

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, 2005.

OR

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

COMMISSION FILE NUMBER 1-12616

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

Maryland 38-2730780
(State of Incorporation) (I.R.S. Employer Identification No.)

27777 Franklin Rd.
Suite 200

Southfield, Michigan

(Address of Principal Executive Offices)

48034
(Zip Code)

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

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 ☐

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 March 31, 2005: 18,336,408

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2005 AND DECEMBER 31, 2004
(AMOUNTS IN THOUSANDS)

	(UNAUDITED) 2005	2004
	-----	-----
ASSETS		
Investment in rental property, net	\$ 1,151,677	\$ 1,131,956
Cash and cash equivalents	12,783	52,586
Short-term investments	5,000	44,975
Inventory of manufactured homes	19,954	25,964
Investment in affiliate	48,243	48,360
Notes and other receivables	44,205	45,037
Other assets	50,685	54,289
	-----	-----
Total assets	\$ 1,332,547	\$ 1,403,167
	=====	=====
LIABILITIES		
Debt	\$ 1,073,822	\$ 1,078,442
Other liabilities	42,312	31,936
	-----	-----
Total liabilities	1,116,134	1,110,378
	-----	-----
Minority interests	28,050	81,043
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value, 10,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 100,000 shares authorized, 19,607 and 19,626 issued in 2005 and 2004, respectively	196	196
Paid-in capital	461,834	462,522
Officer's notes	(9,711)	(9,798)
Unearned compensation	(14,734)	(15,557)
Accumulated comprehensive earnings	215	(959)
Distributions in excess of accumulated earnings	(203,417)	(181,073)
Treasury stock, at cost, 1,271 and 1,202 shares in 2005 and 2004, respectively	(46,020)	(43,585)
	-----	-----
Total stockholders' equity	188,363	211,746
	-----	-----
Total liabilities and stockholders' equity	\$ 1,332,547	\$ 1,403,167
	=====	=====

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, 2005 AND 2004
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)
(UNAUDITED)

	2005	2004
	-----	-----
REVENUES		
Income from rental property	\$ 45,781	\$ 42,868
Revenues from home sales	3,750	3,974
Ancillary revenues, net	503	597
Interest	1,598	1,779
Other income (loss)	(169)	331
	-----	-----
Total revenues	51,463	49,549
COSTS AND EXPENSES		
Property operating and maintenance	11,067	10,228
Cost of home sales	2,407	3,125
Real estate taxes	3,788	3,166
General and administrative - rental property	3,505	2,794
General and administrative - home sales	1,543	1,493
Depreciation and amortization	13,068	11,220
Interest	14,725	10,334
Florida storm damage recovery	(500)	-
	-----	-----
Total expenses	49,603	42,360
Equity income (loss) from affiliates	(117)	200
Income from operations	1,743	7,389
	-----	-----
Less income allocated to minority interest:		
Preferred OP Units	961	1,110
Common OP Units	95	709
	-----	-----
Net income	\$ 687	\$ 5,570
	=====	=====
Weighted average common shares outstanding:		
Basic	17,848	18,702
	=====	=====
Diluted	17,950	18,864
	=====	=====
Basic earnings per share:	\$ 0.04	\$ 0.30
	=====	=====
Diluted earnings per share:	\$ 0.04	\$ 0.30
	=====	=====

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

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)
(UNAUDITED)

	2005	2004
	-----	-----
Net income	\$ 687	\$ 5,570
Unrealized income (loss) on interest rate swaps	1,174	(1,483)
	-----	-----
Comprehensive income	\$ 1,861	\$ 4,087
	=====	=====

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, 2005 AND 2004
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	2005	2004
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 687	\$ 5,570
Adjustments to reconcile net income to cash provided by operating activities:		
Income allocated to minority interests	95	709
Depreciation and amortization	14,290	11,283
Amortization of deferred financing costs	498	483
Equity loss (income) from affiliates	117	(200)
Decrease (increase) in inventory and other assets	8,732	(4,907)
Increase (decrease) in accounts payable and other liabilities	(1,650)	6,182
	-----	-----
Net cash provided by operating activities	22,769	19,120
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in rental properties	(31,757)	(9,379)
Purchase of short-term investments	(84,875)	-
Proceeds from sale of short-term investments	124,850	-
Distributions from affiliates	-	489
Proceeds from sale of installment loans on manufactured homes to Origen	-	12,325
Decrease (increase) in notes receivable and officer's notes, net	919	(1,294)
	-----	-----
Net cash provided by investing activities	9,137	2,141
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock and OP units, net	(2,110)	1,312
Repayments on line of credit, net	-	(2,000)
Payments to retire Perpetual Preferred Operating Partnership Units	(50,000)	-
Payments to redeem notes payable and other debt	(4,667)	(5,428)
Payments for deferred financing costs	(12)	(518)
Purchases of Company stock	(2,435)	-
Distributions	(12,485)	(13,097)
	-----	-----
Net cash used in financing activities	(71,709)	(19,731)
	-----	-----
Net increase (decrease) in cash and cash equivalents	(39,803)	1,530
Cash and cash equivalents, beginning of period	52,586	24,058
	-----	-----
Cash and cash equivalents, end of period	\$ 12,783	\$ 25,588
	=====	=====
SUPPLEMENTAL INFORMATION:		
Cash paid for interest including capitalized amounts of \$19 and \$216 for the three months ended March 31, 2005 and 2004, respectively	\$ 13,849	\$ 7,271
Noncash investing and financing activities:		
Issuance of partnership units to retire capitalized lease obligations	\$ -	\$ 4,725
Unrealized gains (losses) on interest rate swaps	\$ 1,174	\$ (1,483)

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

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION:

These unaudited condensed consolidated financial statements of Sun Communities, Inc., a Maryland corporation, (the "Company") and all majority-owned and controlled subsidiaries including Sun Communities Operating Limited Partnership (the "Operating Partnership"), SunChamp LLC ("SunChamp"), and Sun Home Services, Inc. ("SHS"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the consolidated financial statements and notes thereto of the Company included in the Annual Report on Form 10-K for the year ended December 31, 2004. 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. Certain reclassifications have been made to prior periods' financial statements in order to conform with current period presentation.

2. RENTAL PROPERTY:

The following summarizes rental property (amounts in thousands):

	MARCH 31, 2005	DECEMBER 31, 2004
	-----	-----
Land	\$ 116,192	\$ 116,187
Land improvements and buildings	1,228,261	1,196,671
Furniture, fixtures, and equipment	34,623	35,002
Land held for future development	31,652	31,652
Property under development	1,118	1,041
	-----	-----
	1,411,846	1,380,553
Less accumulated depreciation	(260,169)	(248,597)
	-----	-----
Rental property, net	\$ 1,151,677	\$ 1,131,956
	=====	=====

During the first quarter of 2005, the Company acquired one property located near Tampa, FL for approximately \$7.3 million comprised of 697 recreational vehicle sites and 31 manufactured home sites. The property was acquired for cash.

The Company has prospectively adopted a change in the estimated service lives of homes in its rental program to 10 years. The effect of this change in estimate in the current interim period is a decrease in net income and income from operations of approximately \$1.3 million and a decrease in basic and diluted earnings per share of approximately \$0.07 per share.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

3. NOTES AND OTHER RECEIVABLES:

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

	MARCH 31, 2005	DECEMBER 31, 2004
	-----	-----
Mortgage and other notes receivable, with interest payable at a weighted average interest rate of 8.29%, maturing at various dates through August 2008, substantially collateralized by manufactured home communities	\$ 18,499	\$ 18,499
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 6.28% and 10 years, respectively	17,259	16,447
Other receivables	8,447	10,091
	-----	-----
	\$ 44,205	\$ 45,037
	=====	=====

At March 31, 2005, the maturities of mortgages and other notes receivable are approximately as follows: 2006-\$3.8 million; 2008-\$14.7 million.

Officer's 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 352,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse. The notes become due in three equal installments on each of December 2008, 2009 and 2010. Reductions in the principal balance of these notes were \$0.09 million and \$0.2 million for the three months ended March 31, 2005 and 2004, respectively.

4. INVESTMENT IN AFFILIATE:

Origen Financial, Inc. ("Origen") is a real estate investment trust in the business of originating, acquiring and servicing manufactured home loans. In October 2003, the Company purchased 5,000,000 shares of common stock of Origen for \$50 million. The Company owns approximately 20% of Origen at March 31, 2005 and its investment is accounted for using the equity method of accounting. Equity earnings recorded through March 31, 2005 are an estimate of the Company's portion of the anticipated earnings of Origen through March 31, 2005.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

5. DEBT:

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

	MARCH 31, 2005	DECEMBER 31, 2004
	-----	-----
Collateralized term loan, 7.01%, due September 9, 2007	\$ 40,652	\$ 40,837
Collateralized term loans - CMBS, 4.93-5.32%, due July 1, 2011-2016	496,031	496,031
Collateralized term loans - FNMA, of which \$77.4M is variable, due May 1, 2014 and January 1, 2015 at the Company's option, interest at 3.92 - 5.2% and 3.58 - 5.2% at March 31, 2005 and December 31, 2004, respectively	388,762	389,154
Preferred OP units, redeemable at various dates through January 2, 2014, average interest at 6.92% and 6.79% at March 31, 2005 and December 31, 2004, respectively	62,123	62,123
Senior notes, 6.77%, due May 14, 2005	5,017	5,017
Mortgage notes, other	81,237	85,280
	-----	-----
	\$ 1,073,822	\$ 1,078,442
	=====	=====

The collateralized term loans totaling \$925.4 million at March 31, 2005 are secured by 95 properties comprising approximately 34,339 sites representing approximately \$683.5 million of net book value. The mortgage notes are collateralized by 15 communities comprising approximately 4,965 sites representing approximately \$169.7 million of net book value.

The Company has an unsecured revolving line of credit with a maximum borrowing capacity of \$115 million bearing interest at LIBOR + 1.75%. At March 31, 2005, \$3.3 million of availability was used to back standby letters of credit and a maximum of \$111.7 million remains available to be drawn under the facility.

At March 31, 2005, the total of maturities and amortization of debt during the next five years are approximately as follows: 2005 - \$17.0 million; 2006 - \$67.1 million; 2007 - \$51.3 million; 2008 - \$18.5 million, 2009 - \$24.1 million and \$895.8 million thereafter

6. INTEREST AND OTHER INCOME:

The components of other income are as follows for the three months ended March 31, 2005 and 2004 (in thousands):

	2005	2004
	-----	-----
Brokerage commissions	\$ 211	\$ 273
Unsuccessful acquisition expenditures	(346)	(12)
Other income (loss)	(34)	70
	-----	-----
	\$ (169)	\$ 331
	=====	=====

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

7. SEGMENT REPORTING (AMOUNTS IN THOUSANDS):

The consolidated operations of the Company can be segmented into manufactured home sales and property operations segments. Following is a presentation of selected financial information:

	THREE MONTHS ENDED MARCH 31, 2005		
	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED
Revenues	\$ 45,781(2)	\$ 3,750	\$ 49,531
Operating expenses/Cost of sales	14,855	2,407	17,262
Net operating income (1)/Gross profit	30,926	1,343	32,269
Adjustments to arrive at net income (loss):			
Other revenues	1,159	773	1,932
General and administrative	(3,505)	(1,543)	(5,048)
Depreciation and amortization	(11,309)	(1,759)	(13,068)
Interest expense	(14,645)	(80)	(14,725)
Florida storm damage recovery	500	-	500
Equity income (loss) from affiliate	(117)	-	(117)
Income allocated to minority interest	(1,056)	-	(1,056)
Net income (loss)	\$ 1,953	\$ (1,266)	\$ 687

	THREE MONTHS ENDED MARCH 31, 2004		
	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED
Revenues	\$ 42,868(2)	\$ 3,974	\$ 46,842
Operating expenses/Cost of sales	13,394	3,125	16,519
Net operating income (1)/Gross profit	29,474	849	30,323
Adjustments to arrive at net income (loss):			
Other revenues	1,922	785	2,707
General and administrative	(2,794)	(1,493)	(4,287)
Depreciation and amortization	(10,943)	(277)	(11,220)
Interest expense	(10,311)	(23)	(10,334)
Equity income from affiliate	200	-	200
Income allocated to minority interest	(1,819)	-	(1,819)
Net income (loss)	\$ 5,729	\$ (159)	\$ 5,570

(1) Investors in and analysts following the real estate industry utilize net operating income ("NOI") as a supplemental performance measure. NOI is derived from revenues (determined in accordance with GAAP) minus property operating expenses and real estate taxes (determined in accordance with GAAP). NOI does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity; nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. The Company believes that net income is the most directly comparable GAAP measurement to net operating income. Net income includes interest and depreciation and amortization which often have no effect on the market value of a property and therefore limit its use as a performance measure. In addition, such expenses are often incurred at a parent company level and therefore are not necessarily linked to the performance of a real estate asset. The Company believes that net operating income is helpful to investors as a measure of operating performance because it is an indicator of the return on property investment, and provides a method of comparing property performance over time. The Company uses NOI as a key management tool when evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization and non-property specific expenses such as general and administrative expenses, all of which are significant costs, and therefore, NOI is a measure of the operating performance of the properties

of the Company rather than of the Company overall.

- (2) Seasonal recreational vehicle revenue is included in Property Operations revenues and is approximately \$4.0 million annually. This seasonal revenue is recognized approximately 70% in the first quarter, 5% in both the second and third quarters and 20% in the fourth quarter of each fiscal year.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

7. SEGMENT REPORTING (AMOUNTS IN THOUSANDS), CONTINUED:

SELECTED BALANCE SHEET DATA	MARCH 31, 2005			DECEMBER 31, 2004		
	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED	PROPERTY OPERATIONS	MANUFACTURED HOME SALES	COMBINED
Identifiable assets:						
Investment in rental property, net	\$ 1,080,226	\$ 71,451	\$ 1,151,677	\$ 1,079,644	\$ 52,312	\$ 1,131,956
Cash and cash equivalents	13,861	(1,078)	12,783	53,260	(674)	52,586
Short-term investments	5,000	-	5,000	44,975	-	44,975
Inventory of manufactured homes	-	19,954	19,954	-	25,964	25,964
Investments in affiliate	48,243	-	48,243	48,360	-	48,360
Notes and other receivables	30,869	13,336	44,205	31,574	13,463	45,037
Other assets	49,546	1,139	50,685	53,118	1,171	54,289
Total assets	\$ 1,227,745	\$ 104,802	\$ 1,332,547	\$ 1,310,931	\$ 92,236	\$ 1,403,167

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (IN THOUSANDS):

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

The swap agreements have the effect of fixing interest rates relative to a portion of a collateralized term loan due to FNMA. One swap matures in July 2009, with an effective fixed rate of 4.93 percent. A second swap matures in July 2012, with an effective fixed rate of 5.37 percent. The third swap matures in July 2007, with an effective fixed rate of 3.97 percent. The third swap is effective as long as 90-day LIBOR is 7 percent or lower. The three swaps have an aggregate notional amount of \$75.0 million. The interest rate cap agreement has a cap rate of 9.49 percent, a notional amount of \$152.4 million and a termination date of April 03, 2006. Each of the Company's derivative contracts is based upon 90-day LIBOR.

The Company has designated the first two swaps and the interest rate cap as cash flow hedges for accounting purposes. The changes in the value of these hedges are reflected in other comprehensive income/loss on the balance sheet. These three hedges were highly effective and had minimal effect on income. The third swap does not qualify as a hedge for accounting purposes and, accordingly, the entire change in valuation, whether positive or negative, is reflected as a component of interest expense. The valuation adjustment for the three months ended March 31, 2005 and 2004 totals negative \$0.4 million and positive \$0.4 million, respectively.

SFAS No. 133, the "Accounting for Derivative Instruments and Hedging Activities," requires all derivative instruments to be carried at fair value on the balance sheet. The fair value of the instruments approximates a liability of \$0.2 million and \$1.1 million as of March 31, 2005 and December 31, 2004, respectively.

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

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

9. STOCK OPTIONS (IN THOUSANDS):

The Company accounts for its stock options using the intrinsic value method contained in APB Opinion No. 25, "Accounting for Stock Issued to Employees." If the Company had accounted for options using the methods contained in FASB Statement No. 123, "Accounting for Stock-Based Compensation", net income and earnings per share would have been presented as follows for the three months ended March 31, 2005 and 2004:

	2005 -----	2004 -----
Net income, as reported	\$ 687	\$ 5,570
Stock-based compensation expense under fair value method	(14)	(19)
	-----	-----
Pro forma net income	\$ 673 =====	\$ 5,551 =====
	-----	-----
Earnings per share (Basic), as reported	\$ 0.04 =====	\$ 0.30 =====
Earnings per share (Basic), pro forma	\$ 0.04 =====	\$ 0.30 =====
	-----	-----
Earnings per share (Diluted), as reported	\$ 0.04 =====	\$ 0.30 =====
Earnings per share (Diluted), pro forma	\$ 0.04 =====	\$ 0.29 =====

Stock options issued after April 30, 2004 were valued using the Binomial model rather than the Black-Scholes-Merton formula. The difference in valuation between the two methods was not material.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

10. EARNINGS PER SHARE (IN THOUSANDS):

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Earnings used for basic and diluted earnings per share:	\$ 687	\$ 5,570
Weighted average shares used for basic earnings per share	17,848	18,702
Dilutive securities:		
Stock options and other	102	162
Diluted weighted average shares	17,950	18,864

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

The Company also has the following potentially convertible securities which, if converted, may impact dilution:

CONVERTIBLE SECURITIES	NUMBER OF UNITS ISSUED	CONVERSION FEATURES
Series A Preferred OP Units	1,325,275	Convertible to common stock at \$68 per share/unit. Mandatorily redeemable on 01/02/2014
Series B Preferred OP Units	35,637	On each of May 1, 2004, 2005, and 2006, holder may exchange Units for shares of common stock at exchange rate of 2.272727 (\$44 per share) shares of common stock for each Series B Preferred Unit.
Series B-2 Preferred OP Units	100,000	Convertible into Common OP Units after 01/31/2005 at \$45 per share/unit.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

11. RECENT ACCOUNTING PRONOUNCEMENTS:

In December 2004, the Financial Accounting Standards Board (FASB) issued Share-Based Payment Statement No. 123(R), that addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. Under the FASB's statement, all forms of share-based payments to employees, including employee stock options, must be treated the same as other forms of compensation by recognizing the related cost in the income statement. The expense of the award would generally be measured at fair value at the grant date. Current accounting guidance requires that the expense relating to so-called fixed plan employee stock options only be disclosed in the footnotes to the financial statements. The Statement eliminates the ability to account for share-based compensation transactions using APB Opinion No. 25, Accounting for Stock Issued to Employees for options granted after June 15, 2005. On April 14, 2005, the SEC announced it would permit companies to implement statement 123(R) at the beginning of their next fiscal year. The Company plans to adopt the new rules reflected in statement 123(R) using the modified-prospective method, effective January 1, 2006. The Company is currently evaluating the impact of this standard on its results of operations and financial position.

12. CONTINGENCIES:

On April 9, 2003, T.J. Holdings, LLC ("TJ Holdings"), a member of Sun/Forest, LLC ("Sun/Forest") (which, in turn, owns an equity interest in SunChamp LLC), filed a complaint against the Company, SunChamp LLC, certain other affiliates of the Company and two directors of Sun Communities, Inc. in the Superior Court of Guilford County, North Carolina. The complaint alleges that the defendants wrongfully deprived the plaintiff of economic opportunities that they took for themselves in contravention of duties allegedly owed to the plaintiff and purports to claim damages of \$13.0 million plus an unspecified amount for punitive damages. The Company believes the complaint and the claims threatened therein have no merit and will defend it vigorously. The current status is that the proceedings in North Carolina have been stayed pending final determination in Michigan as to whether the dispute should be submitted to arbitration.

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

13. SUBSEQUENT EVENTS:

Subsequent to March 31, 2005, the Company sold one property located in Leesburg, FL consisting of 96 manufactured housing sites for approximately \$2.2 million and signed an agreement to sell a community located in Bonita Springs, FL comprised of 167 recreational vehicle sites for approximately \$3.1 million. Combined revenues for these properties totaled \$0.3 million and \$0.7 million for the three month period ended March 31, 2005 and twelve month period ended December 31, 2004, respectively. Net income from these properties was \$0.1 million and \$0.1 million for the three month period ended March 31, 2005 and twelve month period ended December 31, 2004, respectively. Due to the immaterial effect of these transactions, both qualitatively and quantitatively, the provisions of SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets will not be applied.

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

OVERVIEW

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

SIGNIFICANT ACCOUNTING POLICIES

The Company had identified significant accounting policies that, as a result of the judgments, uncertainties, uniqueness and complexities of the underlying accounting standards and operations involved, could result in material changes to its financial condition or result of operations under different conditions or using different assumptions. Details regarding the Company's significant accounting policies are described fully in the Company's 2004 Annual Report filed with the Securities and Exchange Commission on Form 10-K. During the three months ended March 31, 2005, 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, 2005 and 2004

For the three months ended March 31, 2005, income from operations before minority interest decreased by \$5.7 million from \$7.4 million to \$1.7 million, when compared to the three months ended March 31, 2004. The decrease was due to increased expenses of \$7.2 million and decreased equity income from affiliate of \$0.3 million, offset by increased revenues of \$1.8 million as described in more detail below.

Income from rental property increased by \$2.9 million from \$42.9 million to \$45.8 million, or 6.8 percent, due primarily to rent increases and other community revenues.

Revenues from home sales decreased by \$0.2 million from \$4.0 million to \$3.8 million, or 5.0 percent. The decline in the number of homes sold was offset by increases in average sales prices.

Ancillary revenues, net decreased by \$0.1 million from \$0.6 million to \$0.5 million due primarily to increased refurbishment costs of homes utilized in the Company's rental program.

Interest income decreased by \$0.2 million from \$1.8 million to \$1.6 million, or 11.1 percent, due primarily to a decrease in interest earning notes and receivables.

Other operating income decreased by \$0.5 million from \$0.3 million to a loss of \$0.2 million due primarily to an increase in expenditures on unsuccessful acquisitions.

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

RESULTS OF OPERATIONS, CONTINUED:

Property operating and maintenance expenses increased by \$0.8 million from \$10.2 million to \$11.0 million, or 7.8 percent. The increase was due to increases in utility costs (\$0.4 million), payroll expense (\$0.1 million), repair and maintenance expense (\$0.1 million), and other miscellaneous expenses (\$0.2 million).

Cost of home sales decreased by \$0.7 million from \$3.1 million to \$2.4 million, or 22.6 percent, due primarily to a decline in the number of homes sold.

Real estate taxes increased by \$0.6 million from \$3.2 million to \$3.8 million, or 18.8 percent, due primarily to increases in assessments and tax rates.

General and administrative expenses for rental property increased by \$0.7 million from \$2.8 million to \$3.5 million, or 25.0 percent, due to an increase in payroll and benefits (\$0.3 million), legal costs (\$0.3 million), and other miscellaneous expenses (\$0.1 million).

Depreciation and amortization increased by \$1.8 million from \$11.2 million to \$13.0 million, or 16.1 percent, due primarily to change in estimated useful lives of homes utilized in the Company's rental program.

Interest expense increased by \$4.4 million from \$10.3 million to \$14.7 million, or 42.7 percent, primarily due to increased debt levels somewhat offset by lower interest rates.

While all costs have yet to be incurred, the settlement of the Company's insurance claim relating to the Florida hurricanes of 2004 justifies a reduction of \$0.5 million in the Company's reserve for loss.

SUN COMMUNITIES, INC.

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

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the three months ended March 31, 2005 and 2004. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2004 and March 31, 2005. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The "Total Portfolio" column differs from the "Same Property" column by including financial and statistical information for new development and acquisition communities.

	SAME PROPERTY		TOTAL PORTFOLIO	
	2005	2004	2005	2004
	(in thousands)		(in thousands)	
Income from rental property	\$ 40,719	\$ 40,222	\$ 45,781	\$ 42,868
Property operating expenses:				
Property operating and maintenance	7,959	8,085	11,067	10,228
Real estate taxes	3,344	3,107	3,788	3,166
Property operating expenses	11,303	11,192	14,855	13,394
Property net operating income (1)	\$ 29,416	\$ 29,030	\$ 30,926	\$ 29,474
Number of properties	122	122	137	127
Developed sites	43,035	43,053	47,617	43,912
Occupied sites	35,500	35,932	38,479	36,384
Occupancy %	85.6%(2)	86.9%(2)	84.4%(2)	86.1%(2)
Weighted Average monthly rent per site	\$ 347 (2)	\$ 333 (2)	\$ 347 (2)	\$ 332 (2)
Sites available for development	5,441	5,509	7,237	6,848
Sites planned for development in next year	208	115	208	69

(1) Investors in and analysts following the real estate industry utilize net operating income ("NOI") as a supplemental performance measure. NOI is derived from revenues (determined in accordance with GAAP) minus property operating expenses and real estate taxes (determined in accordance with GAAP). NOI does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity; nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. The Company believes that net income is the most directly comparable GAAP measurement to net operating income. Net income includes interest and depreciation and amortization which often have no effect on the market value of a property and therefore limit its use as a performance measure. In addition, such expenses are often incurred at a parent company level and therefore are not necessarily linked to the performance of a real estate asset. The Company believes that net operating income is helpful to investors as a measure of operating performance because it is an indicator of the return on property investment, and provides a method of comparing property performance over time. The Company uses NOI as a key management tool when evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization and non-property specific expenses such as general and administrative expenses, all of which are significant costs, and therefore, NOI is a measure of the operating performance of the properties of the Company rather than of the Company overall.

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

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

SAME PROPERTY INFORMATION, CONTINUED

On a same property basis, property net operating income increased by \$0.4 million from \$29.0 million to \$29.4 million, or 1.3 percent. Income from rental property increased by \$0.5 million from \$40.2 million to \$40.7 million, or 1.2 percent, due primarily to increases in rents including water and property tax pass through. Property operating expenses increased by \$0.1 million from \$11.2 million to \$11.3 million, or 1.0 percent, due primarily to increases in real estate taxes and utility expenses.

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 unitholders of the Operating Partnership, property acquisitions, development and expansion of properties, capital improvements of properties, the purchase of new and pre-owned homes and debt repayment.

The Company expects to meet its short-term liquidity requirements through its working capital provided by operating activities and through its \$115.0 million line of credit. The Company considers these resources 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 \$2 to \$5 million in developments consisting of expansions to existing communities and the development of new communities during 2005. 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 may invest substantial amounts in the acquisition of properties during 2005, depending upon a number of factors, including the availability of high-quality properties that meet the Company's criteria for acquisition. The Company will finance these investments using the proceeds from its secured financing transactions, the temporary use of its line of credit until permanent secured financing can be arranged and through the assumption of existing debt on the properties.

The Company has also invested approximately \$15 million in the acquisition of homes primarily intended for its rental program. Expenditures for the remainder of 2005 will be dependent upon the condition of the markets for repossessions and new home sales as well as rental homes.

Cash and cash equivalents decreased by \$39.8 million to \$12.8 million at March 31, 2005 compared to \$52.6 million at December 31, 2004. Net cash provided by operating activities increased by \$3.7 million to \$22.8 million for the three months ended March 31, 2005 compared to \$19.1 million for the three months ended March 31, 2004.

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

LIQUIDITY AND CAPITAL RESOURCES CONTINUED:

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 Annual Report on Form 10-K for the year ended December 31, 2004.

The Company anticipates meeting its long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions, and Operating Partnership unit redemptions through the collateralization of a significant portion of its properties. From time to time, the Company may also issue shares of its capital stock, issue equity units in the Operating Partnership or sell selected assets. 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 Annual Report on Form 10-K for the year ended December 31, 2004. If the Company is unable obtain additional debt or equity financing on acceptable terms, the Company's business, results of operations and financial condition will be adversely impacted.

At March 31, 2005, the Company's debt to total market capitalization approximated 59.1 percent (assuming conversion of all Common OP Units to shares of common stock). The debt has a weighted average maturity of approximately 8.3 years and a weighted average interest rate of 5.1 percent.

Capital expenditures for the three months ended March 31, 2005 and 2004 included recurring capital expenditures of \$1.4 million and \$1.1 million, respectively.

Net cash provided by investing activities increased by \$7.0 million to \$9.1 million for the three months ended March 31, 2005 compared to \$2.1 million provided by investing activities for the three months ended March 31, 2004. This increase was due to a \$40.0 million increase in net proceeds from sale of short-term investments and a \$2.2 million decrease in notes receivable and officers' notes, net, offset by increased investment in rental properties of \$22.4 million, reduction in distributions from affiliate of \$0.5 million, and a \$12.3 million decrease in proceeds from sales of installments loans to Origen.

Net cash used in financing activities increased by \$52.0 million to \$71.7 million for the three months ended March 31, 2005 from \$19.7 million for the three months ended March 31, 2004. This increase was primarily due to payments to retire Perpetual Preferred Operating Partnership Units of \$50.0 million, purchases of Company stock of \$2.4 million under a one million share buy back authorization, and a \$3.4 million decrease of proceeds from issuance of common stock, offset by a \$2.7 million decrease in repayments of notes payable and other debt, inclusive of repayments on line of credit, a \$0.6 million decrease in distributions, and a \$0.5 million increase in payments for deferred financing costs.

SUN COMMUNITIES, INC.

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

SUPPLEMENTAL MEASURE:

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 depreciable operating property, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure that management believes is a useful supplemental measure of the Company's operating performance. Management generally considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates and operating costs, providing perspective not readily apparent from net income. Management believes that the use of FFO has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful.

Because FFO excludes significant economic components of net income including depreciation and amortization, FFO should be used as an adjunct to net income and not as an alternative to net income. The principal limitation of FFO is that it does not represent cash flow from operations as defined by GAAP and is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. FFO only provides investors with an additional performance measure. Other REITs may use different methods for calculating FFO and, accordingly, the Company's FFO may not be comparable to other REITs.

The following table reconciles net income to FFO and calculates both basic and diluted FFO per share for the three months ended March 31, 2005 and 2004 (in thousands):

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

SUPPLEMENTAL MEASURE, CONTINUED:

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE DATA)
(UNAUDITED)

	2005	2004
	-----	-----
Net income	\$ 687	\$ 5,570
Adjustments:		
Depreciation and amortization	13,711	10,841
Valuation adjustment(1)	359	(407)
Allocation of SunChamp losses(2)	-	300
Income allocated to common minority interests	95	709
	-----	-----
Funds from operations (FFO)	\$14,852	\$ 17,013
	=====	=====
Weighted average common shares/OP Units outstanding:		
Basic	20,319	21,175
	=====	=====
Diluted	20,421	21,337
	=====	=====
FFO per weighted average Common Share/OP Unit - Basic	0.73	0.80
	=====	=====
FFO per weighted average Common Share/OP Unit - Diluted	0.73	0.80
	=====	=====

(1) The Company entered into three interest rate swaps and an interest rate cap agreement. The valuation adjustment reflects the theoretical noncash profit and loss were those hedging transactions terminated at the balance sheet date. As the Company has no expectation of terminating the transactions prior to maturity, the net of these noncash valuation adjustments will be zero at the various maturities. As any imperfection related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments reflect volatility that would distort the comparative measurement of FFO and on a net basis approximate zero. Accordingly, the valuation adjustments are excluded from FFO. The valuation adjustment is included in interest expense.

(2) The Company acquired the equity interest of another investor in SunChamp in December 2002. Consideration consisted of a long-term note payable at net book value. Although the adjustment for the allocation of the SunChamp losses (based on SunChamp as a stand-alone entity) is not reflected in the accompanying financial statements, management believes that it is appropriate to provide for this adjustment because the Company's payment obligations with respect to the note are subordinate in all respects to the return of the members' equity (including the gross book value of the acquired equity) plus a preferred return. As a result, the losses that are allocated to the Company from SunChamp as a stand-alone entity under generally accepted accounting principles are effectively reallocated to the note for purposes of calculating FFO. A situation such as this is not contemplated in the NAREIT definition of FFO due to the unique circumstances of the transaction. Although not comparable to the precise NAREIT definition, the Company believes the inclusion of this item in its calculation of FFO to be appropriate as noted above.

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

SAFE HARBOR STATEMENT

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 will be subject to the safe harbors created thereby. For this purpose, any statements contained in this filing that relate to prospective events or developments are deemed to be forward-looking statements. Words such as "believes," "forecasts," "anticipates," "intends," "plans," "expects," "may," "will" and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this filing. These risks and uncertainties may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward looking statements. Such risks and uncertainties include the national, regional and local economic climates, the ability to maintain rental rates and occupancy levels, competitive market forces, changes in market rates of interest, the ability of manufactured home buyers to obtain financing, the level of repossessions by manufactured home lenders and those referenced under the headings entitled "Factors That May Affect Future Results" or "Risk Factors" contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained in this Form 10-Q speak only as of the date hereof and the Company expressly disclaims any obligation to provide public updates, revisions or amendments to any forward-looking statements made herein to reflect changes in the Company's expectations of future events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

The Company's variable rate debt totals \$104.7 million and \$197.1 million as of March 31, 2005 and 2004, respectively, which bears interest at various Prime and LIBOR/DMBS rates. If Prime or LIBOR/DMBS increased or decreased by 1.00 percent during the three months ended March 31, 2005 and 2004, the Company believes its interest expense would have increased or decreased by approximately \$1.1 million and \$2.0 million based on the \$107.2 million and \$204.9 million average balance outstanding under the Company's variable rate debt facilities for the three months ended March 31, 2005 and 2004, respectively.

Additionally, the Company had \$14.7 million and \$32.4 million LIBOR based variable rate mortgage and other notes receivables as of March 31, 2005 and 2004, respectively. If LIBOR increased or decreased by 1.0 percent during the three months ended March 31, 2005 and 2004, the Company believes interest income would have increased or decreased by approximately \$0.2 million and \$0.3 million based on the \$14.7 million and \$32.3 million average balance outstanding on all variable rate notes receivable for the three months ended March 31, 2005 and 2004, respectively.

The Company has entered into three separate interest rate swap agreements and an interest rate cap agreement. One of these swap agreements fixes \$25 million of variable rate borrowings at 4.93 percent for the period April 2003 through July 2009, another of these swap agreements fixes \$25 million of variable rate borrowings at 5.37 percent for the period April 2003 through July 2012 and the third swap agreement, which is only effective for so long as 90-day LIBOR is 7 percent or less, fixes \$25 million of variable rate borrowings at 3.97 percent for the period April 2003 through July 2007. The interest rate cap agreement has a cap rate of 9.49 percent, a notional amount of \$152.4 million and a termination date of April 13, 2006. Each of the Company's derivative contracts is based upon 90-day LIBOR.

ITEM 4. CONTROLS AND PROCEDURES

- (a) Under the supervision and with the participation of the Company's management, including the Chief Executive Officer, Gary A. Shiffman, and Chief Financial Officer, Jeffrey P. Jorissen, the Company evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this quarterly report, pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective to ensure that information the Company is required to disclose in its filings with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by the Company in the reports that it files under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.
- (b) There have been no changes in the Company's internal control over financial reporting during the quarterly period ended March 31, 2005, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SUN COMMUNITIES, INC.

PART II

ITEM 2. (c) - CHANGES IN SECURITIES AND USE OF PROCEEDS

The Board of Directors authorized a program to purchase up to 1,000,000 shares of the Company's common stock on November 15, 2004. The results of this stock repurchase program for the three months ended March 31, 2005 are as follows:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
01/01/05-01/31/05	-	\$ -	-	1,000,000
02/01/05-02/28/05	-	\$ -	-	1,000,000
03/01/05-03/31/05	69,000	\$ 35.33	69,000	931,000
Total	69,000	\$ 35.33	69,000	931,000

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

See the attached Exhibit Index.

SIGNATURES

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

Dated: May 10, 2005

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
- - - - -	- - - - -
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATIONS

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

I, Gary A. Shiffman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2005

/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

CERTIFICATIONS

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

I, Jeffrey P. Jorissen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2005

/s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer

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

The undersigned officers, Gary A. Shiffman and Jeffrey P. Jorissen, hereby certify that to the best of their knowledge: (a) this Quarterly Report on Form 10-Q of Sun Communities, Inc., for the quarter ended March 31, 2005, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (b) the information contained in this Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the issuer.

/s/ Gary A. Shiffman

Dated: May 10, 2005

Gary A. Shiffman, Chief Executive Officer

/s/ Jeffrey P. Jorissen

Dated: May 10, 2005

Jeffrey P. Jorissen, Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Sun Communities, Inc. and will be retained by Sun Communities, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.