiduciary obligations, of the Company or any Other Guarantor with respect to governmental plans.

(m) Representations and Warranties in Loan Documents.

All representations and warranties made by the Company, the REIT or any Subsidiary Guarantor in the Loan Documents and the Program are true and correct in all material respects.

(n) True and Complete Disclosure. To the best knowledge of the

Company and the REIT, all factual information (taken as a whole) furnished by or on behalf of the Company, the REIT or any Subsidiary Guarantor in writing to the Agent on or prior to the Closing Date, for purposes of or in connection with this Agreement or the Loans (the "Furnished Information") is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Company, the REIT or any Subsidiary Guarantor in writing to the Agent will be, true, accurate and complete in all material respects and will not omit any material fact necessary to make such information (taken as a whole) not misleading on the date as of which such information is dated or furnished. As of the Closing Date, there are no facts, events or conditions directly and specifically affecting the Company, the REIT, or any Subsidiary Guarantor known to the Company, the REIT or any Subsidiary Guarantor and not disclosed to the Agent, in the Furnished Information, in the Schedules attached hereto or in the other Loan Documents, which, in the aggregate, have or could be expected to have a Material Adverse Effect.

(o) Ownership of Real Property; Existing Security Instruments.

The Company or the Operating Partnerships have good and marketable fee simple title in all owned Real Property Assets, valid and marketable leasehold interests in all of the leased and subleased Real Property Assets and, to the best knowledge of the Company, good title to all of their personal property subject

to no Lien of any kind except for Permitted Liens. The Company or the applicable Other Guarantor has good and marketable fee simple title in all of the Unencumbered Assets. As of the date of this Agreement, there are no options or other rights to acquire any of the Real Property Assets that run in favor of any Person and there are no mortgages, deeds of trust, indentures, debt instruments or other agreements creating a Lien against any of the Real Property Assets other than Permitted Liens and, except for Unencumbered Assets, Permitted Mortgage Debt.

(p) No Default. No Unmatured Default or Program Event of Default exists under or with respect to any Loan Document. Neither the Company, the Other Guarantors nor any of their respective Subsidiaries is in default in any material respect beyond any applicable grace period under or with respect to any other material agreement, instrument or undertaking to which it is a party or by which it or any of its properties or assets is bound in any respect, the existence of which default could result in a Material Adverse Effect.

(q) Licenses, etc. The Company or the applicable Other Guarantor has obtained and holds in full force and effect, all material franchises, trademarks, tradenames, copyrights, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals which are necessary for the operation of the Real Property Assets and their respective businesses as presently conducted.

(r) Compliance With Law. To the best knowledge of the Company and the REIT, each Other Guarantor is in material compliance with all Applicable Laws and other laws, rules, regulations, orders, judgments, writs and decrees, noncompliance with which could result in a Material Adverse Effect.

(s) Brokers. The Guarantors, the Agent and the Lenders hereby represent and warrant that no brokers or finders were used in connection with procuring the financing contemplated hereby and the Company and the REIT hereby agree to indemnify and save the Agent and each Lender harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by the Agent or any Lender as a result of any claim or assertion by any party claiming by, through or under the Guarantors, that it is entitled to compensation in connection with the financing contemplated hereby and the Agent and the Lenders hereby agree to indemnify and save the Company harmless from and against any and all liabilities, losses, costs and expenses (including attorneys' fees or court costs) suffered or incurred by the Company as a result of any claim or assertion by any party claiming by, through or under the Agent or any Lender that it is entitled to compensation in connection with the financing contemplated hereby.

(t) Judgments. To the best knowledge of the Company and the REIT, there are no judgments, decrees, or orders of any kind against the Company or any Other Guarantor unpaid of record which would materially or adversely affect the ability of any Guarantor to comply with its obligations under this Agreement in a timely manner. To the best knowledge of the Company and the REIT, there are no federal tax claims or liens assessed or filed against the Company or any Other Guarantor or any related entity, or any principal thereof, and there are no material judgments against the Company or any Other Guarantor unsatisfied of record or docketed in any court of the

States in which the Real Property Assets are located or in any other court located in the United States and no petition in bankruptcy or similar insolvency proceeding has ever been filed by or against the Company or any Other Guarantor, and neither the Company or any Other Guarantor has ever made any assignment for the benefit of creditors or taken advantage of any insolvency act or any act for the benefit of debtors.

(u) Property Manager. As of the date hereof, the manager of the Real Property Assets is the Company or a wholly-owned Subsidiary of the Company or the REIT.

(v) Assets of the REIT. The sole assets of the REIT are its general partnership interest in the Company, its partnership and other equity interests in certain Affiliates of the Company, such other assets that may be incidental to or required in connection with the ownership of such general partnership interest, and as set forth on Schedule 8. The REIT is the sole general partner of the Company.

(w) REIT Status. The "REIT" is a "qualified real estate investment trust" as defined in Section 856 of the Code.

(x) Operations. The REIT conducts its business directly only through the Company, except as described on Schedule 9A, and the Company conducts its business only in its own name, except as described on Schedule 9B.

(y) Stock. The REIT lists all of its outstanding shares of stock on the New York Stock Exchange.

(z) Ground Leases. With respect to those Real Property Assets in which the Company or any of its Subsidiaries holds a leasehold estate under a Ground Lease, with respect to each such Ground Lease (i) the Company or the respective Subsidiary is the owner of a valid and subsisting interest as tenant under the Ground Lease; (ii) the Ground Lease is in full force and effect, unmodified and not supplemented by any writing or otherwise; (iii) all rent, additional rent and other charges reserved therein have been paid to the extent they are payable to the date hereof; (iv) the remaining term of the Ground Lease is at least 10 years after the Maturity Date; (v) the Company or the respective Subsidiary enjoys the quiet and peaceful possession of the estate demised thereby, subject to any sublease; (vi) the Company or the respective Subsidiary is not in default under any of the terms thereof and there are no circumstances which, with the passage of time or the giving of notice or both, would constitute an event of default thereunder; (vii) the lessor under the Ground Lease is not in default under any of the terms or provisions thereof on the part of the lessor to be observed or performed; (viii) the lessor under the Ground Lease has satisfied all of its repair or construction obligations, if any, to date pursuant to the terms of the Ground Lease; (ix) Schedule 10 lists all the Ground Leases to which any of the Real Property Assets are subject and all amendments and modifications thereto; and (x) the lessor indicated on Schedule 10 for each Ground Lease is the current lessor under the related Ground Lease.

(aa) Single Purpose. Except as set forth in Schedule 11, each Operating Partnership is engaged only in the business of owning, operating and developing Real Property

Assets. No Operating Partnership owns or has any interest in any Person. The sole partners and beneficial owners of each Operating Partnership are and will continue to be, directly or indirectly, the Company and/or the REIT. The principal place of business of each Operating Partnership is, and will continue to be, the location of the Company's principal place of business.

(bb) Status of Property. With respect to each Real Property Asset, except as set forth on Schedule 12:

(i) No portion of any improvement on the Real Property Asset is located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, or any successor law, or, if located within any such area, the Company or the respective Other Guarantor has obtained and will maintain the insurance prescribed in subsection 5.01(c) hereof.

(ii) To the best knowledge of the Company and the REIT, the Company or the respective Other Guarantor has obtained all necessary certificates, licenses and other approvals, governmental and otherwise, necessary for the operation of the Real Property Asset and the conduct of its business and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification.

(iii) To the best knowledge of the Company and the REIT, the Real Property Asset and the present and contemplated use and occupancy thereof are in material compliance with all applicable zoning ordinances (without reliance upon grandfather provisions or adjoining or other properties), building codes, land use and environmental laws, laws relating to the disabled (including, but not limited to, the ADA) and other similar laws.

(iv) The Real Property Asset is served by all utilities required for the current or contemplated use thereof. All utility service is provided by public utilities and the Real Property Asset has accepted or is equipped to accept such utility service.

(v) All public roads and streets necessary for service of and access to the Real Property Asset for the current or contemplated use thereof have been completed, are serviceable and all-weather and are physically and legally open for use by the public.

(vi) The Real Property Asset is served by public water and sewer systems; or, if the Real Property Asset is not serviced by a public water and sewer system, such alternate systems are adequate and meet, in all material respects, all requirements and regulations of, and otherwise complies in all material respects with, all Applicable Laws.

(vii) Neither the Company nor any Other Guarantor is aware of any latent or patent structural or other significant deficiency of the Real Property Asset. The Real Property Asset is free of damage and waste that would materially and adversely affect the value of the Real Property Asset, is in good repair and there is no deferred maintenance, other than ordinary wear and tear. The Real

Property Asset is free from damage caused by fire or other casualty. There is no pending or, to the actual knowledge of the Company, the REIT or the respective Subsidiary Guarantor, threatened condemnation proceedings affecting the Real Property Asset, or any part thereof.

(viii) To the best knowledge of the Company and the REIT, all costs and expenses of any and all labor, materials, supplies and equipment used in the construction of the improvements on the Real Property Assets have either (A) been paid in full, (B) not yet due and payable, or (C) are being contested in good faith by the Company, the REIT or the applicable Subsidiary Guarantor. Subject to the Company's or the respective Other Guarantor's right to contest as set forth in any Permitted Mortgage Debt related to such Real Property Asset, there are no mechanics' or similar liens or claims that have been filed and recorded for work, labor or materials that affects the Real Property Asset.

(ix) To the best knowledge of the Company and the REIT, the Company, or the respective Subsidiary Guarantor has paid in full for, and is the owner of, all furnishings, fixtures and equipment (other than tenants' property) used in connection with the operation of the Real Property Asset, free and clear of any and all security interests, liens or encumbrances, except for Permitted Liens and purchase money financing which is not a Lien on the fee title of such Real Property Asset and is incurred in the ordinary course of business.

(x) To the best knowledge of the Company and the REIT, all liquid and solid waste disposal, septic and sewer systems located on the Real Property Assets are in a good and safe condition and repair and are in material compliance with all Applicable Laws.

(xi) All improvements on the Real Property Asset lie within the boundaries and building restrictions of the legal description of record of the Real Property Asset, no such improvements encroach upon easements benefitting the Real Property Asset other than encroachments that do not materially adversely affect the use or occupancy of the Real Property Asset and no improvements on adjoining properties encroach upon the Real Property Asset or easements benefitting the Real Property Asset other than encroachments that do not materially adversely affect the use or occupancy of the Real Property Asset. All amenities, access routes or other items that materially benefit the Real Property Asset are under direct control of the Company or the respective Other Guarantor, constitute permanent easements that benefit all or part of the Real Property Asset or are public property, and the Real Property Asset, by virtue of such easements or otherwise, is contiguous to a physically open, dedicated all weather public street, and has the necessary permits for ingress and egress.

(xii) If the Real Property Asset constitutes a legal nonconforming use, the non-conforming Improvements may be rebuilt to current density and used and occupied for such non-conforming purposes if less than 50% of such Real Property Asset is damaged or destroyed.

(xiii) To the best knowledge of the Company and the REIT, there are no delinquent taxes, ground rents, water charges, sewer rents, assessments (including assessments payable in future installments), insurance premiums, leasehold payments, or other outstanding charges affecting the Real Property Asset.

(xiv) To the best knowledge of the Company and the REIT, the Real Property Asset is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Real Property Asset or any portion thereof.

(xv) (A) The Company or the respective Other Guarantor is the sole owner of the entire lessor's interest in the Leases; (B) the Leases are valid and enforceable; (C) the terms of all alterations, modifications and amendments to the Leases are reflected in the certified occupancy statement delivered to and approved by the Agent; (D) none of the rents reserved in the Leases have been assigned or otherwise pledged or hypothecated; (E) none of the rents have been collected for more than one (1) month in advance (other than rents in connection with Seasonal RV Sites); (F) the premises demised under the Leases have been completed and the tenants under the Leases have accepted the same and have taken possession of the same on a rent-paying basis; (G) there exist no offsets or defenses to the payment of any portion of the rents; (H) with respect to Unencumbered Assets no Lease contains an option to purchase, right of first refusal to purchase, or any other similar provision; (I) no person or entity has any possessory interest in, or right to occupy, the Real Property Asset except under and pursuant to a Lease; (J) with respect to Unencumbered Assets, there are no prior assignments, pledges, hypothecations or other encumbrances of any Leases or any portion of rents due and payable or to become due and payable thereunder which are presently outstanding; and (K) the Real Property Asset is not subject to any Lease other than the Leases described in the rent rolls delivered pursuant to subsection 5.01(a)(i), none of which is a lease for commercial use (other than laundry, cable television, vending and other similar commercial leases for services).

(xvi) No portion of the Real Property Asset has been or will be purchased with proceeds of any illegal activity.

(xvii) To the best knowledge of the Company and the REIT, all contracts, agreements, consents, waivers, documents and writings of every kind or character at any time to which the Company, the REIT or any Subsidiary Guarantor is a party to be delivered to the Agent pursuant to any of the provisions hereof are valid and enforceable against the Company or such Other Guarantor and, to the best knowledge of the Company, are enforceable against all other parties thereto, and in all respects are what they purport to be and, to the best knowledge of the Company, to the extent that any such writing shall impose any obligation or duty on the party thereto or constitute a waiver of any rights which any such party might otherwise have, said writing shall be valid and enforceable against said party in accordance with the terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

(cc) Copy to Borrowers. The Company has furnished a copy of this Agreement to each Borrower.

(dd) Adoption of the Program. The Program has been duly adopted, and the Program and the issuance of the Common Stock and Common OP Units pursuant thereto have been duly approved, by all requisite partnership and corporate action, as the case may be, on behalf of the Company and the Other Guarantors, and the Common Stock and Common OP Units, when issued

on the Closing Date, shall have been duly issued in compliance with all applicable laws and shall be fully paid and non-assessable. The offer, issuance, sale and delivery of the Common Stock and Common OP Units to the Borrowers do not require registration under the Securities Act. The shares of Common Stock issuable upon conversion of the Common OP Units have been duly authorized and reserved for issuance and sale upon conversion of the Common OP Units, and the Common Stock, when issued and delivered by the REIT upon such conversion, will be validly issued and fully paid and nonassessable. The registration rights agreements contained in the Program constitute the valid and binding obligation of each party enforceable against such party in accordance with its terms.

(ee) Conversion of Common OP Units. The conversion by any Borrower of any Common OP Units into shares of Common Stock shall not occur prior to indefeasible payment in full of such Borrower's Loan.

(ff) Subsidiaries. Schedule 4.01(ff) hereto contains, as of the date hereof, an accurate list of all of the presently existing Subsidiaries of the Company and the REIT, setting forth their respective jurisdictions of organization and the percentage of their respective equity interests owned by the Company, the REIT or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries have been duly authorized and issued and are fully paid and non-assessable.

(gg) Borrower Event of Repayment. To the best knowledge of the Company, no event has occurred and is continuing or would result from the making of the Loans, that constitutes a Borrower Event of Repayment with respect to any Borrower or would constitute a Borrower Event of Repayment with respect to any Borrower but for the requirement that notice be given or time elapse or both.

(hh) Event of Default under Existing Credit Agreement. No "Event of Default" (as such term is defined in the Existing Credit Agreement) or event which, with notice or the lapse of time or both, would constitute an "Event of Default" has occurred and is continuing.

(ii) Survival. The foregoing representations and warranties shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the indebtedness evidenced by the Note has been fully paid and satisfied and the Lenders have no further commitment to advance funds hereunder.

ARTICLE V

COVENANTS

5.01 Affirmative Covenants. So long as any Note or any Obligation shall remain unpaid, the Company and the Other Guarantors agree that:

(a) Financial Reports. (i) The Company will furnish to the Agent: (A) annual audited consolidated financial statements of the REIT and its Consolidated Subsidiaries prepared

in accordance with GAAP within 90 days of the end of the REIT's fiscal year prepared by nationally recognized independent public accountants (which accountant's opinion shall be unqualified), including the related consolidated statements of income, cash flow and retained earnings and setting forth in comparative form the figures for the corresponding prior year period, satisfactory to the Agent; (B) within 60 days after the close of each quarterly accounting period in each fiscal year, the management prepared consolidated balance sheet of the REIT and its Consolidated Subsidiaries as of the end of such quarterly period and the related consolidated statements of income, cash flow and retained earnings for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, each prepared in accordance with GAAP; (C) annual audited, if available, or unaudited consolidated financial statements of the Company and its Consolidated Subsidiaries prepared in accordance with GAAP within 90 days of the end of the Company's fiscal year and, if audited, prepared by nationally recognized independent public accountants (which accountant's opinion shall be unqualified), including the related consolidated statements of income, cash flow and retained earnings and setting forth in comparative form the figures for the corresponding prior year period, satisfactory to the Agent; (D) within 60 days after the close of each quarterly accounting period in each fiscal year, the management prepared consolidated balance sheet of the Company and its Consolidated Subsidiaries as of the end of such quarterly period and the related consolidated statements of income, cash flow and retained earnings for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, each prepared in accordance with GAAP; and (E) copies of all of each Guarantor's quarterly and annual filings with the Securities and Exchange Commission and all shareholder reports and letters to each Guarantor's shareholders or partners, as the case may be and all other publicly released information promptly after their filing or mailing. The Company will furnish such additional reports or data, but no more often than on a quarterly basis, as the Agent may reasonably request including, without limitation, monthly operating statements, a certified rent roll, leasing and management reports for each Unencumbered Asset. The Company and the REIT shall maintain a system of accounting capable of furnishing all such information and data, and shall maintain its books and records respecting financial and accounting matters in a proper manner and on a basis consistent with that used in the preparation of the GAAP consolidated financial statements of the Company. Financial reports requested by the Agent of the Company shall be provided to the Agent no later than (1) the later of (x) 15 days after such request and (y) 60 days after the end of the fiscal quarter relating to the requested financial reports described in clause (A) or (D) above or (2) 90 days after the end of the fiscal year relating to such financial report described in clause (A) or (C) above.

(ii) Officer's Certificates; Comfort Letters. (A) At the time of the delivery of the financial statements under clause (i) above, the Company and the REIT shall provide a certificate of the REIT for itself and as general partner of the Company that (1) such financial statements have been prepared in accordance with GAAP (unless such financial statements are not required to be prepared in accordance with GAAP pursuant to this Agreement) and fairly present the consolidated financial condition and the results of operations of the REIT, its Consolidated Subsidiaries, the Company, its Consolidated Subsidiaries and the Real Property Assets, as applicable, on the dates and for the periods indicated, subject, in the case of interim financial statements, to usual year end adjustments, (2) to the best knowledge of the Company and the REIT, that no Unmatured Default or Program Event of Default has occurred on the date of such certificate or, if any Unmatured Default or Program Event of Default has occurred and is continuing on such date, specifying the

nature and extent thereof and the action the Company and the REIT propose to take in respect thereof, and (3) that since the date of the prior financial statements delivered pursuant to such clause no change has occurred in the financial position of the Company or the REIT or their respective Consolidated Subsidiaries, which change could result in a Material Adverse Effect.

(B) Within 60 days of the end of each calendar quarter, the Company and the REIT shall provide a certificate of the REIT for itself and as general partner of the Company certifying that no Unmatured Default or Program Event of Default has occurred, that there has been no change in the REIT's tax status as a real estate investment trust as defined under Section 856 of the Code, and demonstrating compliance with the financial covenants set forth in subsections 5.01(o), (p), (q) and (s) and subsection 5.02(e) hereof (including providing copies of the most recently available unaudited operating statements of the Real Property Assets) and the provisions of subsections 5.01(l), (m) and (r) and 5.02(f), (g), (i) and (k) and containing calculations verifying such compliance commencing with the calendar quarter ending on September 30, 1998; provided that the certificate for the last calendar quarter with respect to subsections 5.01(o), (p), (q) and (s) and subsection 5.02(e) may be delivered within 90 days after the end of such fiscal year with the audited financial statements for the year then ended.

(iii) Notice of Default or Litigation. Promptly after a Responsible Officer obtains actual knowledge thereof, the Company and the REIT shall give the Agent notice of (A) the occurrence of an Unmatured Default or any Program Event of Default, (B) the occurrence of (1) any default that is not cured, or any event of default, under any partnership agreement of any Guarantor, any mortgage, deed of trust, indenture or other debt or security instrument, covering any of the Assets of the Company or (2) any event of default under any other material agreement to which the Company or the REIT or any Subsidiary Guarantor is a party, which, if not cured could result in a Material Adverse Effect, (C) any litigation or governmental proceeding pending or threatened (in writing) against the Company, the REIT or any Subsidiary Guarantor which could result in a Material Adverse Effect and (D) any other event, act or condition which could result in a Material Adverse Effect. Each notice delivered pursuant to this paragraph 5.01(a)(iii) shall be accompanied by a certificate of the REIT for itself and as general partner of the Company setting forth the details of the occurrence referred to therein and describing the actions the Company and the REIT proposes to take with respect thereto.

(iv) Asset Information. Promptly after they have been prepared, but in no event later than 60 days after the end of each calendar quarter, the Company shall deliver to the Agent schedules that provide the following information:

- (A) Funds from Operations calculation for the preceding quarter;
- (B) Net Operating Income and net cash flow calculations for the preceding quarter for each Real Property Asset;
- (C) Consolidated listing of all unsecured and recourse Indebtedness;

(D) Listing of net Book Value and gross Book Value of all Unencumbered Assets;

(E) Listing of all Real Property Assets and Other Assets acquired, transferred or sold during the preceding quarter and the price paid or received, as the case may be, for such Asset;

(F) Listing of pending acquisitions, transfers and sales of any Assets and the estimated acquisition or sales price, as the case may be, for any acquisition, transfer or sale for which a contract of sale has been executed or a non-refundable deposit has been made or received; and

(G) Listing of Operating Partnerships formed during the preceding quarter that are not solely engaged in the business of owning, operating and developing Real Property Assets.

(v) Change of Control. As soon as possible, and in any event within five Business Days after the Company shall become aware of the occurrence of a Change of Control or of the signing of any agreement which would give rise to a Change of Control, a statement of a Responsible Officer setting forth details of such Change of Control or agreement;.

(vi) Borrower Event of Default. As soon as possible, and in any event within five Business Days after an executive officer of the Company shall have actual knowledge of the occurrence of a Borrower Event of Repayment under any Note, a statement of a Responsible Officer setting forth the details of such Borrower Event of Repayment.

(vii) Other Information. From time to time, the Company shall provide such other information and financial documents relating to the Company as the Agent may reasonably request.

Any information or report required to be delivered by the Company or REIT pursuant to this subsection 5.01(a) which is delivered to First Chicago pursuant to the terms of the Existing Credit Agreement shall be deemed to have simultaneously been delivered hereunder.

(b) Books, Records and Inspections. The Company shall, and shall cause each applicable Other Guarantor to, at the Company's or such Other Guarantor's principal place of business or at each Real Property Asset, keep proper books of record and account in which full, true and correct entries shall be made. The Company shall and shall cause each applicable Other Guarantor to, permit officers and designated representatives of the Agent to visit and inspect any of the Real Property Assets, and to examine and copy the books of record and account of the Company and the Other Guarantors and the Real Property Assets (including, without limitation, leases, statements, bills and invoices), discuss the affairs, finances and accounts of the Company and any Other Guarantor, and be advised as to the same by, its and their officers and independent accountants, all upon reasonable notice and at such reasonable times as the Agent may desire. Any Lender may accompany the Agent on such visit or inspection. Provided that no Program Event of

Default has occurred and is continuing, such inspections shall be made no more frequently than four (4) times in any consecutive twelve (12) month period.

(c) Maintenance of Insurance. (i) The Company and the Other Guarantors shall (A) maintain with financially sound and reputable insurance companies insurance on itself and its Other Assets in commercially reasonable amounts, (B) maintain the Agent as named additional insured in respect of any such liability insurance required to be maintained hereunder, and (C) furnish to the Agent from time to time, upon written request, certificates of insurance or certified copies or abstracts of all insurance policies required under this Agreement and such other information relating to such insurance as the Agent or any Lender may reasonably request.

(ii) With respect to each Real Property Asset, the Company shall obtain and maintain, or cause to be maintained, insurance providing at least the following coverages:

(A) comprehensive all risk insurance on the Real Property Assets, including contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements, in each case (1) in an amount equal to 100% of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation, but the amount shall in no event be less than the outstanding principal balance of the Existing Note; (2) containing an agreed amount endorsement with respect to the improvements owned or leased by the Company waiving all co-insurance provisions; (3) providing for no deductible in excess of \$50,000; and (4) containing an "Ordinance or Law Coverage" or "Enforcement" endorsement if any of the improvements or the use of the Real Property Asset shall at any time constitute legal non-conforming structures or uses. The Full Replacement Cost shall be redetermined from time to time (but not more frequently than once in any twelve (12) calendar months) at the request of the Agent by an appraiser or contractor designated and paid by the Company and approved by the Agent, or by an engineer or appraiser in the regular employ of the insurer. After the first appraisal, additional appraisals may be based on construction cost indices customarily employed in the trade. No omission on the part of the Agent to request any such ascertainment shall relieve the Company of any of its obligations under this subsection. In addition, the Company shall obtain (Y) flood hazard insurance if any portion of the improvements is currently or at any time in the future located in a federally designated "special flood hazard area", or otherwise required by the Agent and (Z) earthquake insurance in amounts and in form and substance satisfactory to the Agent and the Required Lenders in the event the Real Property Asset is located in an area with a high degree of seismic activity, or otherwise as required by the Agent, provided that the insurance pursuant to clauses (Y) and (Z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this subsection 5.01(c), except that the deductible on such insurance shall not be in excess of five percent (5%) of the appraised value of the Real Property Asset;

(B) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Real Property

Asset, such insurance (1) to be on the so-called "occurrence" form with a combined single limit of not less than \$1,000,000; (2) to continue at not less than the aforesaid limit until required to be changed by the Agent in writing by reason of changed economic conditions making such protection inadequate; and (3) to cover at least the following hazards: (w) premises and operations; (x) products and completed operations on an "if any" basis; (y) independent contractors; and (z) blanket contractual liability for all written and oral contracts;

(C) business income and rent loss insurance (1) covering all risks required to be covered by the insurance provided for in paragraph 5.01(c)(ii)(A); (2) containing an extended period of indemnity endorsement which provides that after the physical loss to the improvements and personal property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of twelve (12) months from the date of the loss, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; and (3) in an amount equal to 100% of the projected gross income from the Real Property Asset for a period of twelve (12) months. The amount of such business income insurance shall be determined prior to the date hereof and at least once each year thereafter based on the greatest of: (x) the Company's reasonable estimate of the gross income from the Real Property Asset; (y) the estimate of gross income set forth in the annual operating budget delivered pursuant to subsection 5.01(a)(i); and (z) the highest gross income received during the term of the Note for any full calendar year prior to the date the amount of such insurance is being determined;

(D) at all times during which structural construction, repairs or alterations are being made with respect to the Real Property Asset (1) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (2) the insurance provided for in clause (A) above written in a so-called builder's risk completed value form (w) on a non-reporting basis, (x) against all risks insured against pursuant to paragraph 5.01(c)(ii)(A), (y) including permission to occupy the Real Property Asset, and (z) with an agreed amount endorsement waiving co-insurance provisions;

(E) workers' compensation, subject to the statutory limits of the state in which the Real Property Asset is located, and employer's liability insurance (a) with a limit per accident and per disease per employee, and (2) in an amount for disease aggregate in respect of any work or operations on or about the Real Property Asset, or in connection with the Real Property Asset or its operation (if applicable), in each case reasonably required by the Agent;

(F) comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by the Agent on terms consistent with the commercial general liability insurance policy required under subsection 3.3(a)(ii) of the Existing Credit Agreement;

(G) umbrella liability insurance in an amount not less than \$15,000,000 per occurrence on terms consistent with the commercial general liability insurance policy required under subsection 3.3(a)(ii) of the Existing Credit Agreement;

(H) motor vehicle liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of \$1,000,000; and

(I) such other insurance and in such amounts as the Agent from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Real Property Asset located in or around the region in which the Real Property Asset is located.

(iii) All insurance provided for hereunder shall be obtained under valid and enforceable policies (the "Policies" or in the singular, the "Policy"), and shall be subject to the approval of the Agent and the Required Lenders as to insurance companies, amounts, forms, deductibles, loss payees and insurers. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the state in which the Real Property Asset is located and approved by the Agent and the Required Lenders. Each insurance company must have a rating of "A" or better for claims paying ability assigned by Standard & Poor's Rating Group or, if Standard & Poor's Rating Group does not assign a rating for such insurance company, such insurance company must have a general policy rating of A or better and a financial class of VIII or better by Best (each such insurer shall be referred to below as a "Qualified Insurer"). Not less than thirty (30) days prior to the expiration dates of the Policies theretofore furnished to the Agent, certified copies of the Policies marked "premium paid" or accompanied by evidence satisfactory to the Agent of payment of the premiums due thereunder shall be delivered by the Company to the Agent; provided, however, that in the case of renewal Policies, the Company may furnish the Agent with binders therefor to be followed by the original Policies when issued.

(iv) The Company shall not obtain (A) any umbrella or blanket liability or casualty Policy unless, in each case, such Policy is approved in advance in writing by the Agent and approved by the Required Lenders and such Policy is issued by a Qualified Insurer, or (B) separate insurance concurrent in form or contributing in the event of loss with that required in subsection 5.01(c)(ii) to be furnished by, or which may be reasonably required to be furnished by, the Company. In the event the Company obtains separate insurance or an umbrella or a blanket Policy, the Company shall notify the Agent of the same and shall cause certified copies of each Policy to be delivered as required in subsection 5.01(c)(ii). Any blanket insurance Policy shall (1) specifically allocate to the Real Property Asset the amount of coverage from time to time required hereunder or (2) be written on an occurrence basis for the coverages required hereunder with a limit per occurrence in an amount equal to the amount of coverage required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of subsection 5.01(c)(ii).

(v) All Policies of insurance provided for in Section 5.03(b) shall contain clauses or endorsements to the effect that:

(A) the Policy shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least 30 days' written notice to the Agent and any other party named therein as an insured; and

(B) each Policy shall provide that the issuers thereof shall give written notice to the Agent if the Policy has not been renewed thirty (30) days prior to its expiration.

(vi) The Company shall furnish to the Agent, on or before thirty (30) days after the close of each of the Company's fiscal years, a statement certified by the Company or a duly authorized officer of the Company of the amounts of insurance maintained in compliance herewith, of the risks covered by such insurance and of the insurance company or companies which carry such insurance and, if requested by the Agent, verification of the adequacy of such insurance by an independent insurance broker or appraiser acceptable to the Agent. The Agent and the Lenders agree that American Modern Home Group is an acceptable insurance company for so long as its Best general policy rating is A+ or higher and its financial class is VII or greater.

(vii) If at any time the Agent is not in receipt of written evidence that all insurance required hereunder is in full force and effect, the Agent shall have the right, without notice to the Company to take such action as the Agent deems necessary to obtain such insurance coverage as the Agent and the Lenders in their sole discretion deem appropriate, and all expenses incurred by the Agent and the Lenders in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by the Company and the REIT to the Agent upon demand and shall bear interest in accordance with Section 7.02 of the Existing Credit Agreement; provided, however, in the event the agent under the Existing Credit Agreement is a financial institution other than the Agent hereunder, the Agent, prior to taking such action, shall request written evidence from the Company or the Other Guarantors, as applicable, showing that the agent under the Existing Credit Agreement is undertaking steps to obtain the necessary insurance; provided further that if the Company or Other Guarantors are not able to provide written evidence that all insurance required hereunder is in full force and effect within 90 days after such request by the Agent, the Agent may take any steps permitted under this clause (vii) to obtain such insurance.

(viii) If the Real Property Assets shall be damaged or destroyed, in whole or in part, by fire or other casualty, or condemned or taken by eminent domain, the Company shall give prompt notice of such damage or taking to the Agent and shall promptly commence and diligently prosecute the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such fire or other casualty or taking (the "Restoration"). The Company shall pay all costs of such Restoration whether or not such costs are covered by insurance or any condemnation award.

(d) Taxes. The Company and the Other Guarantors shall pay or cause to be paid, when due (i.e., before any penalty or fine could be levied or charged), all taxes, charges and assessments and all other lawful claims required to be paid by the Company and the Other Guarantors, except as contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves have been established with respect thereto in accordance with GAAP. Upon

request from the Agent, the Company shall provide evidence to the Agent of payment of such taxes, charges, assessments and other lawful claims.

(e) Corporate Franchises; Conduct of Business. (i) The Company and the Other Guarantors shall do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and good standing in the State of its organization and in each state in which a Real Property Asset is located, and its respective franchises, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals, except where the failure to so preserve any of the foregoing (other than existence and good standing) could not, in the aggregate, result in a Material Adverse Effect.

(ii) The Company shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted.

(iii) The REIT shall carry on and conduct its business in substantially the same manner and substantially the same field of enterprise as it is presently conducted and only through The Company, except as described in Schedule 9A.

(f) Compliance with Law. The Company and the Other Guarantors shall comply in all material respects with all Applicable Laws, rules, statutes, regulations, decrees and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of their business and the ownership of their property (including the Real Property Assets), except for such laws, rules, statutes, regulations, decrees, orders and restrictions, (i) which the Company or such Other Guarantor is contesting in good faith and in compliance with and pursuant to appropriate proceedings diligently prosecuted (provided that such contest does not and cannot (A) expose any of the Agent, the Lenders, the Company or the Other Guarantors to any criminal liability or penalty, (B) give rise to a Lien against any of the Assets or any Real Property Asset, or (C) otherwise materially adversely affect any of the Assets or the value thereof), or (ii) the failure to observe which, taken individually or in the aggregate, could not result in a Material Adverse Effect. The Company and the applicable Other Guarantors shall not permit the use of all or any portion of any Real Property Asset to be used for any illegal activity.

(g) Performance of Obligations. The Company, the REIT and the Subsidiary Guarantors shall perform all of their obligations under the terms of each mortgage, indenture, security agreement, debt instrument, lease, undertaking and contract by which it or any of the Real Property Assets is bound or to which it is a party (other than the Loan Documents) so as not to cause a Material Adverse Effect.

(h) Stock. REIT shall cause its issued and outstanding shares of stock to be listed for trading on the New York Stock Exchange.

(i) Change in Rating. The Company shall promptly notify the Agent in writing of any change, downgrade or withdrawal, or threatened change, downgrade or withdrawal of the Company's Unsecured Debt Rating.

(j) Maintenance of Properties. The Company and the Other Guarantors shall ensure that the Real Property Assets are kept in their current condition and repair, normal wear and tear and casualty damage in the process of being repaired or restored excepted.

(k) Compliance with ERISA. (i) The Company and the Other Guarantors shall maintain each Employee Benefit Plan and Plan in compliance with all material applicable requirements of ERISA and the Code and with all material applicable regulations promulgated thereunder. The Company and the Other Guarantors shall provide to the Agent, within ten (10) days of sending or receipt, copies of all filings or correspondence with the Internal Revenue Service, PBGC, Department of Labor, Plan, Multiemployer Plan or union, regarding any Plan, or regarding or disclosing any liability or potential liability or violation of law under any Employee Benefit Plan.

(ii) The Company and the Other Guarantors shall also provide to the Agent, with ten (10) days of filing or receipt, (A) any notice from the Department of Labor or Internal Revenue Service of assessment or investigation regarding a prohibited transaction under Section 4975 of the Code or Section 406 of ERISA, (B) any notice from a Multiemployer Plan of withdrawal with respect to a Multiemployer Plan, (C) notice from the Internal Revenue Service of imposition of excise tax with respect to an Employee Benefit Plan, (D) any Form 5500 filed by the Company or any of the Other Guarantors with respect to an Employee Benefit Plan which includes a qualified accountant's opinion, or (E) notice regarding a proposed termination from the PBGC.

(iii) Neither the Company nor the Other Guarantors shall engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by the Agent or the Lenders of any of its rights under this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or result in a violation of a state statute regulating governmental plans that would subject the Agent or any Lender to liability for a violation of ERISA or such a state statute.

(iv) The Company and the REIT further covenant and agree to deliver to the Agent such certifications or other evidence from time to time throughout the term of the Guaranty, as reasonably requested by the Agent or the Lenders in their sole discretion, that (A) neither the Company nor the Other Guarantors is an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (B) neither the Company nor the Other Guarantors is subject to state statutes applicable to the Company or the Other Guarantors regulating investments and fiduciary obligations of the Company or the Other Guarantors with respect to governmental plans; and (C) with respect to the Company and the Other Guarantors, at least one of the following circumstances is true:

(1) Equity interests in the Company or such Other Guarantor are publicly offered securities, within the meaning of 29 C.F.R. Sections. 2510.3-101(b) (2);

(2) Less than 25 percent (25%) of each outstanding class of equity interests in the Company or such Other Guarantor are held by "benefit plan investors" within the meaning of 29 C.F.R. Sections. 2510.3-101(f) (2); or

(3) The Company or such Other Guarantor qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Sections. 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940.

(l) Settlement/Judgment Notice. The Company agrees that it shall, within ten (10) days after a settlement of any obligation in excess of \$1,000,000.00 provide written notice to the Agent of such settlement together with a certification signed by the REIT for itself and as general partner of the Company certifying that, based upon the most recent quarterly consolidated financial statements of the Company, the REIT and their Consolidated Subsidiaries, such settlement will not cause the Company or the REIT to violate the financial covenants set forth in subsections 5.01(o), (p) and (q) hereof. The Company further agrees that it shall, within ten (10) days after entry of a final judgment in excess of \$1,000,000.00 or final judgments in excess of \$1,000,000.00 in the aggregate during the immediately preceding twelve (12) month period, provide written notice to the Agent of such judgment together with a certification signed by the REIT for itself and as general partner of the Company certifying, based upon the most recent quarterly consolidated financial statements of the Company, such judgment will not cause the Company to violate the financial covenants set forth in subsections 5.01(p) and (q) hereof.

(m) Acceleration Notice. The Company agrees that it shall, within ten (10) days after receipt of written notice that any Indebtedness of the Company or any Other Guarantor has been accelerated, provide written notice to the Agent of such acceleration.

(n) Lien Searches; Title Searches. The Company shall, upon the Agent's request therefor given from time to time, but not more frequently than annually unless a Program Event of Default shall have occurred and be continuing or such Title Search indicates a Lien other than a Permitted Lien or another state of facts not reasonably satisfactory to the Agent and the Required Lenders, pay for (i) reports of UCC, tax lien, judgment and litigation searches with respect to the Company and each of the Other Guarantors, and (ii) searches of title to each of the Real Property Assets (each, a "Title Search"). Such Title Searches and lien searches required under this Agreement shall be conducted by search firms designated by the Agent in each of the locations designated by the Agent. Notwithstanding the foregoing, during the term of the Existing Credit Agreement, unless a Program Event of Default shall have occurred and be continuing, the Agent shall not request the documents specified by (i) and (ii) of this subsection (n) more frequently than annually hereunder and under the Existing Credit Agreement. In the event the agent under the Existing Credit Agreement is a financial institution other than the Agent hereunder, the Agent, prior to making such request, shall request written evidence from the Company or the Other Guarantors, as applicable, that the searches under (i) and (ii) of this subsection (n) have been requested for such year by the agent under the Existing Credit Agreement; provided, however, that if the Company is not able to provide copies of the requested searches within 90 days after such request by the Agent, the Agent may take any steps permitted under this subsection (n) to obtain such Title Searches.

(o) Minimum Net Worth. Subject to subsection 12.01(c), the consolidated minimum Net Worth of the Company shall not, at any time, be less than \$145,000,000.00 plus 85% of the net proceeds (after payment of underwriter and placement fees and other expenses directly

related to such equity offering) received from equity offerings by the REIT subsequent to May 1, 1996, calculated on a GAAP basis. For purposes of determining compliance with this covenant only, the stock offering by the REIT in connection with the acquisition of 25 manufactured housing communities from Aspen Enterprises Ltd. (the "Aspen Acquisition") shall be considered a subsequent equity offering even though such acquisition has been consummated as of May 1, 1996.

(p) Total Indebtedness. (i) The maximum consolidated Total Debt of the REIT, the Company and their Consolidated Subsidiaries (without duplication) shall not exceed at any time 50% of the lesser of (A) the gross Book Value of all Assets of the Company and its Consolidated Subsidiaries, or (B) the total Fair Market Value of all Assets of the Company and Consolidated Subsidiaries. In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by the Agent and the Required Lenders (but not as a result of a change in such Market Capitalization Rate as published in the Korpacz Real Estate Investment Survey), such breach shall not be deemed a Program Event of Default unless the Company and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

(ii) The maximum consolidated aggregate Unsecured Debt of the REIT, the Company and their Consolidated Subsidiaries (without duplication) shall not exceed at any time 50% of the lesser of (A) the gross Book Value of the Unencumbered Assets, or (B) the aggregate Fair Market Value of the Unencumbered Assets. In the event that this covenant is breached solely as a result of a change in the appropriate Market Capitalization Rate by the Agent and the Required Lenders (but not as a result of a change in such Market Capitalization Rate as published in the Korpacz Real Estate Investment Survey), such breach shall not be deemed a Program Event of Default unless the Company and the REIT fail to cure such breach within thirty (30) days of the date of such breach.

(q) Coverage Ratios. (i) The ratio of (A) actual consolidated EBITDA of the Company and its Consolidated Subsidiaries (adjusted to include Minimum Capital Expenditure Reserves) for any period of twelve consecutive months, to (B) the Debt Service of the REIT, the Company and their Consolidated Subsidiaries (without duplication) for such twelve month period shall not at any time be less than 2.25 to 1.

(ii) The ratio of (A) actual consolidated EBITDA (adjusted to include Minimum Capital Expenditure Reserves) of the Company and its Consolidated Subsidiaries for the applicable twelve month period, to (B) the sum of Debt Service plus Fixed Charges of the REIT, the Company, and their Consolidated Subsidiaries (without duplication) for the same twelve month period shall not at any time be less than 1.85 to 1.

(iii) The ratio of (A) actual Net Operating Income from the Unencumbered Assets (adjusted to include Minimum Capital Expenditure Reserves) for the applicable twelve month period to (B) actual Debt Service with respect to all Unsecured Debt of the REIT, the Company and their Consolidated Subsidiaries (without duplication), for the applicable twelve month period shall not at any time be less than 1.80 to 1.

(iv) The Coverage Ratios required to be maintained pursuant to this subsection 5.01(q) shall be calculated on a monthly basis.

(r) Equity or Debt Offerings. All net proceeds (after payment of underwriter and placement fees and other expenses directly related to such equity or debt offering) from any equity or debt offering by the REIT shall be immediately distributed to the Company.

(s) Minimum Asset Value. The lesser of (a) the consolidated Book Value of all Unencumbered Assets or (b) the Fair Market Value of all Unencumbered Assets shall at all times equal or exceed \$150,000,000.00.

(t) Managers. The Real Property Assets shall at all times be managed by the Company or an Affiliate of the Company or the REIT. If (i) any manager shall become insolvent or (ii) a Program Event of Default shall occur and be continuing, then the Agent and the Required Lenders, at their option, may require the Company to engage a bona-fide, independent third party management agent approved by the Agent and the Required Lenders in their sole discretion (the "New Manager") to manage the Real Property Assets. The New Manager shall be engaged by the Company pursuant to a written management agreement that complies with the terms hereof and is otherwise satisfactory to the Agent and the Required Lenders in all respects and the New Manager shall execute and deliver a Subordination of Management Agreement.

(u) Further Assurances. The Company will, at the Company's sole cost and expense, at any time and from time to time upon request of the Agent take or cause to be taken any action and execute, acknowledge, deliver or record any further documents, opinions, negative pledge agreements or other instruments which the Agent or any Lender in its reasonable discretion deems necessary or appropriate to carry out the purposes of this Agreement and the other Loan Documents including to consummate the transfer or sale of the Loans or any portion thereof.

(v) REIT Status. The REIT shall at all times maintain its status as a "qualified real estate investment trust" under Section 856 of the Code.

(w) Additional Covenants. (i) The Company and the REIT shall give prompt notice to the Agent of the receipt by the Company, the REIT or any Subsidiary Guarantor of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws.

(ii) The Company and the REIT will take appropriate measures to prevent and will not engage in or knowingly permit any illegal activities at any Real Property Asset.

(x) Preparation of Environmental Reports. At the request of the Agent, or any Lender, from time to time, the Company shall provide to the Agent, within 30 days after such request, at the expense of the Company and the REIT, an Environmental Report for all Real Property Assets that have been acquired after the date hereof, or with respect to the Real Property Assets owned as of the date hereof, any Real Property Asset for which the Agent has a reasonable basis for requiring such an Environmental Report (including, without limitation, the fact that an

environmental report was not delivered at or prior to the Closing Date or there is a basis to believe that there may be Hazardous Materials or a threat of a Release with respect to such Real Property Asset) as described in such request. Without limiting the generality of the foregoing, if the Agent or the Required Lenders determine at any time that a material risk exists that any such Environmental Report will not be provided within the time referred to above, the Agent may retain an environmental consulting firm to prepare such Environmental Report at the expense of the Company and the REIT, and the Company hereby grants and agrees to cause any Guarantor which owns any Real Property Asset described in such request to grant at the time of such request, to the Agent, such firm and any agents of representatives thereof an irrevocable non-exclusive license, subject to the rights of tenants, to enter onto their respective Real Property Assets to undertake such an assessment. Notwithstanding the foregoing, during the term of the Existing Credit Agreement, the Agent shall not retain an environmental consulting firm to prepare an Environmental Report if such a step has been undertaken under the Existing Credit Agreement for such Real Property Asset, provided, however, that in the event the agent under the Existing Credit Agreement is a financial institution other than the Agent hereunder, the Company shall, upon the Agent's request, provide written evidence that an environmental consulting firm has been retained for such Real Property Asset by the agent under the Existing Credit Agreement; provided further that if the Company is not able to provide a copy of the requested Environmental Report within 30 days after the date of such request by the Agent, the Agent may take any steps permitted under this subsection (x) to obtain such Environmental Report.

(y) Documentation following Acquisition of an Interest in Real Property Assets. Not later than 60 days following each acquisition of an interest in a Real Property Asset (which shall include only Permitted Investments) by the Company, the REIT or any Subsidiary Guarantor, the Company shall provide the Agent with each of the following: (A) the closing statement relating to such acquisition, (B) a description of the property acquired, (C) a statement of condition of such Real Property Asset prepared by the Company's internal or approved external construction engineer, (D) an historical operating statement of such Real Property Asset for such period as may be available to the Company and a current rent roll for such Real Property Asset and (E) such other information as may be reasonably requested by the Agent, including any Environmental Reports prepared in accordance with subsection 5.02(g).

(z) Preparation of Engineering Reports. At the request of the Agent from time to time, the Company shall provide to the Agent, within thirty (30) days after such request, at the expense of the Company and the REIT, an Engineering Report for all Real Property Assets acquired after the date hereof, and, with respect to any Real Property Asset, if the Agent has a reasonable basis to require an Engineering Report based on an inspection of such Real Property Asset or such other information that may have come to the Agent's attention, as described in such request.

(aa) Use of Proceeds. The Company will cause the REIT to apply the proceeds of the Loans to each Borrower to payment in full of the purchase price of the Common Stock or Common OP Units being acquired by such Borrower under the Program.

5.02 Negative Covenants. So long as any note or any Obligation shall remain unpaid, the Company and the Other Guarantors agree that:

(a) Liens. Neither the Company nor any Other Guarantor shall create, incur, assume or suffer to exist, directly or indirectly, any Lien on any Unencumbered Asset, or any other Real Property Asset, other than the following (collectively, the "Permitted Liens"):

(i) Liens existing on the Closing Date and set forth on Schedule 7 hereto;

(ii) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) Statutory Liens of landlords and Liens of mechanics, materialmen and other Liens imposed by Law (other than any Lien imposed by ERISA) created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings diligently conducted, and with respect to which adequate bonds have been posted if required to do so by Applicable Law;

(iv) Easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Company and which do not detract materially from the value of any of the Real Property Assets to which they attach or impair materially the use thereof by the Company; and

(v) With respect to Real Property Assets that are not Unencumbered Assets, Permitted Mortgage Debt.

(b) Restriction on Fundamental Changes. (i) Without the prior written consent of the Agent and the Required Lenders, which consent may be withheld in the sole and absolute discretion of the Agent and the Required Lenders, the Company, the REIT and the Subsidiary Guarantors shall not enter into any merger or consolidation with, or sell, lease, transfer or otherwise dispose of any Substantial Assets to, any Person other than the Company, the REIT or a wholly owned Subsidiary of the Company or the REIT. Notwithstanding the foregoing, neither the Company, the REIT nor any Subsidiary Guarantor shall enter into any arrangement, directly or indirectly, whereby the Company, the REIT or any the Subsidiary Guarantor shall sell or transfer any Real Property Asset (in a single or multiple transaction) owned by any of them in order then or thereafter to lease such property or lease other Real Property Asset that it intends to use for substantially the same purpose as the Real Property Asset being sold or transferred.

(ii) Notwithstanding the foregoing, the Company and the Other Guarantors may enter into a merger or consolidation, provided that following such merger or consolidation, the Company is the surviving entity of such merger or consolidation and the REIT or an entity wholly owned and controlled by the REIT (A) is the sole general partner of the Company, and (B) owns at least a 51% economic ownership interest in the Company.

(iii) Subject to subsection 12.01(c), Gary Shiffman shall for so long as he is living, at all times own at least 95,846 OP Units in the Company and 405,930 shares of common stock in the REIT; notwithstanding the foregoing, Gary Shiffman may redeem or convert some or all of his

OP Units in the Company to shares of common stock in the REIT, provided that in the aggregate he at all times owns at least, in the aggregate, 405,930 shares of common stock in the REIT and 95,846 OP Units, either in the form of OP Units or in the form of additional stock in the REIT equivalent to such OP Units; and Milton Shiffman shall for so long as he is living, at all times own at least 106,346 OP Units in the Company and 303,162 shares of common stock in the REIT; notwithstanding the foregoing, Milton Shiffman may redeem or convert some or all of his OP Units in the Company to shares of common stock in the REIT, provided that in the aggregate he at all times owns at least, in the aggregate, 303,162 shares of common stock in the REIT and 106,346 OP Units, either in the form of OP Units or in the form of additional stock in the REIT equivalent to such OP Units.

(c) Transactions with Affiliates. Neither the Company nor any Other Guarantor shall enter into any material transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Company, other than on terms and conditions substantially as favorable as would be obtainable at the time in a comparable arm's-length transaction with a Person other than an Affiliate of the Company

(d) Plans. Neither the Company nor the Other Guarantors shall, nor shall they permit any member of their respective ERISA Controlled Group to, (i) take any action which would (A) increase the aggregate present value of the Unfunded Benefit Liabilities under all Plans or withdrawal liability under a Multiemployer Plan for which the Company or any Other Guarantor or any member of their respective ERISA Controlled Groups (determined without reference to Section 414(m) or (o) of the Code, if liabilities of entities in the Company's or any Other Guarantor's ERISA Controlled Group solely by reason of Section 414(m) or (o) of the Code could not result in liability to the Company or Other Guarantor) to an amount in excess of \$1,000,000.00 or (B) result in liability or Contingent Obligation for any post-retirement benefit under any "welfare plan" (as defined in Section 3(1) of ERISA), or any withdrawal liability or exit fee or charge with respect to any "welfare plan" (as defined in Section 3(1) of ERISA), other than liability for continuation coverage under Part 6 of Title I of ERISA, or state laws which require similar continuation coverage for which the employee pays approximately the full cost of coverage, or (ii) engage in any transaction prohibited by Section 408 of ERISA or Section 4975 of the Code.

(e) Distributions. Neither the REIT nor the Company (without duplication) shall pay or declare Distributions (i) if a Program Event of Default has occurred and is continuing or (ii) that in the aggregate exceed 90% of the Funds From Operations of the Company individually and combined with the REIT (without duplication), respectively, in any four consecutive calendar quarters (or if four consecutive calendar quarters have not passed since the date hereof, the quarterly periods from the date hereof); provided that notwithstanding the foregoing, so long as no Program Event of Default has occurred and is continuing, the REIT may pay or declare Distributions without violating this covenant in (A) the amount necessary to maintain the REIT's status as a real estate investment trust under Section 856 of the Code, or (B) the amount necessary for the REIT to avoid the payment of any federal income or excise tax. Any Distributions or dividends or other sums received by the REIT must be paid promptly by the REIT as Distributions but in no event later than ten (10) business days after such funds have been received by the REIT. For purposes of the

calculation only, Funds From Operations shall be determined without taking into account the effect of Distributions on either Preferred or Common OP Units, and Distributions shall include all distributions on Preferred and Common OP Units.

(f) Restriction on Prepayment of Indebtedness. Neither the Company nor the REIT shall prepay the principal amount, in whole or in part, of any Unsecured Debt other than the Obligations after the occurrence of any Program Event of Default.

(g) Real Property Assets. Neither the Company nor any Other Guarantor shall acquire any Real Property Asset unless an Environmental Report for such Real Property Asset dated within 6 months of the proposed acquisition date has been prepared and, if requested, delivered to the Agent and such Environmental Report is satisfactory to the Agent and the Required Lenders in all material respects.

(h) Organizational Documents. Neither the Company nor any Other Guarantor shall make any amendments or modifications to their partnership agreements, corporate charters, by-laws, certificates of incorporation, articles of organization or other organizational documents which could result in a Material Adverse Effect without the prior approval of the Agent and the Required Lenders; notwithstanding the foregoing, the Agent shall be promptly notified of all such changes (other than modifications and amendments relating solely to the admission or deletion of limited partners or changes in their limited partnership interests, unless such limited partners are either Gary Shiffman or Milton Shiffman).

(i) Restrictions on Investments. Neither the Company nor any Other Guarantor shall make or permit to exist or remain outstanding any investment other than investments in:

(i) marketable direct or guaranteed obligations of the United States of America that mature within one (1) year from the date of purchase by the Company, the REIT or any Subsidiary Guarantor;

(ii) marketable direct obligations of any of the following: Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Home Loan banks, Federal national Mortgage Association, Government National Mortgage association, Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Banks, Export-Import Bank of the United States, Federal Land Bank, or any other agency or instrumentality of the United States of America;

(iii) demand deposits, certificates of deposit, bankers acceptances and time deposits of United States banks having total assets in excess of \$100,000,000.00; provided, however, that the aggregate amount at any time so invested with any single bank having total assets of less than \$1,000,000,000.00 will not exceed \$200,000.00;

(iv) securities commonly known as "commercial paper" issued by a corporation organized and existing under the laws of the United States of America or any State which at the times of purchase are rated by Moody's

Investors Service, Inc. or by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies at not less than "P 2" if then rated by Moody's Investors Service, Inc., and not less than "A 2", if then rated by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies;

(v) mortgage-backed securities guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and other mortgage-backed bonds which at the time of purchase are rated by Moody's Investors Service, Inc. or by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies at not less than "Aa" if then rated by Moody's Investors Service, Inc. and not less than "AA" if then rated by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies;

(vi) repurchase agreements having a term not greater than 90 days and fully secured by securities described in the foregoing subsection (i), (ii) or (v) with banks described in the foregoing subsection (iii) or with financial institutions or other corporations having total assets in excess of \$500,000,000.00;

(vii) shares of so-called "money market funds" registered with the SEC under the Investment Company Act of 1940 which maintain a level per-share value, invest principally in investments described in the foregoing subsections (i) through (vi) and have total assets in excess of \$50,000,000.00; or

(viii) Permitted Investments.

(j) Borrower Security Interest. Neither the Company nor any Other Guarantor will permit any Reimbursement Obligation of any Borrower to be secured or "indirectly secured" (within the meaning of Regulation U) by any Margin Stock.

(k) Equity Documents. Neither the Company nor any Other Guarantor will terminate, amend, waive or otherwise modify any Reimbursement Agreement in any manner that would cause any such agreement or the Program or any Loan to violate Regulation T, Regulation U or Regulation X.

(l) RV Sites. Except as shown on Schedule 2, no more than ten percent (10%) of the Unit pads or sites on any Real Property Asset that are actually available and capable of being leased or rented and that may be legally leased or rented pursuant to Applicable Laws shall be designated, reserved for, or leased or rented as Seasonal RV Sites or parking areas. For purposes hereof, "Seasonal RV Sites" shall mean those sites available for lease to seasonal recreational vehicle tenants who wish to spend only a portion of the season at a particular Real Property Asset.

ARTICLE VI

PROGRAM EVENTS OF DEFAULT; ACCELERATION

6.01 Program Events of Default. Each of the following events, acts, occurrences or conditions shall constitute a "Program Event of Default" regardless of whether such event, act, occurrence or condition is voluntary or involuntary or results from the operation of law or pursuant to or as a result of compliance by any Person with any judgment, decree, order, rule or regulation of any court or administrative or governmental body:

(a) Breach of Representation or Warranty. Any representation or warranty made by the Company, the REIT or any Subsidiary Guarantor herein or in any other Loan Document or in any certificate or statement delivered pursuant hereto or thereto shall prove to be false or misleading in any material respect on the date as of which made or deemed made: provided, however, that if such breach is capable of being cured, then the Company shall have a period of thirty (30) days after delivery of notice from the Agent to cure any such breach.

(b) Breach of Covenants.

(i) The Company or any Other Guarantor shall fail to perform or observe any other term, covenant or agreement set forth in subsection 5.01(a), (c), (i), (l), (m), (o) to (r) or (v) or 5.02(a) (other than Liens which are placed on a Real Property Asset without the consent of the Company, the REIT or any Subsidiary Guarantor), or subsection 5.02(b), (d), (e), (f), (g) or (i) or Article VII.

(ii) The Company, the REIT or any Subsidiary Guarantor shall fail to perform or observe any agreement, covenant or obligation arising under this Agreement (except those described in paragraphs (a), and (b)(i) above), and such failure shall continue uncured for thirty (30) days after delivery of notice thereof to the Company by the Agent or any Lender or such longer period of time as is reasonably necessary to cure such Program Event of Default, provided that the Company, the REIT or such Subsidiary Guarantor has commenced and is diligently prosecuting the cure of such Program Event of Default and cures it within ninety (90) days.

(iii) The Company, the REIT or any Subsidiary Guarantor shall fail to perform or observe any agreement, covenant or obligation arising under any provision of the Loan Documents (other than this Agreement) to which it is a party on its part to be performed or observed, which failure shall continue after the end of any applicable grace period provided therein.

(c) Default Under Other Agreements. The Company, the REIT or any Subsidiary Guarantor shall default beyond any applicable grace period in the payment, performance or observance of any obligation or condition with respect to (i) any Indebtedness under the Existing Credit Agreement or (ii) any other Indebtedness in excess of \$2,000,000.00 or any other event shall

occur or condition exist, if the effect of such default, event or condition is to accelerate the maturity of any such Indebtedness or to permit (without regard to any required notice or lapse of time) the holder or holders thereof, or any trustee or agent for such holders, to accelerate the maturity of any such Indebtedness, or any such Indebtedness shall become or be declared to be due and payable prior to its stated maturity and the forgoing conditions are not cured within thirty (30) days after the condition occurs.

(d) Bankruptcy, etc. (i) The Company or any Other Guarantor shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commenced against the Company or any Other Guarantor and the petition is not contested within sixty (60) days, or is not dismissed within ninety (90) days, after commencement of the case or (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Company or any Other Guarantor or the Company or any Other Guarantor commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any Other Guarantor or there is commenced against the Company or any Other Guarantor any such proceeding which remains undismissed for a period of ninety (90) days; or (iv) any order of relief or other order approving any such case or proceeding is entered; or (v) the Company or any Other Guarantor is adjudicated insolvent or bankrupt; or (vi) the Company or any Other Guarantor suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of ninety (90) days; or (vii) the Company or any Other Guarantor makes a general assignment for the benefit of creditors; or (viii) the Company or any Other Guarantor shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (ix) the Company or any Other Guarantor shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debt; or (x) the Company or any Other Guarantor shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate or partnership action is taken by the Company or any Other Guarantor for the purpose of effecting any of the foregoing.

(e) ERISA. (i) Any Termination Event shall occur, or (ii) any Plan shall incur an accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, or fail to make a required installment payment on or before the due date under Section 412 of the Code or Section 302 of ERISA, or (iii) the Company or any Other Guarantor or a member of their respective ERISA Controlled Group shall have engaged in a transaction which is prohibited under Section 4975 of the Code or Section 406 of ERISA which could result in the imposition of liability in excess of \$3,000,000 on any of the Company or any Other Guarantor or any member of their respective ERISA Controlled Group and an exemption shall not be applicable or have been obtained under Section 408 of ERISA or Section 4975 of the Code, or (iv) the Company or any Other Guarantor or any member of their respective ERISA Controlled Group shall fail to pay when due an amount which it shall have become liable to pay to the PBGC, any Plan, any Multiemployer Plan or a trust established under Section 4049 of ERISA, or (v) the Company shall have received a notice from the PBGC of its intention to terminate a Plan or to appoint a trustee to administer such Plan or Multiemployer Plan, which notice shall not have been withdrawn within fourteen (14) days after the date thereof, or (vi) a condition shall exist by reason

of which the PBGC would be entitled to obtain a decree adjudicating that an ERISA Plan must be terminated or have a trustee appointed to administer any ERISA Plan, or (vii) the Company or any Other Guarantor or a member of their respective ERISA Controlled Group suffers a partial or complete withdrawal resulting in an assessment of withdrawal liability in excess of \$3,000,000.00 from a Multiemployer Plan or is in default (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan, or (viii) a proceeding shall be instituted against any of the Company or any Other Guarantor or any member of their respective ERISA Controlled Group to enforce Section 515 of ERISA, or (ix) any other event or condition shall occur or exist with respect to any Employee Benefit Plan, Plan or Multiemployer Plan which could subject the Company or any Other Guarantor or any member of their respective ERISA Controlled Group to any tax, penalty or other liability in excess of \$3,000,000 or the imposition of any lien or security interest on the Company or any Other Guarantor or any member of their respective ERISA Controlled Group, or (ix) with respect to any Multiemployer Plan, the institution of a proceeding to enforce Section 515 of ERISA, to terminate such Plan, the receipt of a notice of reorganization or insolvency under Sections 4241 or 4245 of ERISA, in any event which could result in liability in excess of \$3,000,000 to the Company, any Other Guarantor or any member of any of their ERISA Controlled Group, or (xi) the assets of the Company or any Other Guarantor become or are deemed to be assets of an Employee Benefit Plan. No Event of Default under this subsection 6.01(f) shall be deemed to be, or have been, waived or corrected because of any disclosure by the Company or any Other Guarantor.

(f) Judgments. One or more judgments or decrees (i) in an aggregate amount of \$5,000,000 or more are entered against the Company or any Other Guarantor in any consecutive twelve (12) month period or (ii) which, with respect to the Company or any Other Guarantor, could result in a Material Adverse Effect, shall be entered by a court or courts of competent jurisdiction against any of such Persons (other than any judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing) and (x) any such judgments or decrees shall not be stayed (by appeal or otherwise), discharged, paid, bonded or vacated within thirty (30) days or (y) enforcement proceedings shall be commenced by any creditor on any such judgments or decrees.

(g) REIT. The REIT fails to remain a publicly-traded real estate investment trust in good standing with the New York Stock Exchange and with the Securities and Exchange Commission.

(h) Material Adverse Effect. If any Material Adverse Effect shall occur other than a down grade, withdrawal or termination of the Company's or the REIT's Unsecured Debt Rating.

(i) Guaranty. The Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability thereof, or the Company or any Other Guarantor shall deny that it has any further liability hereunder, or shall give notice to such effect.

6.02 Acceleration. (a) If any Program Event of Default occurs and is continuing, the Agent, at the direction of the Required Lenders, may, by notice to the Company and the Borrowers, declare the Notes, all interest thereon and all Obligations to be forthwith due and payable, whereupon the Notes, all such interest and all Obligations shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind. Upon the request of the Company, after the occurrence and during the continuance of a Borrower Event of Repayment with respect to any Borrower, the Lenders shall, or shall direct the Agent to, declare the Loans of such Borrower and all interests thereon and related amounts to be forthwith due and payable to the fullest extent permitted by such Borrower's Note.

(b) The Agent and any Lender may offset any indebtedness, obligations or liabilities owed to the Company or any Other Guarantor against any indebtedness, obligations or liabilities of the Company or any Other Guarantor, as applicable, owed to it.

(c) The Agent and any Lender may avail itself of any remedies available to it under the Loan Documents or at law or equity.

ARTICLE VII

GUARANTY

7.01 Guaranty of Payment. Each Guarantor hereby absolutely, irrevocably and unconditionally guarantees prompt, full and complete payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of (a) the principal of and interest on the Loans made by the Lenders to the Borrowers, (b) all other fees (including Early Payment Fees), reimbursements, indemnities and other obligations (including, without limitation, reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and disbursements) incurred in connection with any enforcement of or collection under the Guaranty) of the Borrowers from time to time owing to the Lenders or the Agent pursuant to the Notes and (c) with respect to each Other Guarantor, all obligations of, and amounts payable by, the Company under this Agreement (collectively, the "Guaranteed Debt"). For purposes of this Article VII, "Obligor" means (a) any Borrower with respect to Guaranteed Debt described in clause (a) or (b) of the preceding sentence and (b) the Company with respect to any Guaranteed Debt described in clause (c) of the preceding sentence.

7.02 Acceptance of Guaranty; No Setoffs. Each Guarantor waives notice of the acceptance of this Guaranty and of the extension or incurrence of the Guaranteed Debt or any part thereof. Each Guarantor further waives all setoffs and counterclaims and presentment, protest, notice, filing of claims with a court in the event of receivership, bankruptcy or reorganization of any Obligor, demand or action on delinquency in respect of the Guaranteed Debt or any part thereof, including any right to require the Agent or the Lenders to sue any Obligor, any other guarantor or any other person obligated with respect to the Guaranteed Debt or any part thereof, or otherwise to enforce payment thereof against any collateral securing the Guaranteed Debt or any part thereof.

7.03 Nature of Guaranty; Continuing, Absolute and Unconditional.

Each Guarantor hereby agrees that, to the fullest extent permitted by law, (a) its obligations hereunder shall be continuing, absolute and unconditional under any and all circumstances and not subject to any reduction, limitation, impairment, termination, defense (other than indefeasible payment in full), setoff, counterclaim or recoupment whatsoever (all of which are hereby expressly waived by it to the fullest extent permitted by law), whether by reason of any claim of any character whatsoever, including, without limitation, any claim of waiver, release, surrender, alteration or compromise and (b) the validity and enforceability of this Guaranty shall not be impaired or affected by any of the following: (i) any extension, modification or renewal of, or indulgence with respect to, or substitution for, the Guaranteed Debt or any part thereof or any agreement relating thereto at any time; (ii) any failure or omission to perfect or maintain any lien on, or preserve rights to, any security or collateral or to enforce any right, power or remedy with respect to the Guaranteed Debt or any part thereof or any agreement relating thereto, or any collateral securing the Guaranteed Debt or any part thereof; (iii) any waiver of any right, power or remedy or of any default with respect to the Guaranteed Debt or any part thereof or any agreement relating thereto or with respect to any collateral securing the Guaranteed Debt or any part thereof; (iv) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral securing the Guaranteed Debt or any part thereof, any other guaranties with respect to the Guaranteed Debt or any part thereof, or any other obligations of any person or entity with respect to the Guaranteed Debt or any part thereof; (v) the enforceability or validity of the Guaranteed Debt or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Guaranteed Debt or any part thereof; (vi) the application of payments received from any source to the payment of indebtedness other than the Guaranteed Debt, any part thereof or amounts which are not covered by this Guaranty even though the Lenders might lawfully have elected to apply such payments to any part or all of the Guaranteed Debt or to amounts which are not covered by this Guaranty; (vii) the insolvency, bankruptcy or any other change in the legal status of any Obligor; (viii) any change in, or the imposition of, any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Guaranteed Debt; (ix) the failure of any Obligor to take any action required in connection with the performance of the Guaranteed Debt; (x) the existence of any claim, setoff or other rights which such Guarantor may have at any time against any Obligor or any other guarantor in connection herewith or with any unrelated transaction; (xi) the disallowance of all or any portion of any of the Lenders' claims for repayment of the Guaranteed Debt under section 502 or 506 of the United States Bankruptcy Code; or (xii) any other fact or circumstance which might otherwise constitute grounds at law or equity for the discharge or release of such Guarantor from its obligations hereunder, all whether or not such Guarantor shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (i) through (xii) of this Section. It is agreed that each Guarantor's liability hereunder is independent of any other guaranties or other obligations at any time in effect with respect to the Guaranteed Debt or any part thereof and that such Guarantor's liability hereunder may be enforced regardless of the existence, validity, enforcement or non-enforcement of any such other guaranties or other obligations or any provision of any applicable law or regulation purporting to prohibit payment by any Obligor of the Guaranteed Debt in the manner agreed upon among the Agent, the Lenders and any Obligor. To the extent that, by operation of Section 18 of any Note or otherwise, the Lenders are not entitled to collect any portion of the Guaranteed Debt in the amount and manner provided for in any Note (such

portion being the "Excess Amount"), the Guarantors shall nevertheless be obligated to, and shall, pay such Excess Amounts to the Lenders upon demand made on or after the date such Excess Amount was otherwise due.

7.04 Dealings With Borrowers. In addition to the Guaranteed Debt, other credit may be granted or continued from time to time by the Lenders to the Borrowers without notice to or authorization from the Company regardless of any Borrower's financial or other condition at the time of any such grant or continuation. Neither the Agent nor any Lender shall have an obligation to disclose or discuss with the Company its assessment of the financial condition of any Borrower.

7.05 Subrogation. Each Guarantor shall be subrogated to all rights of the Agent and the Lenders against an Obligor in respect of any amounts paid to the Agent and the Lenders by such Guarantor in respect of such Obligor pursuant to the provisions hereof; provided, however, that none of the Guarantors shall be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation with respect to an Obligor until all of the principal of and interest on such Obligor's Note, if applicable, and all other Obligations of such Obligor, have been paid in full.

7.06 No Collateral. Notwithstanding any reference herein to any collateral securing any of the Guaranteed Debt, it is acknowledged that, on the date hereof, none of the Guarantors nor any Borrower has granted, or has any obligation to grant, any security interest in or other lien on any of its property (including, without limitation, the Common Stock or Common OP Units) to the Lenders as security for the Guaranteed Debt.

7.07 Rights To Payments, Etc. In the event that acceleration of the time for payment of any of the Guaranteed Debt is stayed upon the insolvency, bankruptcy or reorganization of any Obligor, or otherwise, all such amounts shall nonetheless be payable by the Guarantors forthwith upon demand by the Agent or the Required Lenders. Each Guarantor further agrees that, to the extent that any Obligor makes a payment or payments to any of the Lenders on the Guaranteed Debt, or the Agent or the Lenders receive any proceeds of collateral securing the Guaranteed Debt, which payment or receipt of proceeds or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be returned or repaid to any Obligor, its estate, trustee, receiver, debtor in possession or any other party, including, without limitation, the Guarantors, under any insolvency or bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment, return or repayment, the obligation or part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date when such initial payment, reduction or satisfaction occurred.

7.08 Miscellaneous.

(a) Any determination by a court of competent jurisdiction of the amount of any Guaranteed Debt owing by any Obligor to the Lenders shall be conclusive and binding on each Guarantor irrespective of whether such Guarantor was a party to the suit or action in which such determination was made.

(b) Subject to the provisions of Section 7.07, this Guaranty shall continue in effect until this Agreement has terminated, the Guaranteed Debt has been paid in full and the other conditions of this Guaranty have been satisfied.

(c) In addition to and without limitation of any rights, powers or remedies of the Agent or the Lenders under applicable law, any time after maturity of the Guaranteed Debt, whether by acceleration or otherwise, the Agent or the Lenders may, in their sole discretion, with notice after the fact to the Guarantors and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of the Guaranteed Debt (i) any indebtedness due or to become due from any of the Lenders to the Guarantors and (ii) any moneys, credits or other property belonging to the Guarantors (including all account balances, whether provisional or final and whether or not collected or available) at any time held by or coming into the possession of any of the Agent or any Lender whether for deposit or otherwise.

(d) Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

ARTICLE VIII

THE AGENT

8.01 Appointment; Nature of Relationship. The First National Bank of Chicago is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article VII. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of Section 1-201 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each

8.02 Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the

Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

8.03 General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Company, the Other Guarantors, the Lenders or any Borrower for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

8.04 No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article III, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Program Event of Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of any Borrower or any Guarantor or of any of the Guarantors' respective Subsidiaries. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as the Agent or in its individual capacity). The Agent shall promptly deliver to the Lenders any documents delivered to the Agent by the Company or the REIT pursuant to subsection 5.01(a) herein.

8.05 Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders Pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

8.06 Employment of Agents and Counsel. The Agent may execute any of its duties as the Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of

counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

8.07 Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

8.08 Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (a) for any amounts not reimbursed by the Company or the Borrowers for which the Agent is entitled to reimbursement by the Company or the Borrowers under the Loan Documents, (b) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (c) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent. The obligations of the Lenders under this Section 8.08 shall survive payment of the Obligations and termination of this Agreement.

8.09 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Program Event of Default, Unmatured Default or Borrower Event of Repayment unless the Agent has received written notice from a Lender or the Company referring to this Agreement describing such Program Event of Default, Unmatured Default or Borrower Event of Repayment and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

8.10 Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement

or any other Loan Document, with the Company, any of its Subsidiaries or any Borrower in which the Company, or such Subsidiary or such Borrower is not restricted hereby from engaging with any other Person.

8.11 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Company and the Other Guarantors and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

8.12 Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Company, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Company and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Company and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Company or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Company shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Agent, the provisions of this Article VIII shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents.

8.13 Notes. The Agent shall retain possession of the Notes on behalf of the Lenders. Each Lender shall be entitled, upon request, to examine or receive a copy of any Note. The Agent shall have only the duty to exercise reasonable care in the custody and preservation of the Notes,

which duty shall be fully satisfied if the Agent accords such Notes treatment substantially the same as that which it accords similar property owned by it. If any Borrower has issued Replacement Notes (as defined in the Note) pursuant to Section 17 of his or her Note, then upon the request of any Lender the Agent shall deliver to such Lender the Replacement Note payable to its order.

8.14 Agent's Fee. The Company agrees to pay to the Agent, for its own account, the fees agreed to by the Company and the Agent pursuant to that certain letter agreement dated November 10, 1998, as amended by that certain letter agreement dated December 7, 1998, or as otherwise agreed from time to time.

8.15 Delegation to Affiliates. The Company and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles VIII and XII.

ARTICLE IX

RATABLE PAYMENTS

9.01 Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Section 2.05 or Section 12.09) in a greater proportion than its Pro-rata share of all such Loans, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE X

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

10.01 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Company, the Other Guarantors and the Lenders and their respective successors and assigns, except that neither the Company nor any Other Guarantor shall have the right to assign its rights or obligations under the Loan Documents, provided that any assignment by any Lender must be made in compliance with Section 10.03. Notwithstanding the preceding sentence, any Lender may at any time, without the consent of the Company, any Other Guarantor or the Agent, assign all or any portion of its rights under this Agreement and its Notes to

a Federal Reserve Bank; provided, however, that no such assignment to a Federal Reserve Bank shall release the transferor Lender from its obligations hereunder. The Agent may treat the payee of any Note as the owner thereof (to the extent of its Pro-rata interest therein) for all purposes hereof unless and until such payee complies with Section 10.03 in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

10.02 Participations.

(a) Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Advance owing to such Lender, any Note held by or payable to such Lender or any other interest of such Lender under the Loan Documents; provided, however, that First Chicago shall at all times retain an interest in the Notes in an aggregate minimum amount of \$5,000,000. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by any Guarantor under this Agreement or by the Borrowers under the Notes shall be determined as if such Lender had not sold such participating interests, and the Guarantors, the Borrowers and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

(b) Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver which effects any of the modifications referenced in clauses (a)(i) through (v) of Section 12.01.

(c) Benefit of Setoff. The Guarantors agree that each Participant shall be deemed to have the right of setoff provided in Section 7.09(c) in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents; provided, that each Lender shall retain the right of setoff provided in Section 7.09(c) with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 7.09(c), agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 9.01 as if each Participant were a Lender.

10.03 Assignments.

(a) Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents, provided that with respect to any partial assignment, except as the Company and the Agent may otherwise consent, such Lender ratably assigns its interest in all of the Notes and, in the case of an assignment to a Person which is not a Lender or an Affiliate of a Lender, such assignment shall be in the minimum amount of \$5,000,000 or, if less, all of the assigning Lender's interests in the Notes; provided, however, that First Chicago shall at all times retain an interest in the Notes in an aggregate minimum amount of \$5,000,000. Such assignment shall be substantially in the form from time to time specified by the Agent or in such other form as may be agreed to by the parties thereto. The consent of the Agent and, so long as no Program Event of Default is pending, the Company shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. Such consent, in each case, shall not be unreasonably withheld.

(b) Effect; Effective Date. Upon (a) delivery to the Agent of a notice of assignment, substantially in the form from time to time specified by the Agent (a "Notice of Assignment"), together with any consents required by Section 10.03(a), and (b) payment of a \$3,500 fee to the Agent by the transferor Lender for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. On and after the effective date of such assignment, (a) such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and (b) the transferor Lender shall be released with respect to the percentage of the Loans assigned to such Purchaser without any further consent or action by any Guarantor, the Borrowers, the Lenders or the Agent. Upon the consummation of any assignment to a Purchaser pursuant to this Section 10.03(b), the transferor Lender, the Agent, the Borrowers and the Company shall make appropriate arrangements so that replacement Notes are issued to the Agent to be held on behalf of such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to the Agent to be held on behalf of such Purchaser, in each case in principal amounts reflecting their percentage of the Loans, as adjusted pursuant to such assignment.

10.04 Dissemination of Information. The Company authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Company, its Subsidiaries and the Borrowers, provided such Person agrees in writing to keep such information confidential and use the same only for the purpose of making credit determinations in connection with the financing contemplated hereby and to enforce rights it may have, except that such Person shall not be restricted from disclosing such information as is (a) required to be disclosed to any regulatory or administrative body or commission, (b) required to be disclosed by subpoena or similar process of applicable law, (c) disclosed to counsel, auditors, and other professional advisors used by such Person on a need-to-know basis, or (d) deemed necessary by such Person to be disclosed in

conjunction with any litigation between the Company or any Borrower and such Person, or relating to the financing contemplated hereby.

10.05 Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States of America or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 12.16.

ARTICLE XI

NOTICES

11.01 Giving Notice. All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing, by facsimile, first class U.S. mail or courier and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with first class postage prepaid, return receipt requested, shall be deemed given three (3) Business Days after deposit in the U.S. mail; any notice, if transmitted by facsimile, shall be deemed given when transmitted if a confirmation of transmission to the addressee is then generated by the sender's fax machine (and a copy thereof is simultaneously posted in first class U.S. mail); and any notice given by courier shall be deemed given when received by the addressee.

11.02 Change of Address. The Company, any Other Guarantor, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XII

MISCELLANEOUS

12.01 Amendments. (a) Subject to the provisions of this Section 12.01 and subject to Section 12 of each of the Notes, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Guarantors or a Borrower, as applicable, may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders, the Guarantors hereunder or waiving any Program Event of Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

- (i) Extend the final maturity of any Loan or Note or reduce the principal amount thereof, or reduce the rate or amount, or extend the time of payment, of interest or fees or other amounts payable thereunder;

- (ii) Reduce the percentage specified in the definition of Required Lenders;
- (iii) Release any Guarantor from its obligations under the Guaranty;
- (iv) Amend this Section 12.01; or
- (v) Permit any assignment by any Guarantor of its Obligations or its rights hereunder.

(b) No amendment of any provision of this Agreement relating

to the Agent shall be effective without the written consent of the Agent. The Agent may waive payment of the fee required under Section 10.03(b) without obtaining the consent of any other party to this Agreement. The Lenders shall not consent to any amendment or modification of any Note increasing the principal amount thereof or the rate of interest payable thereon without the consent of the Company.

(c) The Lenders agree that the definitions of "Net Worth",

"Operating Expenses" and "Substantial Assets" and subsections 5.01(o) and 5.02(b)(iii) hereunder shall be amended, modified or supplemented at such time as and to the extent that the definitions "Net Worth", "Operating Expenses" and "Substantial Assets" and Sections 5.16 and 6.04(c) of the Existing Credit Agreement are amended, modified or supplemented; provided, however, that (i) "Net Worth" shall be revised herein if and only to the extent that "Net Worth" in the Existing Credit Agreement is amended, modified or supplemented to include accumulated depreciation, (ii) "Operating Expenses" shall be revised herein if and only to the extent that clause (e)(ii) therein is amended, modified or supplemented under the Existing Credit Agreement to a period of 7 years; (iii) "Substantial Assets" shall be revised herein if and only to the extent that the percentage amounts referred to in clauses (i) and (ii) therein shall be no greater than 10%, respectively, (iv) subsection 5.01(o) shall be revised herein if and only to the extent that Section 5.16 of the Existing Credit Agreement shall be amended, modified or supplemented to permit the minimum Net Worth (as amended in accordance with this subsection 12.01(c)) to be no less than \$350,000,000 plus 85% of the net proceeds from equity offerings subsequent to the date hereof by the REIT and (v) subsection 5.02(b)(iii) shall be revised herein if and only to the extent that Section 6.04(c) of the Existing Credit Agreement shall be amended to require Milton Shiffman and Gary Shiffman to own a minimum of 350,000 shares of Common Stock or OP Units in the aggregate at all times. Notwithstanding, the foregoing, to the extent that any amendment, modification or supplement to the Existing Credit Agreement to the definitions and covenants specified in this subsection 12.01(c) are amended, modified or supplemented so that the terms of such definitions or covenants therein are more stringent than specified herein, this Agreement will be amended, modified or supplemented only to the extent of such amendment, modification or supplement to the Existing Credit Agreement.

12.02 Preservation of Rights. No delay or omission of the Lenders

or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Program Event of Default or an acquiescence therein. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 12.01,

and then only to the extent in such writing specifically set forth. No waiver by the Agent or the Lenders of any default shall operate as a waiver of any other default or the same default on a future occasion, and no action by the Agent or the Lenders permitted hereunder shall in any way affect or impair the Agent's or the Lenders' rights or powers, or the obligations of any Guarantor under this Agreement. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations have been paid in full.

12.03 Survival of Representations. All representations and warranties of the Guarantors contained in this Agreement or in any Loan Document shall survive delivery of the Notes and the making of the Loans herein contemplated.

12.04 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to any Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

12.05 Taxes. Any taxes (excluding taxes on the overall net income of any Lender, any taxes assessed on any Lender pursuant to the Michigan Single Business Tax and any corporate franchise taxes of any Lender) or other similar assessments or charges payable or ruled payable by any governmental authority in respect of the Loan Documents shall be paid by the Company (or the Borrowers, as provided in the Notes), together with interest and penalties, if any.

12.06 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

12.07 Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Company, the Agent and the Lenders and supersede all prior agreements and understandings between the Company, the Agent and the Lenders relating to the subject matter thereof other than the fee letter dated October 6, 1998 between the Company and First Chicago.

12.08 Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or the agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns. This Agreement is not intended to, and shall not be construed to, create any rights (contractual, equitable, pursuant to law or otherwise) in favor of any Borrower against the Agent, any Lender or any Guarantor and no Borrower in his or her individual capacity shall have the right to enforce any rights of any Guarantor hereunder.

12.09 Expenses; Indemnification. The Company shall reimburse the Agent for any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent in connection with the preparation, negotiation, execution, delivery, review, syndication, amendment, modification, and administration of the Loan Documents. The Company also agrees

to reimburse the Agent and the Lenders for any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Agent and the Lenders, which attorneys may be employees of the Agent or the Lenders) paid or incurred by the Agent or any Lender in connection with the collection and enforcement of the Loan Documents. The Company further agrees to indemnify the Agent and each Lender, its directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent or any Lender is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, any Note or the other Loan Documents, the transactions contemplated hereby or thereby, the direct or indirect application or proposed application of the proceeds of any Loan hereunder, any actions brought or threatened by, or any claim made against the Agent or any Lender by, any Borrower in connection with its Loan or, to the extent permitted by law, any breach of any consumer lending law (other than any such Illinois law and Regulation Z of the Board of Governors of Federal Reserve System) usury (other than Illinois law) or similar law relating to the Loans; provided, however, that the Company shall not be required to indemnify any party against any losses, claims, damages, penalties, judgments, liabilities or expenses to the extent that they arise out of the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Company under this Section shall survive the termination of this Agreement.

12.10 Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

12.11 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

12.12 Nonliability of Lenders. The relationship between the Guarantors and the Lenders and the Agent shall be solely that of guarantor and lender. Neither the Agent nor any Lender shall have any fiduciary responsibilities to any Guarantor or any Borrower. Neither the Agent nor any Lender undertakes any responsibility to any Guarantor or any Borrower to review or inform any Guarantor or any Borrower of any matter in connection with any phase of any Guarantor's business or operations. Each Guarantor agrees that neither the Agent nor any Lender shall have liability to any Guarantor or any Borrower (whether sounding in tort, contract or otherwise) for losses suffered by any Guarantor or any Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined by a court of competent jurisdiction by final and non-appealable judgment that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought.

12.13 CHOICE OF LAW. THE LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS, WITHOUT REGARD TO CONFLICT OF LAWS PROVISIONS, OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO

FEDERAL LAWS APPLICABLE TO NATIONAL BANKING ASSOCIATIONS AND FEDERAL AGENCIES AND BRANCHES OF FOREIGN BANKS.

12.14 CONSENT TO JURISDICTION. THE GUARANTORS, THE AGENT AND EACH LENDER HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE PARTIES HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION THEY MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY GUARANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GUARANTOR AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

12.15 WAIVER OF JURY TRIAL. THE GUARANTORS, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

12.16 Disclosure. Each Guarantor and each Lender hereby (a) acknowledge and agree that First Chicago and/or its Affiliates from time to time may hold other investments in, make other loans to or have other relationships with the Company or any Borrower, including, without limitation, in connection with any interest rate hedging instruments or agreements or swap transactions, and (b) waive any liability of First Chicago or such Affiliate to the Company, any Borrower or any Lender, respectively, arising out of or resulting from such investments, loans or relationships other than liabilities arising out of the gross negligence or willful misconduct of First Chicago or its Affiliates.

12.17 Withholding Tax Exemption. At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Lender, each Lender that is not incorporated under the laws of the United States of America or a state thereof, agrees that it will deliver to the Company and the Agent two duly completed and correct copies of United States of America Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive all payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Lender which so delivers a Form 1001 or 4224 further undertakes to deliver to the Company and the Agent two additional duly completed and correct copies of such form (or a successor form) on or before the date that such form expires

(currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Company or the Agent, in each case certifying that such Lender is entitled to receive all payments under this Agreement and the Notes without deduction or withholding of any United States of America federal income taxes, unless a change in law (including without limitation any change in treaty, statute or regulation) has occurred after the date hereof and prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender advises the Company and the Agent that it is not capable of receiving payments without any deduction or withholding of United States of America federal income tax.

12.18 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

BY: SUN COMMUNITIES, INC., ITS GENERAL PARTNER

By:

Jeffrey P. Jorissen

Jeffrey P. Jorissen
Title: Chief Financial Officer

Address: 31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attention: Jeffrey Jorissen

Telephone: (248) 932-3100
Facsimile: (248) 932-3072

SUN COMMUNITIES, INC.

By: Jeffrey P. Jorissen

Jeffrey P. Jorissen
Title: Chief Financial Officer

Address: 31700 Middlebelt Road, Suite 145
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Attention: Jeffrey Jorissen

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S-2

SUN COMMUNITIES FINANCE LIMITED PARTNERSHIP

BY: SUN QRS, INC., ITS GENERAL PARTNER

By: Jeffrey P. Jorissen

Jeffrey P. Jorissen

Title: Chief Financial Officer

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S-3

SUN COMMUNITIES TEXAS LIMITED PARTNERSHIP

BY: SUN TEXAS QRS, INC., ITS GENERAL PARTNER

By: Jeffrey P. Jorissen

Jeffrey P. Jorissen
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ASPEN-BREEZY PROJECT LIMITED PARTNERSHIP

BY: SUN GP L.L.C., ITS GENERAL PARTNER
BY: SUN COMMUNITIES, INC., ITS MANAGER

By: Jeffrey P. Jorissen

Jeffrey P. Jorissen
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ASPEN-INDIAN PROJECT LIMITED PARTNERSHIP

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BY: SUN COMMUNITIES, INC., ITS MANAGER

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ASPEN-SIESTA BAY LIMITED PARTNERSHIP

BY: SUN GP L.L.C., ITS GENERAL PARTNER
BY: SUN COMMUNITIES, INC., ITS MANAGER

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ASPEN-ARBOR TERRACE, L.P.

BY: SUN GP L.L.C., ITS GENERAL PARTNER
BY: SUN COMMUNITIES, INC., ITS MANAGER

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ASPEN-BONITA LAKE RESORT LIMITED PARTNERSHIP

BY: SUN GP L.L.C., ITS GENERAL PARTNER
BY: SUN COMMUNITIES, INC., ITS MANAGER

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ASPEN-KINGS COURT, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER
BY: SUN COMMUNITIES, INC., ITS GENERAL PARTNER

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ASPEN-HOLLAND ESTATES, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER
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ASPEN-TOWN & COUNTRY ASSOCIATES II, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER

BY: SUN COMMUNITIES, INC., ITS GENERAL PARTNER

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ASPEN-PARADISE PARK II LIMITED PARTNERSHIP

BY: SUN GP L.L.C., ITS GENERAL PARTNER
BY: SUN COMMUNITIES, INC., ITS MANAGER

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ASPEN-FT. COLLINS LIMITED PARTNERSHIP

BY: SUN GP L.L.C., ITS GENERAL PARTNER
BY: SUN COMMUNITIES, INC., ITS MANAGER

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ASPEN-ALLENDALE PROJECT, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER

BY: SUN COMMUNITIES, INC., ITS GENERAL PARTNER

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ASPEN-PRESIDENTIAL PROJECT, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER
BY: SUN COMMUNITIES, INC., ITS GENERAL PARTNER

By: Jeffrey P. Jorissen

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ASPEN-ALPINE PROJECT, LLC

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ITS MEMBER

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BEDFORD HILLS MOBILE VILLAGE, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER

BY: SUN COMMUNITIES, INC., ITS GENERAL PARTNER

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ASPEN-BRENTWOOD PROJECT, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER

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ASPEN-BYRON PROJECT, LLC

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ITS MEMBER

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ASPEN-COUNTRY PROJECT, LLC

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER

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ASPEN-CUTLER ASSOCIATES, LLC

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ITS MEMBER

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ASPEN-GRAND PROJECT, LLC.

BY: SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,
ITS MEMBER

BY: SUN COMMUNITIES, INC., ITS GENERAL PARTNER

By: Jeffrey P. Jorissen

Jeffrey P. Jorissen
Title: Chief Financial Officer

Address: 31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attention: Jeffrey Jorissen

Telephone: (248) 932-3100
Facsimile: (248) 932-3072

ASPEN-SILVER STAR II LIMITED PARTNERSHIP

BY: SUN GP L.L.C., ITS GENERAL PARTNER
BY: SUN COMMUNITIES, INC., ITS MANAGER

By: Jeffrey P. Jorissen

Jeffrey P. Jorissen
Title: Chief Financial Officer

Address: 31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attention: Jeffrey Jorissen

Telephone: (248) 932-3100
Facsimile: (248) 932-3072

8920 ASSOCIATES

BY: SUN FLORIDA QRS, INC., ITS GENERAL PARTNER

By: Jeffrey P. Jorissen

Jeffrey P. Jorissen
Title: Chief Financial Officer

Address: 31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attention: Jeffrey Jorissen

Telephone: (248) 932-3100
Facsimile: (248) 932-3072

S-25

Commitment: \$15,000,000

THE FIRST NATIONAL BANK OF CHICAGO,
individually and as the Agent

By: Lynn Braun

Lynn Braun
Title: Coporate Banking Officer

Address: One First National Plaza
Chicago, Illinois 60670

Attn: Patricia Leung

Telecopy: (312) 732-8619

Telephone: (312) 732-1117

Commitment: \$10,451,593.75 MICHIGAN NATIONAL BANK

By: Shiela E. Maples

Shiela E. Maples

Title: Relationship Manager

Address: 27777 Inkster Road
Farmington Hills, Michigan 48334

Attn: Shiela Maples

Telecopy: (248) 473-5299

Telephone: (248) 473-5285

Aggregate
Commitment: \$25,451,593.75

EXHIBIT "A"

SUN COMMUNITIES, INC.

ARTICLES SUPPLEMENTARY OF BOARD OF DIRECTORS CLASSIFYING
 AND DESIGNATING A SERIES OF PREFERRED STOCK AS
 JUNIOR PARTICIPATING PREFERRED STOCK
 AND FIXING DISTRIBUTION AND
 OTHER PREFERENCES AND RIGHTS OF SUCH SERIES

Sun Communities, Inc., a Maryland corporation, having its principal office in the State of Michigan, in the City of Farmington Hills (the "Company"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

Pursuant to authority conferred upon the Board of Directors by the Charter and Bylaws of the Company, the Board of Directors pursuant to resolutions adopted on April 24, 1998 (i) has duly classified 1,000,000 shares of the authorized but unissued shares of the Preferred Stock of the Company as a series designated the "Junior Participating Preferred Stock", and (ii) determined the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the shares of such series. Such preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, and number of shares are as follows:

SECTION 1. NUMBER OF SHARES AND DESIGNATION. This series of Preferred Stock shall be designated the Junior Participating Preferred Stock (the "Preferred Shares") and the number of shares which shall constitute such series shall be 1,000,000 shares, par value \$.01 per share. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of Preferred Shares to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Company convertible into Preferred Shares.

SECTION 2. DIVIDEND RIGHTS.

(A) Subject to the rights of holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Preferred Shares with respect to dividends, the holders of Preferred Shares shall be entitled prior to the payment of any dividends on shares ranking junior to the Preferred Shares to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the 15th day of January, April, July, and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Preferred Shares, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions (other than a dividend payable in shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)) declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Preferred Shares. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in

each such case the amount to which holders of Preferred Shares were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Company shall declare a dividend or distribution on the Preferred Shares as provided in subparagraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Preferred Shares shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue and be cumulative from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Preferred Shares entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than thirty (30) days prior to the date fixed for the payment thereof.

SECTION 3. LIQUIDATION.

(A) Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares unless, prior thereto, the holders of shares of Preferred Shares shall have received \$1.00 per share (the "Liquidation Preference"), plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment. Following the payment of the full amount of the Liquidation Preference, no additional distributions shall be made to the holders of shares of Preferred Shares unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph (C) below to reflect such events as stocks splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Liquidation Preference and the Common Adjustment in respect of all outstanding Preferred Shares and shares of Common Stock, respectively, holders of Preferred Shares and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to the Preferred Shares and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Preferred Shares, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment after the payment in full of the Liquidation Preference, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 4. NO REDEMPTION.

(A) Except as provided below, the Preferred Shares shall not be redeemable.

(B) The Preferred Shares are subject to the provisions of Article VII of the Charter, including, without limitation, the provisions for the redemption of Excess Stock (as defined in such Article).

SECTION 5. VOTING RIGHTS. The holders of Preferred Shares shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each Preferred Share shall entitle the holder thereof to 100 votes on all matters voted on at a meeting of the stockholders of the Company. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, or (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of Preferred Shares and the holders of shares of Common Stock and any other capital stock of the Company having general voting rights shall vote together as one voting group on all matters submitted to a vote of stockholders of the Company.

(C) Except as set forth herein or as otherwise provided by law, holders of Preferred Shares shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

SECTION 6. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on Preferred Shares outstanding shall have been paid in full, the Company shall not:

declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares; declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, except dividends paid ratably on the Preferred Shares and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, provided that the Company

may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Preferred Shares; or purchase or otherwise acquire for consideration any shares of Preferred Shares or any shares of stock ranking on a parity with the Preferred Shares, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under subparagraph (A) of this Section 6, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 7. REACQUIRED SHARES. Any Preferred Shares purchased or otherwise acquired by the Company in any manner whatsoever shall be canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein or in the Charter.

SECTION 8. MERGER, CONSOLIDATION, ETC. In case the Company shall enter into any merger, consolidation, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each Preferred Share shall at the same time be similarly exchanged or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of Preferred Shares shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 9. RANKING. The Preferred Shares shall rank, with respect to the payment of dividends and distribution of assets, junior to all other series of the Company's Preferred Stock unless the terms of any such series shall provide otherwise.

SECTION 10. AMENDMENT. The Charter, including the Articles Supplementary establishing the rights and preferences of the Preferred Shares, shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Preferred Shares so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Preferred Shares, voting separately as one voting group.

SECTION 11. FRACTIONAL SHARES. Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Preferred Shares.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be signed in its name and on its behalf and attested to by the undersigned on this day of May, 1998 and the undersigned acknowledges under the penalties of perjury that these Articles Supplementary are the corporate act of said Company and that to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

SUN COMMUNITIES, INC.

By:

Gary A. Shiffman, Chief Executive
Officer and President

Attest:

By:

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

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into on this 31st day of December, 1998, but shall be effective as of January 1, 1999, by and between SUN COMMUNITIES, INC., a Maryland corporation (the "Company"), and BRIAN W. FANNON (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to continue the employment of the Executive, and the Executive desires to continue to be employed by the Company, on the terms and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. Employment.

(a) The Company agrees to employ the Executive and the Executive accepts the employment, on the terms and subject to the conditions set forth below. During the term of employment hereunder, the Executive shall serve as the Chief Operating Officer of the Company, and shall do and perform diligently all such services, acts and things as are customarily done and performed by such officers of companies in similar business and in size to the Company, together with such other duties as may reasonably be requested from time to time by the Board of Directors of the Company (the "Board"), which duties shall be consistent with the Executive's position as set forth above.

(b) For service as an officer and employee of the Company, the Executive shall be entitled to the full protection of the applicable indemnification provisions of the Articles of Incorporation and Bylaws of the Company, as they may be amended from time to time.

2. Term of Employment.

Subject to the provisions for termination provided below, the term of the Executive's employment under this Agreement shall commence on January 1, 1999 and shall continue thereafter for a period of three (3) years ending on December 31, 2001.

3. Devotion to the Company's Business.

The Executive shall devote his best efforts, knowledge, skill, and his entire productive time, ability and attention to the business of the Company and its Affiliates (as defined in paragraph 12 below) during the term of this Agreement.

4. Compensation.

(a) During the term of this Agreement, the Company shall pay or provide, as the case may be, to the Executive the compensation and other benefits and rights set forth in paragraphs 4, 5 and 6 of this Agreement.

(b) Base Compensation. As compensation for the services to be performed hereafter, the Company shall pay to the Executive, during his employment hereunder, an annual base salary (the "Base Salary") of One Hundred Thousand Dollars (\$100,000.00) per year, payable in accordance with the Company's usual pay practices (and in any event no less

frequently than monthly).

(c) Annual Salary Increase. On January 1 of each year, commencing January 1, 2000, the Base Salary shall be increased by five percent (5%) of the Base Salary for the immediately prior year or such greater increase as may be deemed appropriate by the Board, in its sole and absolute discretion.

(d) Bonus. The Board shall prepare and adopt an executive bonus plan (the "Bonus Plan") which shall be established for the payment of an incentive bonus to the Executive based on the Company achieving certain performance criteria to be established by the Company and the Executive. Such Bonus Plan shall utilize the same bonus-formula methodology as that used in the bonus plans for the Company's Chief Executive Officer and Chief Financial Officer. Upon adoption, a copy of the Bonus Plan shall be attached to this Agreement and incorporated herein, and the Executive shall be eligible to receive an award under the Bonus Plan on the terms and conditions set forth in that document; provided, however, that such bonus shall not exceed fifty percent (50%) of the Executive's then current Base Salary.

5. Benefits.

(a) Insurance. The Company shall provide to the Executive life, medical and hospitalization insurance for himself, his spouse and eligible family members as may be determined by the Board to be consistent with the Company's standard policies.

(b) Benefit Plans. The Executive, at his election, may participate, during his employment hereunder, in all retirement plans, 401(K) plans and other benefit plans of the Company generally available from time to time to other executive employees of the Company and for which the Executive qualifies under the terms of the plans (and nothing in this Agreement shall or shall be deemed to in any way affect the Executive's right and benefits under any such plan except as expressly provided herein). The Executive shall also be entitled to participate in any equity, stock option or other employee benefit plan that is generally available to senior executives, as distinguished from general management, of the Company. The Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(c) Annual Vacation. The Executive shall be entitled to four (4) weeks vacation time each year without loss of compensation which shall be scheduled with the advance approval of the Company. In the event that the Executive is unable for any reason to take the total amount of vacation time authorized herein during any year, he may accrue such unused time and add it to the vacation time for any following year; provided, however, that no more than ten (10) days of accrued vacation time may be carried over at any time (the "Carry-Over Limit"). In the event that the Executive has accrued and unused vacation time in excess of the Carry-Over Limit (the "Excess Vacation Time"), the Excess Vacation Time shall be paid to the Executive within ten (10) days of the end of the year in which the Excess Vacation Time was earned based on the Base Salary then in effect. Upon any termination of this Agreement for any reason whatsoever, accrued and unused vacation time (not to exceed twenty (20) business days) shall be paid to the Executive within ten (10) days of such termination based on the Base Salary in effect on the date of such termination. For purposes of this Agreement, one-twelfth (1/12) of the applicable annual vacation shall accrue on the last day of each month that the Executive is employed under this Agreement.

6. Reimbursement of Business Expenses.

The Company shall reimburse the Executive or provide him with an expense allowance during the term of this Agreement for travel, car telephone, and other expenses reasonably and necessarily incurred by the Executive in connection with the Company's business. The Executive shall furnish such documentation with respect to reimbursement to be paid hereunder as the Company shall reasonably request.

7. Termination of Employment.

(a) The Executive's employment under this Agreement may be terminated:

(i) by either the Executive or the Company at any time for any reason whatsoever or for no reason upon not less than thirty (30) days written notice;

(ii) by the Company at any time for "cause" as defined below, without prior notice; and

(iii) upon the Executive's death.

(b) For purposes hereof, for "cause" shall mean the material breach of any provision of this Agreement by the Executive, or any action of the Executive (or the Executive's failure to act), which, in the reasonable determination of the Board, involves malfeasance, fraud, or moral turpitude, or which, if generally known, would or might have a material adverse effect on the Company and/or its reputation.

8. Severance Compensation.

(a) In the event that the Company terminates the Executive's employment under this Agreement without "cause" pursuant to paragraph 7(a)(i) hereof, the Executive shall be entitled to any unpaid salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination and the Company shall pay the Executive monthly an amount equal to one-twelfth (1/12) of the Base Salary in effect on the date of such termination for a period of up to twelve (12) months if the Executive fully complies with paragraph 12 of this Agreement (the "Severance Payment"). Notwithstanding the foregoing, the Company, in its sole discretion, may elect to make the Severance Payment to the Executive in one lump sum due within thirty (30) days of the Executive's termination of employment.

(b) In the event of termination of the Executive's employment under this Agreement for "cause" or if the Executive voluntarily terminates his employment hereunder, the Executive shall be entitled to no further compensation or other benefits under this Agreement, except only as to any unpaid salary, bonus and benefits accrued and earned by him hereunder up to and including the effective date of such termination.

(c) Regardless of the reason for termination of the Executive's employment hereunder, bonuses and benefits shall be prorated for any period of employment not covering an entire year of employment.

(d) Notwithstanding anything to the contrary in this paragraph 8, the Company's obligation to pay, and the Executive's right to receive, any compensation under this paragraph 8, including, without limitation, the Severance Payment, shall terminate upon the Executive's breach of any provision of paragraph 12 hereof or the Executive's breach of any provision of that certain Reimbursement Agreement by and between the Executive and Sun

Communities Operating Limited Partnership. In addition, the Executive shall promptly forfeit any compensation received from the Company under this paragraph 8, including, without limitation, the Severance Payment, upon the Executive's breach of any provision of paragraph 12 hereof.

9. Affiliates. Upon any termination of the Executive's employment under this Agreement, (a) the Executive shall be deemed to have resigned from any and all offices or directorships held by the Executive in the Company and/or the Affiliates, including, without limitation, Sun Home Services, Inc. ("Sun Homes"), and (b) that certain Employment Agreement, of even date herewith, between Sun Homes and the Executive shall be automatically terminated.

10. Effect of Change of Control.

(a) The Company or its successor shall pay the Executive the Change in Control Benefits (as defined below) if there has been a Change in Control (as defined below) and any of the following events has occurred: (i) the Executive's employment under this Agreement is terminated in accordance with paragraph 7(a)(i), (ii) upon a Change in Control under paragraph 10(f)(ii), the Company or its successor does not expressly assume all of the terms and conditions of this Agreement, or (iii) there are less than eighteen (18) months remaining under the term of this Agreement.

(b) For purposes of this Agreement, the "Change in Control Benefits" shall mean the following benefits:

(i) A cash payment equal to two and 99/100 (2.99) times the Base Salary in effect on the date of such Change in Control, payable within sixty (60) days of the Change in Control; and

(ii) Continued receipt of all compensation and benefits set forth in paragraphs 5(a) and 5(b) of this Agreement, until the earlier of (i) one year following the Change in Control (subject to the Executive's COBRA rights) or (ii) the commencement of comparable coverage from another employer. The provision of any one benefit by another employer shall not preclude the Executive from continuing participation in Company benefit programs provided under this paragraph 10(b)(ii) that are not provided by the subsequent employer. The Executive shall promptly notify the Company upon receipt of benefits from a new employer comparable to any benefit provided under this paragraph 10(b)(ii).

(c) Notwithstanding anything to the contrary herein, (i) in the event that the Executive's employment under this Agreement is terminated in accordance with paragraph 7(a)(i) within sixty (60) days prior to a Change in Control, such termination shall be deemed to have been made in connection with the Change in Control and the Executive shall be entitled to the Change in Control Benefits; and (ii) in the event that the Executive's employment under this Agreement is terminated by the Company or its successor in accordance with paragraph 7(a)(i) after a Change in Control and the Executive was not already entitled to the Change in Control Benefits under paragraph 10(a)(iii), the Company or its successor shall pay the Executive an amount equal to the difference between the Change in Control Benefits and the amounts actually paid to the Executive under this Agreement after the Change in Control but prior to his termination.

(d) The Change in Control Benefits are in addition to any and all other Company benefits to which the Executive may be entitled, including, without limitation, Base Salary, Severance Payment, and the exercise or surrender of stock options as a result of the

Change in Control.

(e) Notwithstanding anything to the contrary contained herein, the Change in Control Benefits shall be reduced by all other payments to the Executive which constitute "excess parachute payments" under Section 280(G) of the Internal Revenue Code of 1986, as amended.

(f) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred:

(i) if any person or group of persons acting together (other than (a) the Company or any person (I) who on December 1, 1998 was a director or officer of the Company, or (II) whose shares of Common Stock of the Company are treated as "beneficially owned" by any such director or officer, or (b) any institutional investor (filing reports under Section 13(g) rather than 13(d) of the Securities Exchange Act of 1934, as amended, including any employee benefit plan or employee benefit trust sponsored by the Company)), becomes a beneficial owner, directly or indirectly, of securities of the Company (including convertible securities) representing twenty percent (20%) or more of either the then-outstanding Common Stock of the Company or the combined voting power of the Company's then-outstanding voting securities;

(ii) if the directors or stockholders of the Company approve an agreement to merge into or consolidate with, or to sell all or substantially all of the Company's assets to, any person (other than a wholly-owned subsidiary of the Company formed for the purpose of changing the Company's corporate domicile); or

(iii) if the new directors appointed to the Board during any twelve-month period constitute a majority of the members of the Board, unless (I) the directors who were in office for at least twelve (12) months prior to such twelve-month period (the "Incumbent Directors") plus (II) the new directors who were recommended or appointed by a majority of the Incumbent Directors constitutes a majority of the members of the Board.

For purposes of this paragraph 10(f), a "person" includes an individual, a partnership, a corporation, an association, an unincorporated organization, a trust or any other entity.

11. Stock Options. In the event of termination of the Executive's employment under this Agreement for "cause", all stock options or other stock based compensation awarded to the Executive shall lapse and be of no further force or effect whatsoever in accordance with the Company's Amended and Restated 1993 Stock Option Plan. In the event that the Company terminates the Executive's employment under this Agreement without "cause" or upon the death of the Executive, all stock options and other stock based compensation awarded to the Executive shall become fully vested and immediately exercisable; provided, however, that such options and other stock based compensation cannot be exercised until the expiration of the Noncompetition Period (as defined in paragraph 12 below) and such stock options or other stock based compensation shall be automatically forfeited upon the Executive's breach of any of the provisions of paragraph 12 hereof. Any Stock Option Agreements between the Company and the Executive shall be amended to conform to the provisions of this paragraph 11. In the event of an inconsistency between the terms of a Stock Option Agreement and the terms of this Agreement, the terms of this Agreement shall control.

12. Covenant Not To Compete and Confidentiality.

(a) The Executive acknowledges the Company's reliance and expectation of

the Executive's continued commitment to performance of his duties and responsibilities under this Agreement. In light of such reliance and expectation on the part of the Company and as an inducement for the Company to enter into this Agreement, the Executive agrees that:

(i) for a period commencing on the date of this Agreement and ending upon the expiration of twelve (12) months following the termination of the Executive's employment under this Agreement for any reason, including, without limitation, the expiration of the term (the "Noncompetition Period"), the Executive shall not, directly or indirectly, engage in, or have an interest in or be associated with (whether as an officer, director, stockholder, partner, associate, employee, consultant, owner or otherwise) any corporation, firm or enterprise which is engaged in (A) the development, ownership, leasing, management or financing of manufactured housing communities, (B) the sales of manufactured homes, or (C) any other business which is competitive with the business then or at any time during the term of this Agreement conducted or proposed to be conducted by the Company, or any corporation owned or controlled by the Company or under common control with the Company (the "Affiliates"), anywhere within the continental United States or Canada; provided, however, that, notwithstanding anything to the contrary herein, in the event that the Executive voluntarily terminates his employment with the Company, the Noncompetition Period shall extend until the later of the remainder of the initial 3-year term of this Agreement or the expiration of twelve (12) months following the termination of Executive's employment under this Agreement;

(ii) the Executive shall not at any time, for so long as any Confidential Information (as defined below) shall remain confidential or otherwise remain wholly or partially protectable, either during the term of this Agreement or thereafter, use or disclose, directly or indirectly, to any person outside of the Company or any Affiliate any Confidential Information;

(iii) promptly upon the termination of this Agreement for any reason, the Executive (or in the event of the Executive's death, his personal representative) shall return to the Company any and all copies (whether prepared by or at the direction of the Company or the Executive) of all records, drawings, materials, memoranda and other data constituting or pertaining to Confidential Information;

(iv) for a period commencing on the date of this Agreement and ending upon the expiration of the Noncompetition Period, the Executive shall not, directly or indirectly, divert, or by aid to others, do anything which would tend to divert, from the Company or any Affiliate any trade or business with any customer or supplier with whom the Executive had any contact or association during the term of the Executive's employment with the Company or with any party whose identity or potential as a customer or supplier was confidential or learned by the Executive during his employment by the Company; and

(v) for a period commencing on the date of this Agreement and ending upon the expiration of the Noncompetition Period, the Executive shall not, either directly or indirectly, induce or attempt to induce any person with whom the Executive was acquainted while in the Company's employ to leave the employment of the Company or any of the Affiliates.

As used in this Agreement, the term "Confidential Information" shall mean all business information of any nature and in any form which at the time or times concerned is not generally

known to those persons engaged in business similar to that conducted or contemplated by the Company or any Affiliate (other than by the act or acts of an employee not authorized by the Company to disclose such information) and which relates to any one or more of the aspects of the present or past business of the Company or any of the Affiliates or any of their respective predecessors, including, without limitation, patents and patent applications, inventions and improvements (whether or not patentable), development projects, policies, processes, formulas, techniques, know-how, and other facts relating to sales, advertising, promotions, financial matters, customers, customer lists, customer purchases or requirements, and other trade secrets.

(b) The Executive agrees and understands that the remedy at law for any breach by him of this paragraph 12 will be inadequate and that the damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that, upon adequate proof of the Executive's violation of any legally enforceable provision of this paragraph 12, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach. Nothing in this paragraph 12 shall be deemed to limit the Company's remedies at law or in equity for any breach by the Executive of any of the provisions of this paragraph 12 which may be pursued or availed of by the Company.

13. Arbitration. Any dispute or controversy arising out of or relating to this Agreement shall be settled finally and exclusively by arbitration in the State of Michigan in accordance with the expedited procedures of the Commercial Arbitration Rules of the American Arbitration Association then in effect. Such arbitration shall be conducted by an arbitrator(s) appointed by the American Arbitration Association in accordance with its rules and any finding by such arbitrator(s) shall be final and binding upon the parties. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the courts of the State of Michigan for this purpose. Nothing contained in this paragraph 13 shall be construed to preclude the Company from obtaining injunctive or other equitable relief to secure specific performance or to otherwise prevent a breach or contemplated breach of this Agreement by the Executive as provided in paragraph 12 hereof.

14. Notice. Any notice, request, consent or other communication given or made hereunder shall be given or made only in writing and (a) delivered personally to the party to whom it is directed; (b) sent by first class mail or overnight express mail, postage and charges prepaid, addressed to the party to whom it is directed; or (c) telecopied to the party to whom it is directed, at the following addresses or at such other addresses as the parties may hereafter indicate by written notice as provided herein:

If to the Company:

Sun Communities, Inc.
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Fax: (248) 932-3072
Attn: Gary A. Shiffman, President

If to the Executive:

Brian W. Fannon
21555 Chase Drive
Novi, Michigan 48375
Fax: (248) 348-0468

In all events, with a copy to:

Jaffe, Raitt, Heuer & Weiss,
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226
Fax: (313) 961-8358
Attn: Arthur A. Weiss

Any such notice, request, consent or other communication given or made: (i) in the manner indicated in clause (a) of this paragraph shall be deemed to be given or made on the date on which it was delivered; (ii) in the manner indicated in clause (b) of this paragraph shall be deemed to be given or made on the third business day after the day in which it was deposited in a regularly maintained receptacle for the deposit of the United States mail, or in the case of overnight express mail, on the business day immediately following the day on which it was deposited in the regularly maintained receptacle for the deposit of overnight express mail; and (iii) in the manner indicated in clause (c) of this paragraph shall be deemed to be given or made when received by the telecopier owned or operated by the recipient thereof.

15. Miscellaneous.

(a) The provisions of this Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions and any partially unenforceable provision to the extent enforceable in any jurisdiction nevertheless shall be binding and enforceable.

(b) The rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding on, the Company and its successors and assigns, and the rights and obligations (other than obligations to perform services) of the Executive under this Agreement shall inure to the benefit of, and shall be binding upon, the Executive and his heirs, personal representatives and assigns. This Agreement is personal to Executive and he may not assign his obligations under this Agreement in any manner whatsoever.

(c) The failure of either party to enforce any provision or protections of this Agreement shall not in any way be construed as a waiver of any such provision or provisions as to any future violations thereof, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted the parties herein are cumulative and the waiver of any single remedy shall not constitute a waiver of such party's right to assert all other legal remedies available to it under the circumstances.

(d) This Agreement supersedes all agreements and understandings between the parties and may not be modified or terminated orally. No modification, termination or attempted waiver shall be valid unless in writing and signed by the party against whom the same is sought to be enforced.

(e) This Agreement shall be governed by and construed according to the laws of the State of Michigan.

(f) Captions and paragraph headings used herein are for convenience and are not a part of this Agreement and shall not be used in construing it.

(g) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same

instrument.

(h) Each party shall pay his or its own fees and expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, any fees incurred in connection with any arbitration arising out of the transactions contemplated by this Agreement.

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

COMPANY:

SUN COMMUNITIES, INC.,
a Maryland corporation

By: /s/ Gary A. Shiffman

Gary A. Shiffman, President

EXECUTIVE:

/s/ Brian W. Fannon

BRIAN W. FANNON

EXHIBIT 12.1

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

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

The Company's ratio of earnings to combined fixed charges presents the relationship of the Company's earnings (as defined above) to fixed charges (as defined above).

	Year Ended December 31				
	1998	1997	1996	1995	1994
	----	----	----	----	----
	(unaudited, in thousands)				
Earnings:					
Net income	\$32,054	\$27,927	\$21,953(1)	\$13,591	\$8,924
Add fixed charges other than capitalized interest	24,245	14,534	1,277	6,420	4,894
	-----	-----	-----	-----	-----
	\$56,299	\$42,461	\$33,230	\$20,011	\$13,818
	=====	=====	=====	=====	=====
Fixed Charges:					
Interest expense	\$24,245	\$14,534	\$11,277	\$6,420	\$4,894
Preferred OP Unit distribution	2,505	2,505	1,670	-	-
Capitalized interest	787	645	380	192	58
	-----	-----	-----	-----	-----
Total fixed charges	\$27,537	\$17,684	\$13,327	\$6,612	\$4,952
	=====	=====	=====	=====	=====

(1) Before Extraordinary Item

LIST OF SUBSIDIARIES OF SUN COMMUNITIES, INC.

Sun Communities Operating Limited Partnership, a Michigan limited partnership
8920 Associates, a Florida general partnership
Aspen-Allendale Project, L.L.C., a Michigan limited liability company
Aspen-Alpine Project, L.L.C., a Michigan limited liability company
Aspen-Arbor Terrace, L.P., a Delaware limited partnership
Aspen-Bonita Lake Resort Limited Partnership, a Michigan limited partnership
Aspen-Breezy Project Limited Partnership, a Michigan limited partnership
Aspen-Brentwood Project, L.L.C., a Michigan limited liability company
Aspen-Byron Project, L.L.C., a Michigan limited liability company
Aspen-Country Project, L.L.C., a Michigan limited liability company
Aspen-Cutler Associates, L.L.C., a Michigan limited liability company
Aspen-Ft. Collins Limited Partnership, a Michigan limited partnership
Aspen-Grand Project, L.L.C., a Michigan limited liability company
Aspen-Holland Estates, L.L.C., a Michigan limited liability company
Aspen-Indian Project Limited Partnership, a Michigan limited partnership
Aspen-Kings Court, L.L.C., a Michigan limited liability company
Aspen-Paradise Park II Limited Partnership, a Michigan limited partnership
Aspen-Residential Project, L.L.C., a Michigan limited liability company
Aspen-Siesta Bay Limited Partnership, a Michigan limited partnership
Aspen-Silver Star II Limited Partnership, a Michigan limited partnership
Aspen-Town & Country Associates II, L.L.C., a Michigan limited liability company
Bedford Hills Mobile Village, L.L.C., a Michigan limited liability company
Miami Lakes Venture Associates, a Florida general partnership
Mt. Morris MHC, L.L.C., a Michigan limited liability company
Sun Communities Alberta Limited Partnership, a Michigan limited partnership
Sun Communities Finance Limited Partnership, a Michigan limited partnership
Sun Communities Funding Limited Partnership, a Michigan limited partnership
Sun Communities Houston Limited Partnership, a Michigan limited partnership
Sun Communities Nevada GP L.L.C., a Michigan limited liability company

Sun Communities Nevada Limited Partnership, a Michigan limited partnership
Sun Communities Texas Limited Partnership, a Michigan limited partnership
Sun Communities Funding GP L.L.C., a Michigan limited liability company
Sun GP L.L.C., a Michigan limited liability company
Arizona Finance L.L.C., a Michigan limited liability company
White Oak Estates, L.L.C., a Michigan limited liability company
Sun Houston QRS, Inc., a Michigan corporation
Sun QRS, Inc., a Michigan corporation
Sun Texas QRS, Inc., a Michigan corporation
SCF Manager, Inc., a Michigan corporation
Sun Acquiring, Inc., a Kansas corporation
Sun Florida QRS, Inc., a Michigan corporation
Tallowood Property Owners Association, Inc., a Florida non-profit corporation
K.S. Park Property, Owners Association, Inc., a Florida non-profit corporation
Sun Home Services, Inc., a Michigan corporation
Family Retreat, Inc., a Michigan corporation
Sun Water Oak Golf, Inc., a Michigan corporation
SCN Manager, Inc., a Michigan corporation
Apache Junction MHC, LLC, a Michigan limited liability company
Sun Texas Financial, LLC, a Michigan limited liability company
Sun/York L.L.C., a Michigan limited liability company
Snowbird Concessions, Inc., a Texas Corporation
CM-GL Services, Inc., a Florida Corporation

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Sun Communities, Inc. on Forms S-3 (File No. 33-95694; File No. 333-1822; File No. 333-2522; File No. 333-14595; File No. 333-36541; File No. 333-45273 File No. 333-64271 and File No. 333-72461) and on Form S-8 (File No. 333-11923) of our report dated February 12, 1999 on our audits of the consolidated financial statements and financial statement schedule of Sun Communities, Inc. as of December 31, 1998 and 1997, and for the years ended December 31, 1998, 1997 and 1996, which report is included in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP
Detroit, Michigan
March 15, 1999

YEAR	DEC-31-1998	JAN-01-1998	DEC-31-1998
			9,646
			0
			0
			0
			0
			803,152
		70,940	
		821,439	
	26,000		
			339,164
	0		
			0
			172
			340,192
821,439			0
	120,588		
			0
		36,644	
		0	
		0	
	24,245		
		32,054	
			0
	32,054		
		0	
		0	
			0
		26,096	
		1.55	
		1.53	