

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002.

OR

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

COMMISSION FILE NUMBER 1-2616

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

Maryland
(State of Incorporation)

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

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

48334
(Zip Code)

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Number of shares of Common Stock, \$.01 par value per share, outstanding as of April 30, 2002: 17,737,922

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2002 AND DECEMBER 31, 2001
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

ASSETS	2002	2001
	-----	-----
Investment in rental property, net	\$ 856,892	\$ 813,334
Cash and cash equivalents	4,725	4,587
Notes and other receivables	86,552	91,372
Investment in and advances to affiliates	47,845	55,451
Other assets	29,732	29,705
	-----	-----
Total assets	\$ 1,025,746	\$ 994,449
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	\$ 125,000	\$ 93,000
Debt	394,784	402,198
Accounts payable and accrued expenses	18,385	17,683
Deposits and other liabilities	10,002	8,929
	-----	-----
Total liabilities	548,171	521,810
	-----	-----
Minority interests	147,279	142,998
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000 shares authorized; no shares issued and outstanding	--	--
Common stock, \$.01 par value, 100,000 shares authorized; 17,866 and 17,763 issued and outstanding for 2002 and 2001, respectively	179	178
Paid-in capital	401,702	399,789
Officers' notes	(10,970)	(11,004)
Unearned compensation	(6,747)	(6,999)
Distributions in excess of accumulated earnings	(47,484)	(45,939)
Treasury stock, at cost, 202 shares	(6,384)	(6,384)
	-----	-----
Total stockholders' equity	330,296	329,641
	-----	-----
Total liabilities and stockholders' equity	\$ 1,025,746	\$ 994,449
	=====	=====

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	2002	2001
	-----	-----
Revenues:		
Income from property	\$ 38,397	\$ 34,543
Equity in income (loss) from affiliates	(222)	165
Other income	2,508	4,301
	-----	-----
Total revenues	40,683	39,009
	-----	-----
Expenses:		
Property operating and maintenance	8,171	7,362
Real estate taxes	2,547	2,248
Property management	758	784
General and administrative	1,319	1,142
Depreciation and amortization	9,113	7,805
Interest	7,846	8,380
	-----	-----
Total expenses	29,754	27,721
	-----	-----
Income before gain from property dispositions, net and minority interests	10,929	11,288
Gain from property dispositions, net	--	3,517
	-----	-----
Income before minority interest	10,929	14,805
Less income allocated to minority interests:		
Preferred OP Units	1,919	1,976
Common OP Units	1,176	1,704
	-----	-----
Income from continuing operations	7,834	11,125
Income (loss) from discontinued operations	280	(21)
	-----	-----
Net income	\$ 8,114	\$ 11,104
	=====	=====
Basic earnings per share:		
Continuing operations	\$ 0.45	\$ 0.64
Discontinued operations	0.02	--
	-----	-----
Net income	\$ 0.47	\$ 0.64
	=====	=====
Diluted earnings per share:		
Continuing operations	\$ 0.44	\$ 0.64
Discontinued operations	0.02	--
	-----	-----
Net income	\$ 0.46	\$ 0.64
	=====	=====
Weighted average common shares outstanding:		
Basic	17,322	17,365
	=====	=====
Diluted	17,538	17,474
	=====	=====
Distributions declared per common share outstanding	\$ 0.55	\$ 0.53
	=====	=====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(IN THOUSANDS)

	2002	2001
	-----	-----
Cash flows from operating activities:		
Net income	\$ 8,114	\$ 11,104
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	1,176	1,704
Gain from property dispositions, net	--	(3,517)
(Income) loss from discontinued operations	(280)	21
Operating income included in discontinued operations	11	25
Depreciation and amortization	9,113	7,805
Amortization of deferred financing costs	247	273
Increase in other assets	(1,271)	(197)
Increase in accounts payable and other liabilities	1,775	5,172
	-----	-----
Net cash provided by operating activities	18,885	22,390
	-----	-----
Cash flows from investing activities:		
Investment in rental properties	(42,728)	(19,632)
Proceeds related to property dispositions	3,288	16,212
Investment in and advances to affiliates	7,380	(872)
Repayments of notes receivable, net	4,744	20,825
	-----	-----
Net cash provided by (used in) investing activities	(27,316)	16,533
	-----	-----
Cash flows from financing activities:		
Borrowings (repayments) on line of credit, net	32,000	(12,000)
Repayments on notes payable and other debt	(14,227)	(10,124)
Proceeds from issuance of common stock	1,891	--
Treasury stock and operating partnership unit purchases, net	--	(6,086)
Distributions	(11,095)	(10,714)
	-----	-----
Net cash provided by (used in) financing activities	8,569	(38,924)
	-----	-----
Net increase (decrease) in cash and cash equivalents	138	(1)
Cash and cash equivalents, beginning of period	4,587	18,466
	-----	-----
Cash and cash equivalents, end of period	\$ 4,725	\$ 18,465
	=====	=====
Supplemental Information:		
Preferred OP Units issued for rental properties	\$ 4,500	\$ --
Debt assumed for rental properties	\$ 6,813	\$ --
Cancellation of common stock previously issues as unearned compensation	\$ --	\$ 48

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION:

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

2. INVESTMENTS IN AND ADVANCES TO AFFILIATES:

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

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

Also included in Investments in Affiliates is the Company's investment in and advances to SunChamp, a development entity comprising eleven new communities. The Company owns approximately fourteen percent (14%) of SunChamp at March 31, 2002.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. RENTAL PROPERTY:

The following summarizes rental property (in thousands):

	March 31, 2002	December 31, 2001
	-----	-----
Land	\$ 84,968	\$ 82,326
Land improvements and buildings	860,180	818,043
Furniture, fixtures, equipment	21,871	20,700
Land held for future development	16,938	16,810
Property under development	20,036	15,777
	-----	-----
Accumulated depreciation	1,003,993 (147,101)	953,656 (140,322)
	-----	-----
Rental property, net	\$ 856,892	\$ 813,334
	=====	=====

During the first quarter of 2002, the Company acquired two communities totaling 889 sites for approximately \$37 million.

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

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

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	March 31, 2002	December 31, 2001
	-----	-----
Mortgage and other notes receivable, primarily with minimum monthly interest payments at LIBOR based floating rates of approximately LIBOR + 3.0%, maturing at various dates through June 2012, substantially collateralized by manufactured home communities.	\$ 57,332	\$ 63,403
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 8.5% and 20 years, respectively.	12,672	13,474
Other receivables	16,548	14,495
	-----	-----
	<u>\$ 86,552</u>	<u>\$ 91,372</u>
	=====	=====

At March 31, 2002, the maturities of mortgages and other notes receivables are approximately as follows: 2002-\$18.6 million; 2003-\$1.5 million; 2004-\$3.6 million; 2005-and after \$33.6 million.

Officers' notes, presented as a reduction to stockholders' equity in the balance sheet, are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 364,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse.

5. DEBT:

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

	March 31, 2002	December 31, 2001
	-----	-----
Collateralized term loan, interest at 7.01%, due September 9, 2007	\$ 42,671	\$ 42,820
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
Senior notes, interest at 8.20%, due August 15, 2008	100,000	100,000
Callable/redeemable notes, interest at 6.77%, due May 14, 2015, callable/redeemable May 16, 2005	65,000	65,000
Capitalized lease obligations, interest at 6.1%, due through December 2003	25,891	26,045
Mortgage notes, other	41,222	48,333
	-----	-----
	<u>\$ 394,784</u>	<u>\$ 402,198</u>
	=====	=====

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. DEBT, CONTINUED:

The Company had \$25 million of its \$150 million line of credit available to borrow at March 31, 2002. Borrowings under the line of credit bear interest at the rate of LIBOR plus 1.0% and mature January 1, 2003.

6. OTHER INCOME:

The components of other income are as follows for the three months ended March 31, 2002 and 2001 (in thousands):

	2002	2001
	-----	-----
Interest income	\$ 1,847	\$ 3,453
Other income	661	848
	-----	-----
	\$ 2,508	\$ 4,301
	=====	=====

7. EARNINGS PER SHARE (IN THOUSANDS):

	For the Three Months Ended March 31,	
	2002	2001
	-----	-----
Earnings (loss) used for basic and diluted earnings per share computation:		
Continuing operations	\$ 7,834	\$ 11,125
	=====	=====
Discontinued operations	\$ 280	\$ (21)
	=====	=====
Total shares used for basic earnings per share	17,322	17,365
Dilutive securities, principally stock options	216	109
	-----	-----
Total weighted average shares used for diluted earnings per share computation	17,538	17,474
	=====	=====

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. NEW ACCOUNTING PRONOUNCEMENTS:

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

SUN COMMUNITIES, INC.

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

OVERVIEW

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

SIGNIFICANT ACCOUNTING POLICIES

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

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2002 and 2001

For the three months ended March 31, 2002, income before gain from property dispositions, net and minority interests decreased by 3.2 percent from \$11.3 million to \$10.9 million, when compared to the three months ended March 31, 2001. The decrease was due to increased revenues of \$1.7 million and increased expenses of \$2.0 million.

Income from property increased by \$3.9 million from \$34.5 million to \$38.4 million, or 11.2 percent, due to acquisitions (\$2.1 million) and rent increases and other community revenues (\$1.8 million).

Income from affiliates decreased from \$0.2 million to a loss of \$0.2 million. Other income decreased by \$1.8 million from \$4.3 million to \$2.5 million due primarily to a decrease in interest income.

Property operating and maintenance expenses increased by \$0.8 million from \$7.4 million to \$8.2 million, or 11.0 percent, primarily due to acquisitions (\$0.5 million).

Real estate taxes increased by \$0.3 million from \$2.2 million to \$2.5 million due to acquisitions (\$0.15 million) and changes in certain assessments.

Property management expenses remained constant at \$0.8 million representing 2.0 percent and 2.3 percent of income from property in 2002 and 2001, respectively.

SUN COMMUNITIES, INC.

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

RESULTS OF OPERATIONS, CONTINUED:

General and administrative expenses increased by \$0.2 million from \$1.1 million to \$1.3 million, representing 3.2 percent and 2.9 percent of total revenues in 2002 and 2001, respectively.

Earnings before interest, taxes, depreciation and amortization ("EBITDA", an alternative financial performance measure that may not be comparable to similarly titled measures reported by other companies, defined as total revenues less property operating and maintenance, real estate taxes, property management, and general and administrative expenses) increased by \$0.4 million from \$27.5 million to \$27.9 million. EBITDA as a percent of revenues was 68.5 percent in 2002 compared to 70.4 percent in 2001.

Depreciation and amortization increased by \$1.3 million from \$7.8 million to \$9.1 million, or 16.8 percent, due primarily to the net additional investment in rental properties.

Interest expense decreased by \$0.5 million from \$8.4 million to \$7.9 million, or 6.4 percent, due primarily to decreasing rates on variable rate debt.

The three months ended March 31, 2001 also included a \$3.5 million gain from property dispositions, net.

SUN COMMUNITIES, INC.

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

RESULTS OF OPERATIONS, CONTINUED:

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the three months ended March 31, 2002 and 2001. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2001 and March 31, 2002. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The "Total Portfolio" column differentiates from the "Same Property" column by including financial information for managed but not owned communities, new development and acquisition communities.

	Same Property		Total Portfolio	
	2002	2001	2002	2001
Income from property	\$ 33,257	\$ 31,732	\$ 38,397	\$ 34,543
Property operating expenses:				
Property operating and maintenance	6,092	6,041	8,171	7,362
Real estate taxes	2,383	2,246	2,547	2,248
Property operating expenses	8,475	8,287	10,718	9,610
Property EBITDA	\$ 24,782	\$ 23,445	\$ 27,679	\$ 24,933
Number of operating properties	103	103	116	109
Developed sites	36,504	36,304	41,228	38,028
Occupied sites	33,696	33,869	37,770	35,338
Occupancy %	94.4%	95.5%	93.5%(1)	95.0%(1)
Weighted average monthly rent per site	\$ 309	\$ 296	\$ 306(1)	\$ 294(1)
Sites available for development	2,354	1,913	4,375	4,476
Sites planned for development in current year	252	185	609	593

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

On a same property basis, property EBITDA increased by \$1.3 million from \$23.4 million to \$24.8 million, or 5.7 percent. Property revenues increased by \$1.5 million from \$31.7 million to \$33.2 million, or 4.8 percent, due primarily to increases in rents including water and property tax pass through.

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

Cash and cash equivalents increased by \$0.1 million to \$4.7 million at March 31, 2002 compared to \$4.6 million at December 31, 2001 because cash provided by operating activities and financing activities exceeded used in investing activities. Net cash provided by operating activities decreased by \$3.5 million to \$18.9 million for the three months ended March 31, 2002 compared to \$22.4 million for the three months ended March 31, 2001. This decrease was primarily due to accounts payable and other liabilities decreasing by \$3.4 million and other assets increasing by \$1.1 million offset by an increase in income before minority interests, depreciation and amortization, gain from property dispositions, net and discontinued operations increasing by \$1.0 million.

The Company's net cash flows provided by operating activities may be adversely impacted by, among other things: (a) the market and economic conditions in the Company's current markets generally, and specifically in metropolitan areas of the Company's current markets; (b) lower occupancy and rental rates of the Company's properties (the "Properties"); (c) increased operating costs, including insurance premiums, real estate taxes and utilities, that cannot be passed on to the Company's tenants; and (d) decreased sales of manufactured homes. See "Factors that May Affect Future Results" in the Company's 2001 Form 10-K.

SUN COMMUNITIES, INC.

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

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED:

The Company's \$150 million unsecured line of credit, which expires in January 2003, bears interest at the annual rate of LIBOR plus 1.0%. At March 31, 2002, the average interest rate of outstanding borrowings under the line of credit was 2.91%, \$125 million was outstanding and \$25 million was available to be drawn. The line of credit facility contains various leverage, debt service coverage, net worth maintenance and other customary covenants all of which the Company was in compliance with at March 31, 2002.

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

CONTRACTUAL CASH OBLIGATIONS(1)	TOTAL DUE	PAYMENTS DUE BY PERIOD (IN THOUSANDS)			
		1 YEAR	2-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Line of credit	\$ 125,000	\$ 125,000			
Collateralized term loan	42,671	625	\$ 1,389	\$ 1,597	\$ 39,060
Senior notes	285,000		85,000		200,000
Mortgage notes, other	41,222		9,155	9,317	21,927
Capitalized lease obligations	25,891	823			
Redeemable Preferred OP Units	48,458	16,087	9,804		
				8,064	40,394
	\$ 568,242	\$ 142,535	\$ 105,348	\$ 18,978	\$ 301,381

(1) The Company is the guarantor of \$23.2 million in personal bank loans which is not reflected in the balance sheet, maturing in 2004, made to the Company's directors, employees and consultants for the purpose of purchasing shares of Company common stock or Operating Partnership OP Units pursuant to the Company's Stock Purchase Plan. The Company is obligated under the Guaranty only in the event that one or more of the borrowers cannot repay their loan when due.

The Company anticipates meeting its long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions and Operating Partnership unit redemptions, through the issuance of debt or equity securities, including equity units in the Operating Partnership, or from selective asset sales. Along with Origen LLC's other investors, the Company may be requested to make additional capital contributions to maintain its respective ownership interest. The Company has maintained investment grade ratings with Fitch ICBA, Moody's Investor Service and Standard & Poor's, which facilitates access to the senior unsecured debt market. Since 1993, the Company has raised, in the aggregate, \$263.4 million from the sale of shares of its common stock, \$84.2 million from the sale of OP units in the Operating Partnership and \$430 million from the issuance of secured and unsecured debt securities. In addition, at March 31, 2002, ninety-six of the Properties were unencumbered by debt, therefore, providing substantial financial flexibility.

SUN COMMUNITIES, INC.

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

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED:

The ability of the Company to finance its long-term liquidity requirements in such manner will be affected by numerous economic factors affecting the manufactured housing community industry at the time, including the availability and cost of mortgage debt, the financial condition of the Company, the operating history of the Properties, the state of the debt and equity markets, and the general national, regional and local economic conditions. See "Factors that May Affect Future Results" in the Company's 2001 Form 10-K. If the Company is unable to obtain additional equity or debt financing on acceptable terms, the Company's business, results of operations and financial condition will be harmed.

At March 31, 2002, the Company's debt to total market capitalization approximated 36.5 percent (assuming conversion of all Common OP Units to shares of common stock). The debt has a weighted average maturity of approximately 4.6 years and a weighted average interest rate of 6.3 percent.

Capital expenditures for the three months ended March 31, 2002 and 2001 included recurring capital expenditures of \$1.0 million and \$0.9 million, respectively.

Net cash used in investing activities increased by \$43.8 million to \$27.3 million compared to \$16.1 million provided by investing activities for the three months ended March 31, 2002. This increase was due to a \$23.1 million increase in rental property acquisition activities, repayments from financing notes receivable, net decreasing by \$16.1 million, a \$12.9 million decrease in proceeds related to property dispositions offset by an increase of \$8.3 million increase in investment in and advances to affiliates.

Net cash provided by financing activities increased by \$47.5 million to \$8.6 million from \$38.9 million used in financing activities for the three months ended March 31, 2002. This increase was primarily due to a \$44.0 million increase in borrowings on the line of credit, proceeds from issuance of common stock increasing by \$8.0 million including reduced treasury stock purchases offset by a \$4.1 million increase in repayments on notes payable.

SUN COMMUNITIES, INC.

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

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

	2002 -----	2001 -----
Income from continuing operations	\$ 7,834	\$ 11,125
FFO contributed by discontinued operations	11	25
Deduct gain from property dispositions, net	--	(3,517)
Add:		
Minority interest in earnings to common OP Unit holders	1,176	1,704
Depreciation and amortization, net of corporate office depreciation	9,041	7,730
	-----	-----
Funds from operations	\$ 18,062	\$ 17,067
	=====	=====
Weighted average common shares and OP Units outstanding used for basic per share/unit data	19,921	20,025
Dilutive securities:		
Stock options and awards	216	109
	-----	-----
Weighted average common shares and OP Units used for diluted per share/unit data	20,137	20,134
	=====	=====
Common shares and OP Units at end of period	20,254	19,867
	=====	=====

SUN COMMUNITIES, INC.

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

OTHER, CONTINUED:
Special Note Regarding Forward-Looking Statements

This Form 10-Q contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "may", "will", "expect", "believe", "anticipate", "should", "estimate", and similar expressions identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but are based upon current assumptions regarding the Company's operations, future results and prospects, and are subject to many uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Please see the section entitled "Factors That May Affect Future Results" of the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed with the Securities and Exchange Commission for a list of uncertainties and factors.

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

RECENT ACCOUNTING PRONOUNCEMENTS:

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

In August 2001, the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations -- Reporting the Effects of

SUN COMMUNITIES, INC.

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

RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED:

Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business (as previously defined in that Opinion). The provisions of this SFAS 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The provisions of this standard generally are to be applied prospectively. The adoption of this statement requires all dispositions of properties to be disclosed as discontinued operations in the period in which they occur and prior periods to be reclassified to conform with the current period presentation. The Company sold one property in the quarter, which has been presented accordingly. This implementation of the statement did not have any other material effect on the Company.

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

PART II

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

See the attached Exhibit Index.

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

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

SIGNATURES

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

Dated: May 14, 2002

SUN COMMUNITIES, INC.

BY: /s/ Jeffrey P. Jorissen

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

SUN COMMUNITIES, INC.
EXHIBIT INDEX

Exhibit No.	Description
10.1	Amended and Restated Participation Agreement, dated as of March 22, 2002, by and between the Operating Partnership and Woodward Holding, LLC.

AMENDED AND RESTATED PARTICIPATION AGREEMENT

THIS AMENDED AND RESTATED PARTICIPATION AGREEMENT ("Agreement") by and between SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP ("Lender"), and WOODWARD HOLDING, LLC ("Participant") is entered into as of May 10, 2002, but for all purposes shall be effective as of March 22, 2002.

RECITALS

A. Lender has provided to Origen Financial, Inc. ("Origen Inc.") and Origen Financial, L.L.C. ("Origen LLC" and together with Origen Inc., the "Borrowers") a line of credit facility in the amount of \$21,250,000 (the "Line of Credit") pursuant to the terms and conditions of a certain Amended and Restated Subordinated Loan Agreement dated February 1, 2002, as amended by the First Amendment to Amended and Restated Subordinated Loan Agreement dated March 22, 2002 (the "Loan Agreement"). All capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to such terms in the Loan Agreement.

B. Advances under the Line of Credit are evidenced by a Third Amended Promissory Note dated as of March 22, 2002 (the, "Line of Credit Note") executed and delivered by the Borrowers. The payment and performance of the Line of Credit Note is secured by substantially all assets of the Borrowers (the, "Collateral") as described in and evidenced by (i) a certain Amended and Restated Security Agreement between Origen Inc. and Lender dated February 1, 2002, (ii) a certain Security Agreement between Origen LLC and Lender dated February 1, 2002, (iii) a certain Amended and Restated Limited Liability Company Interest Security and Pledge Agreement between Origen Inc. and Lender dated February 1, 2002, (iv) a certain Limited Liability Company Interest Security and Pledge Agreement between Origen LLC and Lender dated February 1, 2002, and (v) a certain Amended and Restated Stock Pledge Agreement between Origen LLC and Lender dated February 1, 2002 (collectively, the "Collateral Documents"). The payment and performance of the Line of Credit Note is guaranteed by Bingham Financial Services Corporation as evidenced by an Amended and Restated Guaranty dated February 1, 2002 ("Guaranty"). The Loan Agreement, Line of Credit Note, Collateral Documents and Guaranty together with all other documents, agreements and instruments executed in connection therewith, are collectively referred to as the "Line of Credit Loan Documents."

C. Lender and Participant entered into a Participation Agreement dated February 28, 2002 (the "Original Participation Agreement") under which Participant purchased a participation in the Shared Committed Amount (as defined in Section 1 below).

D. Lender and Participant desire to amend and restate the Original Participation Agreement in its entirety in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contained, Lender and Participant hereby agree as follows:

1. Participation. Subject to the terms and conditions of this Agreement, Lender hereby sells and agrees to sell and Participant hereby purchases and agrees to purchase (a "Participation") an undivided 50% interest in the Shared Committed Amount (as defined below) (subject to adjustment in accordance with Section 3 below, the "Participation Percentage"), which amount is equal to an undivided 41.18% interest in the entire Line of Credit. For purposes of this Agreement, the "Participation Loan" shall mean the Shared Committed Amount under the Line of Credit (including any amounts outstanding on the date hereof and any Shared Committed Advances (as defined below) made hereafter), together with any Future Advances (as defined in Section 3) in which each of Lender and Participant from time to time acquire and hold an interest pursuant to Section 3, and the "Loan Documents" shall mean all documents, agreements and instruments executed in connection with the Participation Loan, including, without limitation, the Line of Credit Loan Documents. The parties acknowledge and agree that the original committed principal lending limit under the Line of Credit in which Participant purchased a 50% participation interest, and in which Participant continues to hold a 50% participation interest, is \$17,500,000.00 (the "Shared Committed Amount"). The interest of Participant under this Agreement shall include but not be limited to (a) participation in (i) the currently outstanding amounts up to the Shared Committed Amount under the Line of Credit, including the right to receive payments of principal and interest payable under the Line of Credit Note, and (ii) participation in any advances made under the Line of Credit up to the Shared Committed Amount thereunder ("Shared Committed Advances"), and (b) the right to (i) receive a pro rata portion of the commitment fee paid and payable by Borrowers with respect to the Shared Committed Amount, (ii) purchase, at its option, interests in Future Advances pursuant to Section 3, (iii) receive the proceeds received upon the disposition of the Collateral, and (iv) the benefits and burdens arising from the Loan Documents as each of the Loan Documents are amended by Lender (either individually or collectively) subsequent to the date hereof in accordance with the terms of this Agreement, all for the pro rata account and risk of Participant to the extent of its Participation Percentage in the Participation Loan. Participant's right to receive its Participation Percentage in the interest, however, shall be limited to interest which accrues and is paid on or after the date Participant pays Lender for its Participation in the Participation Loan. This Agreement constitutes a nonrecourse sale of a Participation equal to the Participation Percentage and shall not be construed as a loan by Participant to Lender or as a sale of securities by Lender to Participant or as creating any other relationship.

2. Payment of Purchase Price. Participant has previously paid Lender the sum of \$8,405,785.64 for the purchase of its undivided Participation in the Shared Committed Amount. The foregoing purchase price represents Participant's Participation Percentage in the outstanding principal balance under the Shared Committed Amount as of the date of the Original Participation Agreement, less Participant's Participation Percentage in origination fees of \$150,000 paid by Borrowers prior to the date of the Original Participation Agreement with respect to the Shared Committed Amount. During each calendar month during the term of this Agreement, Lender shall fund all Shared Committed Advances for the accounts of both Lender and Participant; provided, however, that Participant shall be obligated to remit to Lender Participant's Participation Percentage in such Shared Committed Advances in accordance with this Section 2. If during any calendar month the aggregate Shared Committed Advances exceed the aggregate repayments of principal with respect to the Participation Loan by \$1,000,000.00 or

more, Participant shall deliver immediately available funds to Lender no later than five (5) business days after the delivery of the monthly accounting required under Section 9 (or such other date, as mutually agreed by Lender and Participant) in an amount equal to fifty percent (50%) of the total amount of the net Shared Committed Advance paid by Lender during such month. If during any calendar month the aggregate Shared Committed Advances exceed the aggregate repayments of principal with respect to the Participation Loan, but by less than \$1,000,000.00, such net Shared Committed Advances shall be carried over to the following month or months until they equal or exceed \$1,000,000.00 at the end of any month, at which time Participant shall deliver to Lender Participant's share of such net Shared Committed Advances in accordance with the procedure set forth above. Participant shall remit the purchase price for its Participation in the Shared Committed Amount (including any Shared Committed Advance) by wire transfer, in accordance with the following wire instructions:

Bank: Bank One - Michigan
ABA #072000326
For Credit to Sun Operating Communities Operating Limited Partnership
Account #1530503

Participant's Participation under this Agreement with respect to the Shared Committed Amount under the Line of Credit Note or any Shared Committed Advances shall be effective as of the day the purchase price for such Participation interest is received by Lender. The obligation of Participant to provide Lender with the purchase price of Participant's Participation in any Shared Committed Advance is irrevocable and shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment that Participant may have or have had against Lender.

3. Future Advances.

a. If either Lender or Participant (an "Advancing Party"), desires to loan money to Borrowers after the date hereof (in addition to, and exclusive of, any Shared Committed Advances) (a "Future Advance"), the Advancing Party shall send the other party to this Agreement (the "Other Party") a notice of the amount and other terms of the Future Advance; provided, however, that an Advancing Party shall not be required to deliver such notice to the Other Party until such time as all Future Advances made by such Advancing Party hereunder, in the aggregate, equal or exceed \$1,000,000.00. The Other Party shall then have the right (but not the obligation) to purchase up to a 50% participation interest in the Future Advance. If the Other Party does not respond to the Advancing Party's notice within five (5) business days after the Other Party's receipt of such notice (or such other date, as mutually agreed by the Advancing Party and the Other Party), the Other Party shall be deemed to have declined to purchase a participation interest in the Future Advance. If the Other Party wishes to purchase up to a 50% participation interest in the Future Advance, the Other Party shall deliver immediately available funds to the Advancing Party no later than five (5) business days after the Advancing Party funds the Future Advance (or such other date, as mutually agreed by the Advancing Party and the Other Party) in an amount equal to the product of (i) the percentage interest purchased by the Other Party in the Future Advance, multiplied by (ii) the total amount

of the Future Advance. Any participation in a Future Advance by an Other Party shall be effective as of the day the purchase price for such participation interest is received by the Advancing Party. To the extent an origination fee shall be payable by Borrowers in connection with any Future Advance, the Advancing Party shall remit to or give a credit for a portion of such origination fee to the extent of the Other Party's percentage interest in the total amount of the Future Advance. If an Other Party purchases a participation interest in any Future Advance, the Participant's Participation Percentage in the Participation Loan shall be adjusted so that it is equal to (i) the total dollar amount of the Participant's advances under the Participation Loan (without giving effect to credits for or receipt of any origination fees), divided by (ii) the total principal amount of the Participation Loan.

b. If the Other Party does not purchase a participation interest in the Future Advance or such Future Advance is not yet offered to the Other Party in accordance with Section 3.a. above, then the entire amount of the Future Advance shall be a "Non-Participation Loan."

c. All indebtedness owing from Borrowers to an Advancing Party under a Non-Participation Loan shall at all times be wholly subordinate and junior in right to payment in full of the Participation Loan and all Senior Debt (as defined in the Loan Agreement). The Advancing Party agrees to enter into a subordination agreement reasonably acceptable to the Other Party effecting such subordination upon the making of a Non-Participation Loan.

d. All indebtedness owing from Borrowers to an Advancing Party under a Non-Participation Loan shall be evidenced by a note other than the note or notes evidencing indebtedness owing under the Participation Loan. If a Non-Participation Loan is made by Participant, the parties agree to enter into a mutually acceptable intercreditor agreement on terms substantially in accordance with this Agreement.

e. If an affiliate of Lender or Participant is the lender of record with respect to any advance constituting any part of the Participation Loan or a Non-Participation Loan, the parties agree to enter into (and to cause their respective affiliates, as the case may be, to enter into) a mutually acceptable intercreditor agreement on terms substantially in accordance with this Agreement.

4. Certificate of Participation. No participation certificate shall be issued by Lender to Participant as this Agreement alone shall evidence the participation interest in the Participation Loan.

5. Receipt of Documents.

a. By entering into this Agreement, Participant acknowledges that it has received and is satisfied with and hereby approves the form and substance of the Line of Credit Loan Documents including any exhibits thereto.

b. Participant acknowledges that it has received the same information regarding the Borrowers as has the Lender. Participant waives any right to require Lender to

furnish or make available to the Participant any of the Lender's internal credit analysis of the Borrowers. Any such analysis was prepared solely for internal purposes and the Participant acknowledges and agrees that it is not and would not be entitled to rely thereon in making its credit decision.

6. Application of Payments. Promptly upon receipt by Lender of any payment of interest on the Participation Loan, Lender shall remit to Participant Participant's share thereof in an amount equal to the amount of the interest payment multiplied by Participant's Participation Percentage in the Participation Loan (after deducting any amount due from Participant to Lender under this Agreement). Lender shall hold all repayments of principal on the Participation Loan during any calendar month for the accounts of both Lender and Participant; provided, however, that Lender shall be obligated to remit to Participant its share thereof in an amount equal to the aggregate repayments of principal multiplied by Participant's Participation Percentage in the Participation Loan (after deducting any amount due from Participant to Lender under this Agreement) in accordance with this Section 6. If during any calendar month the aggregate repayments of principal with respect to the Participation Loan exceed the Shared Committed Advances by \$1,000,000.00 or more, Lender shall deliver immediately available funds to Participant no later than five (5) business days after the delivery of the monthly accounting required under Section 9 (or such other date, as mutually agreed by Lender and Participant) in an amount equal to fifty percent (50%) of the total amount of the net repayments of principal received during such month. If during any calendar month the aggregate repayments of principal exceed the aggregate Shared Committed Advances, but by less than \$1,000,000.00, such net repayments of principal shall be carried over to the following month or months until they equal or exceed \$1,000,000.00 at the end of any month, at which time Lender shall deliver to Participant Participant's share of such net repayments of principal in accordance with the procedure set forth above. Without limiting the foregoing, all payments of principal and interest received by the Lender from the Borrowers (whether with respect to the Participation Loan or a Non-Participation Loan and whether any such Non-Participation Loan is evidenced by the Line of Credit Loan Documents or other loan documents) shall be applied first to the respective accounts of Lender and Participant in accordance with their interests in the Participation Loan and then to amounts owing under any Non-Participation Loan.

7. Reports, Notice of Default, etc. Lender shall promptly furnish to Participant copies of all reports and financial statements received from Borrowers pursuant to the Loan Documents. Lender shall have no responsibility to Participant for any errors or omissions in any such reports, financial statements or other information and shall not otherwise be liable to Participant for failing to comply with the provisions of this Section, unless such failure is due to Lender's gross negligence or willful misconduct.

Lender shall promptly notify Participant of the occurrence of any Event of Default, as defined in the Loan Documents, of which the officer of Lender responsible for the Line of Credit has actual knowledge. Similarly, Participant will promptly notify Lender of the occurrence of any Event of Default under the Loan Documents of which the officer of Participant responsible for administration of Participant's interest has actual knowledge. Failure to give any notice required under this Section shall not result in any liability of the Lender to the Participant, or of

the Participant to the Lender, or relieve the Lender or the Participant, as the case may be, from any of their obligations hereunder.

8. Loan Documents. Lender shall hold all Loan Documents delivered in connection with the Participation Loan for the benefit of itself and Participant in accordance with their respective proportionate shares. Lender shall at all times keep proper books of account and records at its principal office reflecting Participant's proportionate share in the Participation Loan, which records shall be accessible for inspection by Participant at all reasonable times during business hours and upon reasonable notice to Lender.

9. Servicing of Participation Loan; Management and Enforcement of Loan Documents. Lender shall be responsible for the normal routine servicing of loan advances and payments under the Participation Loan on behalf of itself and Participant in accordance with the terms of this Agreement. No later than three (3) business days after the end of each calendar month during the term of this Agreement, Lender shall deliver to Participant an accounting of all advances, repayments and other activity with respect to the Participation Loan. However, so long as Participant has any outstanding Participation interest in the Participation Loan, Lender and Participant shall jointly manage and enforce the terms of the Loan Documents. Specifically, without the prior written consent of Participant, Lender shall not (i) agree to any amendment or modification of any of the Loan Documents of any kind or nature, (ii) waive any condition or provision of the Loan Documents, (iii) declare any Event of Default or enforce any remedy under the Loan Agreement or provided by law or in equity (whether such Event of Default arises in whole or in part from any Non-Participation Loan), or (iv) release any Collateral securing the Participation Loan.

10. Collection After Maturity. If Lender liquidates Collateral or receives a payment after maturity of the Participation Loan, by acceleration or otherwise, and whether pursuant to a demand for payment or as a result of legal proceedings against Borrowers or through payment by or action against any other person in any way liable for the indebtedness evidenced by the Loan Documents, or from any source whatsoever, such payment shall be applied in the following order:

a. To the unreimbursed costs and expenses, including attorney's fees, incurred by Lender or Participant, in effecting such recovery or in enforcing any right or remedy under the Loan Documents or in realizing upon the Collateral;

b. To accrued interest payable under the Participation Loan, of which the portion due to Participant shall be paid to Participant;

c. To the unpaid principal amount of the Participation Loan, of which the portion due to Participant shall be paid to Participant; and

d. To the unpaid principal, interest and origination fees payable with respect to any Non-Participation Loan (whether any such Non-Participation Loan is evidenced by the Line of Credit Loan Documents or other loan documents).

The foregoing notwithstanding, it is expressly understood that if any loss (including any un-reimbursed expenses in connection with the Loan Documents) is sustained with respect to the Participation Loan, that portion of the total loss which is equal to Participant's Participation Percentage shall be borne by Participant with the balance of the loss being borne by Lender.

11. Adjustments to Payments.

a. If (i) Lender shall pay an amount to Participant pursuant hereto in the belief or expectation that a related payment has been or will be received or collected in connection with the Participation Loan, and (ii) such related payment is not received or collected by Lender, then Participant will, within three (3) business days of demand by Lender, return such amount to Lender, together with interest thereon at the overnight Federal Funds Rate. The Federal Funds Rate shall be the weighted average of the rates on overnight Federal Funds transactions, with members of the Federal Reserve System only, arranged by federal funds brokers, as published as of such day by the Federal Reserve Bank of New York.

b. Notwithstanding anything to the contrary contained herein, if Lender determines at any time that any amount received or collected by Lender with respect to the Participation Loan must be returned to Borrowers or paid to any other person or entity pursuant to any insolvency law or sharing clause or otherwise, then Lender will not be required to distribute any portion thereof to Participant and, Participant will, within three (3) business days of demand by Lender, repay any portion thereof that Lender shall have distributed to Participant, together with interest thereon at such rate(s), if any, as Lender shall be required to pay to Borrowers or such other person or entity with respect thereto.

c. If Participant shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) on account of its Participation in excess of its Participation Percentage of payments on account of the Participation Loan, Participant shall promptly remit such excess to Lender.

12. No Recourse; Limitation of Lender's Liability. Lender's only obligation to Participant with respect to any payment of principal or of interest on the Participation Loan or for any fees or other amounts payable by Borrowers under any of the Loan Documents shall be to remit to Participant its share of any such payment if, when, and as received by Lender. Neither Lender nor Participant shall have any recourse against the other as a result of Borrowers' failure to make any payment due under the Participation Loan or for any fee or other amounts payable by Borrowers under the Loan Documents. Neither Lender nor Participant shall have any responsibility with respect to any representations, warranties or statements made by Borrowers in the Loan Documents. All losses, including but not limited to those resulting from the foregoing matters, shall be borne by the parties in proportion of their respective proportionate shares of the Participation Loan.

Although Lender will exercise the same care in administering the Participation Loan as if the Participation Loan were made entirely for Lender's own account, Lender shall have no liability to Participant for any loss except for any actual loss suffered by Participant due to Lender's own gross negligence or willful misconduct.

Without limiting the foregoing, Lender shall be fully protected in relying upon any certificate, document or other communication which appears to it to be genuine and to have been signed or presented by the proper person or persons and upon the advice of legal counsel, independent accountants and other appropriate experts (including those retained by Borrowers), and shall not be required to make any inquiry concerning the performance by Borrowers of their obligations under or compliance by Borrowers with the terms and conditions of any of the Loan Documents. Except as otherwise expressly set forth herein, Lender shall not be deemed to be a trustee or fiduciary for Participant in connection with this participation, the Line of Credit or any Loan Documents, and has no duties to Participant.

13. Reimbursement and Indemnification.

a. Except as otherwise provided in this Agreement, each of Lender and Participant (the "Indemnifying Party") shall reimburse the other party (the "Indemnified Party") immediately on demand for its proportion of all out-of-pocket expenses, including reasonable attorney's fees, incurred by the Indemnified Party in connection with the making, managing, or collection of the Participation Loan or Collateral or any portion thereof, to the extent not recovered from Borrowers, and shall indemnify and hold the Indemnified Party harmless from and against the Indemnifying Party's proportion of the amount of any costs, expenses (including reasonable attorneys' fees and disbursements), claims, damages, actions, losses or liabilities, that the Indemnified Party may suffer or incur in connection with this Agreement or any of the Loan Documents, or the transactions contemplated hereby or thereby, or any action taken or omitted to be taken by the Indemnifying Party hereunder or thereunder (collectively, the "Liabilities"). Notwithstanding the foregoing, however, the Indemnifying Party shall have no obligation to reimburse the Indemnified Party for any of the Indemnified Party's fees or costs incurred in connection with this Agreement. In the event that the Indemnified Party recovers any such amounts from Borrowers after the Indemnifying Party has reimbursed the Indemnified Party for its proportion of any or all such Liabilities, the Indemnified Party shall return to the Indemnifying Party its proportion of the amounts recovered from Borrowers. Notwithstanding anything else set forth in this Agreement, the obligations and indemnities under this Paragraph shall survive the payment in full of the Participation Loan and termination of the Loan Documents and this Agreement.

b. In the event that the Indemnifying Party does not, on the date on which the Indemnifying Party is advised by the Indemnified Party of the payment by the Indemnified Party of any of the foregoing Liabilities, pay the Indemnified Party in the amount of its proportionate share of Liabilities, the Indemnifying Party shall pay the Indemnified Party, for each day until the date of delivery to the Indemnified Party of such amount in immediately available funds,

interest on its proportionate share of the Liabilities at a rate equal to the overnight Federal Funds Rate.

14. Other Relationships with Borrowers.

a. Each of Lender and Participant may accept deposits from, make loans or otherwise extend credit to Borrowers (in compliance with Section 3), and generally engage in any kind of financial services business with Borrowers, or any affiliate of Borrowers, and receive payment on such loans or extensions of credit (subject to Section 3) and otherwise act with respect thereto fully and without accountability to the other party to this Agreement in the same manner as if the Participation did not exist and the transactions described herein were not in effect.

b. No Other Party shall have any interest in any collateral (other than the Collateral) to support any Non-Participation Loans made by an Advancing Party to or for the account of Borrowers. Any payment by Borrowers to an Advancing Party under any Non-Participation Loans (whether voluntary, involuntary, through the exercise of an right of setoff or otherwise) shall be applied first in reduction of amounts outstanding under the Participation Loan.

c. No Advancing Party shall have any obligation to make any claim against, or assert any lien upon or right of setoff against, any property held by such party as security for a Non-Participation Loan which does not constitute Collateral security for the Participation Loan.

15. Lender's Warranties. Lender represents and warrants that:

a. Except pursuant to the Original Participation Agreement, it has not heretofore sold, assigned or otherwise disposed of any interest in the Line of Credit.

b. It has full power and authority to enter into and perform this Agreement and the officer(s) of Lender signing the Agreement on behalf of Participant have been duly authorized to do so.

c. It will remain in possession of the original Loan Documents or duplicate original copies of the Loan Documents.

d. The principal amount outstanding as of the date of the Original Participation Agreement under the Line of Credit Note was \$16,961,571.28.

e. Lender's officer responsible for the Line of Credit is not aware of the existence of any Event of Default as defined in the Loan Documents as of the date of this Agreement.

Participant and Lender agree that Lender has not made and shall not at any time be deemed to have made any further representation or warranty, express or implied, with respect to

(i) the due execution, authenticity, legality, accuracy, completeness, validity or enforceability of any of the Loan Documents, (ii) the financial condition or creditworthiness or insolvency of Borrowers or any other entity which may have liability for the Participation Loan, or the collectibility of the Participation Loan, or (iii) any other matter having any relation to the Participation, the Participation Loan or the Loan Documents.

16. Participant's Warranties. Participant represents, warrants and acknowledges that:

a. It has full power and authority to enter into and perform this Agreement and the officers of Participant signing the Agreement on behalf of Participant have been duly authorized to do so.

b. It has reviewed and approved the form and substance of each of the Line of Credit Loan Documents.

c. Its decision to purchase this Participation and any future decisions it makes with respect to its Participation in the Participation Loan was based and will be based solely on its own independent evaluation of the Participation Loan, the creditworthiness of Borrowers and any other entity which may have liability for the Participation Loan, and its own investigation of the legality, sufficiency, and enforceability of the Loan Documents, and of the risks involved in the transactions contemplated in the Loan Documents and it is not and will not rely on Lender with respect thereto.

17. Assignment Upon Certain Events. Lender hereby assigns and transfers to Participant all right, title and interest of Lender, if any, in and to Participant's Participation interest in the Participation Loan; provided, however, that, notwithstanding anything to the contrary herein, such assignment shall become effective only upon the occurrence of an Assignment Event (as defined below). An "Assignment Event" shall have occurred if (a) Lender ceases doing business or Lender's existence is terminated by sale, dissolution, merger or otherwise, (b) any assignment is made for the benefit of Lender's creditors, (c) any receiver of Lender is appointed, (d) any insolvency, liquidation or reorganization proceeding under the U.S. Bankruptcy Code or otherwise shall be filed by or against Lender, or (e) an event of default shall have occurred under, and the payment of any indebtedness of Lender shall have been accelerated under, the terms of any loan agreement pursuant to which Lender has incurred debt. Upon an Assignment Event, Lender shall execute and deliver or cause to be executed and delivered such further instruments of conveyance, assignment and transfer and shall take such other action as Participant may reasonably request to give effect to the foregoing assignment.

18. Termination. This Agreement shall terminate upon the complete payment of all amounts due and satisfaction of all obligations of the Borrowers under the Participation Loan.

19. Notices. All notices, demands, consents, approvals and other communications hereunder (collectively, "notices") shall be in writing or by facsimile transmission and delivered to the parties at their respective addresses set forth below, and the same shall be deemed to have been given or made when delivered by courier or if made by facsimile transaction, upon receipt

of the answer back code of the designated party after transmission to the designated party or if made by mail, then three days after having been deposited in the United States mail, postage prepaid by registered or certified mail.

Participant: Woodward Holding, LLC
2300 Harmon Road
Auburn Hills, MI 48326
Attn: Paul Halpern
Telephone: (248) 340-2264
Facsimile: (248) 340-2258

With a copy to: Woodward Holding, LLC
2300 Harmon Road
Auburn Hills, MI 48326
Attn: Alan L. Schlang
Telephone: (248) 340-2170
Facsimile: (248) 340-2175

Lender: Sun Communities Operating Limited Partnership
31700 Middlebelt Road, Suite 145
Farmington Hills, Michigan 48334
Attn: Gary A. Shiffman
Telephone: (248) 932-3100
Facsimile: (248) 932-3072

With a copy to: Jaffe, Raitt, Heuer & Weiss, P.C.
One Woodward Avenue, Suite 2400
Detroit, MI 48226
Attn: Matthew Murphy
Telephone: (313) 961-8380
Facsimile: (313) 961-8358

20. Assignments; Successors and Assigns. Participant warrants and represents to Lender that its Participation in the Participation Loan is being purchased for its own account and not for the purpose or intent of resale. Participant hereby acknowledges that in reliance upon the foregoing warranty and representation of Participant, Lender has not registered this loan participation under the Federal Securities Act of 1933 (as amended) or under any state or local laws. Except as otherwise permitted in this Agreement, neither Lender nor Participant shall sell, pledge, assign or otherwise transfer all or a portion of its interest in the Participation Loan or any of its rights or obligations under this Agreement without the prior written consent of the other party. Subject to the foregoing, all provisions contained in this Agreement or related hereto shall inure to the benefit of and shall be binding upon the respective permitted successors and assigns of Lender and Participant.

21. No Partnership; No Trust. Neither the execution of this Agreement, nor any agreement to share in the profits or losses arising as a result of the Participation created hereby, is intended to be or to create, nor will be construed to be or create, a partnership, joint venture or other joint enterprise between Lender and Participant.

Neither the execution of this Agreement, nor Lender's holding the Loan Documents in its own name, nor the servicing of the Participation Loan by Lender, nor any other right, duty, or obligation of Lender under or pursuant to any Loan Document or this Agreement, is intended to be or to create, nor will be a constructive trust or other fiduciary relationship between Lender and Participant. Notwithstanding the foregoing, (a) Lender and Participant agree that any payment relating to a purchase of a participation interest by either party to this Agreement received by the other party pursuant to Section 2 or 3 shall not be deemed to be the property of the receiving party and shall be held in trust by the receiving party for the benefit of the purchasing party until either (i) advanced by the receiving party under an advance request or (ii) applied by the receiving party as reimbursement for an advance made by the receiving party prior to receipt by the receiving party of an amount equal to the purchasing party's participation percentage in such advance, and (b) Lender agrees that a pro rata portion (based on the Participant's Participation Percentage) of (i) any proceeds of Collateral received by Lender, and (ii) any payments of principal, interest, penalties, fees or costs received by Lender with respect to the Participation Loan, shall not be deemed to be the property of Lender and shall be held in trust by Lender for the benefit of Participant until remitted to Participant in accordance with this Agreement.

22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

23. Captions. The Paragraph captions in this Agreement have been inserted solely for ease of reference, and are not a part of this Agreement.

24. Entire Agreement. This Agreement embodies the entire agreement and understanding between Lender and Participant and supersedes any and all prior agreements and understandings with respect to the subject matter hereof, including, without limitation, the Original Participation Agreement. This Agreement may not be amended or in any manner modified unless such amendment or modification is in writing and signed by both parties. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. If any provision hereof would be invalid under applicable law, then such provision shall be deemed to be modified to the extent necessary to render it valid, while most nearly preserving its original intent; no provision hereof shall be affected by another provision being held invalid.

25. Dispute Resolution. Any and all disputes, controversies or claims arising out of or related in any way to this Agreement shall be resolved as provided in this Section 25; provided, however, that either party may seek a preliminary injunction or other provisional judicial relief if, in its judgment, such action is necessary to avoid irreparable damage or to preserve the status quo. Despite any such action, the parties will continue to participate in good faith in the

procedures set forth in this Section 25. The parties shall meet promptly to make a good faith effort to resolve any dispute arising under this Agreement. If the good faith attempts to resolve the dispute are unsuccessful, the parties shall submit such dispute to arbitration. All such arbitration proceedings shall be held in the Detroit, Michigan metropolitan area and shall be conducted under the rules of the American Arbitration Association (the "Rules"). A single arbitrator (the "Arbitrator") mutually agreeable to the parties shall preside over such proceedings and shall make all decisions with respect to the resolution of the dispute, controversy or claim between the parties. In the event the parties are unable to agree on the Arbitrator within fifteen (15) days after either party has filed for arbitration in accordance with the Rules, they shall select a truly neutral arbitrator in accordance with the Rules for the selection of neutral arbitrators, who shall be the "Arbitrator" for the purposes of this Section 25. The decision of the Arbitrator shall be final and binding on the parties, and a judgment may be entered in a court of competent jurisdiction in order to enforce the Arbitrator's award. The parties shall be entitled to reasonable levels of discovery (as determined by the Arbitrator in his or her sole and absolute discretion) in accordance with the Federal Rules of Civil Procedure. The parties also hereby acknowledge that it is their intent to expedite the resolution of the dispute, controversy or claim in question, and that the Arbitrator shall schedule the timing of the hearing consistent with that intent. During the course of the proceedings, all fees to be paid to the Arbitrator, and all expenses incurred by the Arbitrator in connection with the arbitration, shall be borne equally by the parties. However, the Arbitrator shall award all costs, expenses and fees, including without limitation the Arbitrator's costs, expenses and fees and the prevailing party's reasonable attorneys' fees, to the party prevailing in the Arbitration as part of any award.

[signature page attached]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Participation Agreement on May 10, 2002, provided, however, that this Amended and Restated Participation Agreement for all purposes shall be effective as of March 22, 2002.

"LENDER"

SUN COMMUNITIES OPERATING LIMITED
PARTNERSHIP, a Michigan limited
partnership

By: Sun Communities, Inc., a Maryland
corporation

Its: General Partner

By: /s/ Gary A. Shiffman

Its: President

"PARTICIPANT"

Woodward Holding, LLC

By: /s/ Paul A. Halpern

Its: Manager
