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SUN COMMUNITIES INC
Form DEF 14A
April 20, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. ____)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to Section 240.14a-12

SUN COMMUNITIES, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

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SEC 1913 (02-02)

SUN COMMUNITIES, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 25, 2006

To the Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Sun Communities, Inc. (the "Company") will be held at the Embassy Suites, 28100 Franklin Road, Southfield, MI 48034, on Thursday, May 25, 2006, at 11:00 a.m., local time, for the following purposes:

- (1) To elect two Directors to serve until the Annual Meeting of Shareholders to be held in 2009 or until their successors shall have been duly elected and qualified; and
- (2) To transact such other business as may properly come before the meeting.

A Proxy Statement containing information relevant to the Annual Meeting appears on the following pages.

Only holders of Common Stock of record at the close of business on April 12, 2006 are entitled to notice of and to vote at the meeting or any adjournments.

If you do not plan to attend the meeting and you wish to vote in accordance with the Board of Director's recommendations, it is not necessary to specify your choices; merely sign, date, and return the enclosed Proxy Card. If you attend the meeting, you may withdraw your Proxy and vote your own shares.

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By Order of the Board of Directors

/s/ Jeffrey P. Jorissen

JEFFREY P. JORISSEN
Secretary

Dated: April 19, 2006

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE ENCOURAGED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PAID ENVELOPE ENCLOSED FOR THAT PURPOSE.

SUN COMMUNITIES, INC.

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 25, 2006

PROXIES AND SOLICITATIONS

This Proxy Statement is furnished to shareholders in connection with the solicitation of proxies by the Board of Directors (the "Board") of Sun Communities, Inc. ("Sun" or the "Company") to be used at the Annual Meeting of Shareholders (the "Annual Meeting") and at any adjournments. If received in time for the Annual Meeting, the shares represented by a valid proxy will be voted in accordance with the specifications, if any, contained in such executed proxy. If no instructions are given, proxies will be voted: (a) FOR election of the two nominees for the Board; and (b) at the discretion of Gary A. Shiffman and Clunet R. Lewis, the Board's designated representatives for the Annual Meeting, with respect to such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. A proxy executed in the enclosed form may be revoked by the person signing it at any time before it is exercised. Proxies may be revoked by filing with the Secretary of the Company, any time prior to the time set for commencement of the Annual Meeting, a written notice of revocation bearing a later date than the proxy, or by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy).

In addition to the use of mails, proxies may be solicited by personal interview, telephone and telegram, by directors, officers and employees of the Company. Arrangements may also be made with brokerage houses or other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of shares of the Company's common stock (the "Common Stock") held of record by such persons, and the Company may reimburse such persons for reasonable out-of-pocket expenses incurred in forwarding material. The Company anticipates that fees and expenses for the foregoing parties will not exceed \$1,000. The costs of all proxy solicitation will be borne by the Company.

The executive offices of the Company are located at 27777 Franklin Road, Suite 200, Southfield, Michigan 48034. The approximate date of mailing of this Proxy Statement and the enclosed Proxy materials to the Company's shareholders is April 21, 2006.

TIME AND PLACE OF MEETING

The Annual Meeting will be held at the Embassy Suites, 28100 Franklin Road, Southfield, MI 48034, on Thursday, May 25, 2006, at 11:00 a.m., local time.

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VOTING RIGHTS AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Only shareholders of record at the close of business on April 12, 2006 are entitled to notice of and to vote at the Annual Meeting or at any adjournments. As of that date, the Company had 18,069,335 shares of Common Stock issued, outstanding and entitled to vote held by 553 holders of record. Each outstanding share entitles the record holder to one vote. Shares cannot be voted at the Annual Meeting unless the holder is present in person or represented by proxy. Each share of Common Stock outstanding on the Record Date entitles the holder thereof to one vote upon each matter to be voted upon at the Annual Meeting.

If your shares are held in "street name," your brokerage firm, under certain circumstances, may vote your shares for you if you do not return your proxy. Brokerage firms have authority under the rules of the New York Stock Exchange to vote customers' unvoted shares on some routine matters. If you do not give a proxy to your brokerage firm to vote your shares, your brokerage firm may either vote your shares on routine matters or leave your shares unvoted. The election of directors (Sole Proposal) is considered a routine matter. We encourage you to provide voting instructions to your brokerage firm by returning your completed proxy. This ensures your shares will be voted at the meeting according to your instructions. You should receive directions from your brokerage firm about how to submit your proxy to them at the time you receive this proxy statement.

The presence, in person or by proxy, of outstanding shares of Common Stock representing a majority of the total votes entitled to be cast is necessary to constitute a quorum for the transaction of

business at the Annual Meeting. Shares that reflect abstentions or broker non-votes will be counted for purposes of determining whether a quorum is present for the transaction of business at the Annual Meeting.

With respect to the Sole Proposal, the directors will be elected by a plurality of all votes cast at the Annual Meeting. Accordingly, abstentions will have no effect on the results of the vote.

If there is not a quorum at the Annual Meeting, the shareholders entitled to vote at the Annual Meeting, whether present in person or represented by proxy, shall only have the power to adjourn the Annual Meeting until such time as there is a quorum. The Annual Meeting may be reconvened without notice to the shareholders, other than an announcement at the prior adjournment of the Annual Meeting, within 120 days after the Record Date, and a quorum must be present at such reconvened Annual Meeting.

If a proxy in the form enclosed is duly executed, dated and returned, and it has not been revoked in accordance with the instructions set forth therein, the shares of Common Stock represented thereby will be voted by Gary A. Shiffman and Clunet R. Lewis, the Board's proxy agents for the Annual Meeting, in accordance with the specifications made thereon by the shareholder. If no such specifications are made, such proxy will be voted (i) for the election of the two nominees for director to the Board; and (ii) at the discretion of Messrs. Shiffman and Lewis with respect to such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Information concerning principal holders of our Common Stock is discussed under "Security Ownership of Certain Beneficial Owners and Management."

INCORPORATION BY REFERENCE

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To the extent this Proxy Statement has been or will be specifically incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the sections of this Proxy Statement entitled "Report of the Audit Committee," "Report of the Compensation Committee on Executive Compensation" and "Shareholder Return Performance Presentation" shall not be deemed to be so incorporated unless specifically otherwise provided in any such filing.

ANNUAL REPORT

Shareholders are concurrently being furnished with a copy of the Company's 2005 Annual Report which contains its audited financial statements as of December 31, 2005. In addition, copies of the Company's Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the Securities and Exchange Commission (the "SEC"), will be sent to any shareholder, without charge, upon written request to Sun Communities Investor Services, 27777 Franklin Road, Suite 200, Southfield, Michigan 48034.

SHAREHOLDERS' PROPOSALS

Any and all shareholder proposals for inclusion in the proxy materials for the Company's next Annual Meeting of Shareholders must comply with the rules and regulations promulgated under the Exchange Act and must be received by the Company, at its offices at 27777 Franklin Road, Suite 200, Southfield, Michigan 48034, not later than December 21, 2006. Such proposals should be addressed to the Company's Secretary. See "Board of Directors and Corporate Governance - Consideration of Director Nominees."

The Company's Bylaws also contain certain provisions which affect shareholder proposals. The Company's Bylaws provide that: (a) with respect to an annual meeting of shareholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by shareholders may be made only (i) pursuant to the Company's notice of the meeting, (ii) by the Board of Directors, or (iii) by a shareholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in the Bylaws; and (b) with respect to special meetings of shareholders, only the business specified in the Company's notice of meeting may be brought before the meeting of shareholders, and nominations of persons for election to the Board of Directors may be made only (i) by the Board of Directors, or (ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by a shareholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in the Bylaws.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND COMMITTEES

Pursuant to the terms of the Company's charter, the directors are divided into three classes. The class up for election at the Annual Meeting will hold office for a term expiring at the annual meeting of shareholders to be held in 2009. A second class will hold office for a term expiring at the annual meeting of shareholders to be held in 2007 and a third class will hold office for a term expiring at the annual meeting of shareholders to be held in 2008. Each director will hold office for the term to which he is elected and until his successor is duly elected and qualified. Ted J. Simon and Paul D. Lapidés have terms expiring

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at the Annual Meeting and are nominees for the class to hold office for a term expiring at the annual meeting of shareholders to be held in 2009. Clunet R. Lewis and Arthur A. Weiss have terms expiring at the annual meeting of shareholders to be held in 2007 and Ronald L. Piasecki and Gary A. Shiffman have terms expiring at the annual meeting of shareholders to be held in 2008. At each annual meeting of the shareholders of the Company, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election.

The Board met five (5) times during 2005 and took various actions pursuant to resolutions adopted by unanimous written consent. All directors attended at least 75% of the meetings of the Board and each committee on which they served.

Several important functions of the Board may be performed by committees that are comprised of members of the Board. The Company's Bylaws authorize the formation of these committees and grant the Board the authority to prescribe the functions of each committee and the standards for membership of each committee. In addition, the Board appoints the members of each committee. The Board has four standing committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and an Executive Committee. You may find copies of the charters of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee under the "Investor Relations-Officers and Directors" section of our website at www.suncommunities.com. You may also find a copy of our corporate governance guidelines and our code of business ethics under the "Investor Relations-Officers and Directors" section of our website at www.suncommunities.com. All of the committee charters, our corporate governance guidelines and our code of business ethics are available in print to any shareholder who requests them.

The Audit Committee operates pursuant to a charter that was approved by the Board in January 2004. A copy of the Audit Committee Charter is available on the Company's website at www.suncommunities.com. The Audit Committee, among other functions, (1) has the sole authority to appoint, retain, terminate and determine the compensation of the Company's independent accountants, (2) reviews with the Company's independent accountants the scope and results of the audit engagement, (3) approves professional services provided by the Company's independent accountants, and (4) reviews the independence of the Company's independent accountants. The current members of the Audit Committee are Messrs. Paul D. Lapidés, Clunet R. Lewis and Ronald L. Piasecki, all of whom are "independent" as that term is defined in the rules of the SEC and applicable rules of the New York Stock Exchange ("NYSE"). The Audit Committee held four (4) formal meetings and several informal meetings during the fiscal year ended December 31, 2005. The Board has determined that Mr. Lapidés is an "audit committee financial expert," as defined by SEC rules. See "Report of the Audit Committee."

The Compensation Committee operates pursuant to a charter that was approved by the Board in March 2004. A copy of the Compensation Committee Charter is available on the Company's website at www.suncommunities.com. The Compensation Committee, among other functions, (1) reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and such other executive officers as may be designated by the Chief Executive Officer, evaluates the performance of such officers in light of such goals and objectives, and determines and approves the compensation of such officers based on these evaluations, (2) approves the compensation of the Company's other executive officers, (3) recommends to the Board for approval the compensation of the non-employee directors and (4) oversees the Company's incentive-compensation plans and equity-based plans. The current members of the Compensation Committee are Messrs. Ted J. Simon, Clunet R. Lewis and Ronald L. Piasecki, all of whom are independent directors under the NYSE rules. During the fiscal year ended

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December 31, 2005, the Compensation Committee held three (3) formal meetings and took various actions pursuant to resolutions adopted by unanimous written consent. See "Report of the Compensation Committee on Executive Compensation."

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The Nominating and Corporate Governance Committee (the "NCG Committee") operates pursuant to a charter that was approved by the Board in March 2004. A copy of the Nominating and Corporate Governance Committee Charter is available on the Company's website at www.suncommunities.com. The Nominating and Corporate Governance Committee, among other functions, is responsible for (1) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, (2) recommending that the Board select the committee-recommended nominees for election at each annual meeting of stockholders, (3) developing and recommending to the Board a set of corporate governance guidelines applicable to the Company, and (4) periodically reviewing such guidelines and recommending any changes, and overseeing the evaluation of the Board. The current members of the Nominating and Corporate Governance Committee are Clunet R. Lewis, Paul D. Lapidés and Ted J. Simon, all of whom are independent under the NYSE rules. The Nominating and Governance Committee held two (2) formal meetings during the fiscal year ended December 31, 2005.

The Executive Committee was established to generally manage the day-to-day business and affairs of the Company between regular Board meetings. In no event may the Executive Committee, without the prior approval of the Board acting as a whole: (i) recommend to the shareholders an amendment to the Company's Charter; (ii) amend the Company's Bylaws; (iii) adopt an agreement of merger or consolidation; (iv) recommend to the shareholders the sale, lease or exchange of all or substantially all of the Company's property and assets; (v) recommend to the shareholders a dissolution of the Company or a revocation of a dissolution; (vi) fill vacancies on the Board; (vii) fix compensation of the directors for serving on the Board or on a committee of the Board; (viii) declare dividends or authorize the issuance of the Company's stock; (ix) approve or take any action with respect to any related party transaction involving the Company; or (x) take any other action which is forbidden by the Company's Bylaws. All actions taken by the Executive Committee must be promptly reported to the Board as a whole and are subject to ratification, revision and alteration by the Board, except that no rights of third persons created in reliance on authorized acts of the Executive Committee can be affected by any such revision or alteration. The current members of the Executive Committee are Messrs. Gary A. Shiffman and Ted J. Simon. The Executive Committee did not hold any formal meetings during the fiscal year ended December 31, 2005 but took various actions pursuant to resolutions adopted by unanimous written consent.

COMMUNICATIONS WITH THE BOARD

If you wish to communicate with any of the directors of the Board or the Board as a group, you may do so by writing to them at [Name(s) of Director(s)/Board of Directors of Sun Communities, Inc.], c/o Compliance Officer, Sun Communities, Inc., 27777 Franklin Road, Suite 200, Southfield, MI 48034.

If you wish to contact the Audit Committee to report complaints or concerns regarding accounting, internal accounting controls or auditing matters, you may do so by writing to the Chairman of the Audit Committee of Sun Communities, Inc., c/o Compliance Officer, Sun Communities, Inc., 27777 Franklin Road, Suite 200, Southfield, MI 48034. You are welcome to make any such report anonymously but the Company prefers that you identify yourself so that the Company may contact you for additional information if necessary or appropriate.

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If you wish to communicate with our non-management directors as a group, you may do so by writing to Non-Management Directors of Sun Communities, Inc., c/o Compliance Officer, Sun Communities, Inc., 27777 Franklin Road, Suite 200, Southfield, MI 48034.

The Company recommends that all correspondence be sent via certified U.S. mail, return receipt requested. All correspondence received by the Compliance Officer will be forwarded by the Compliance Officer promptly to the addressee(s).

INDEPENDENCE OF NON-EMPLOYEE DIRECTORS

The NYSE rules require that a majority of the Board consist of members who are independent. There are different measures of director independence--independence under New York Stock Exchange rules, under Section 16 of the Securities Exchange Act of 1934 and under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Board has reviewed information about each of the Company's non-employee directors and determined that Paul D. Lapidès, Clunet R. Lewis, Ronald L. Piasecki and Ted J. Simon are independent directors. The independent directors meet on a regular basis in executive sessions without management participation. The executive sessions occur after each regularly scheduled meeting of the entire Board and at such other times as the independent directors deem

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appropriate. Mr. Lapidès, Chairman of the Audit Committee, presides at the regularly scheduled executive sessions of the non-employee directors.

CONSIDERATION OF DIRECTOR NOMINEES

Board Membership Criteria.

The Board of Directors has established criteria for Board membership. These criteria include the following specific, minimum qualifications that the NCG Committee believes must be met by an NCG Committee-recommended nominee for a position on the Board:

- The candidate must have experience at a strategic or policymaking level in a business, government, non-profit or academic organization of high standing;
- The candidate must be highly accomplished in his or her field, with superior credentials and recognition;
- The candidate must be well regarded in the community and must have a long-term reputation for high ethical and moral standards;
- The candidate must have sufficient time and availability to devote to the Company's affairs, particularly in light of the number of boards on which the nominee may serve; and
- The candidate's principal business or occupation must not be such as to place the candidate in competition with the Company or conflict with the discharge of a director's responsibilities to the Company or its stockholders.

In addition to the minimum qualifications for each nominee set forth above, the NCG Committee will recommend director candidates to the full Board for

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nomination, or present director candidates to the full Board for consideration, to help ensure that:

- A majority of the Board of Directors shall be "independent" as defined by the NYSE rules;
- Each of its Audit, Compensation and NCG Committees shall be comprised entirely of independent directors; and
- At least one member of the Audit Committee shall have such experience, education and qualifications necessary to qualify as an "audit committee financial expert" as defined by the rules of the SEC.

Consideration of Shareholder Nominated Directors

The NCG Committee's current policy is to review and consider any director candidates who have been recommended by shareholders in compliance with the procedures established from time to time by the NCG Committee. All shareholder recommendations for director candidates must be submitted in writing to our Secretary at Sun Communities, Inc., 27777 Franklin Road, Suite 200, Southfield, MI 48034, who will forward all recommendations to the NCG Committee. We did not receive any shareholder recommendations for director candidates for election at the 2006 annual meeting. All shareholder recommendations for director candidates for election at the 2007 annual meeting of shareholders must be submitted to our Secretary on or before December 21, 2006 and must include the following information:

- The shareholder's name, address, number of shares owned, length of period held and proof of ownership;
- The name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed director candidate;
- A description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for Board membership as approved by the Board from time to time;
- A description of all arrangements or understandings between the shareholder and the proposed director candidate;
- The consent of the proposed director candidate (1) to be named in the proxy statement relating to the Company's annual meeting of stockholders and (2) to serve as a director if elected at such annual meeting; and
- Any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

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Identifying and Evaluating Nominees.

The NCG Committee may solicit recommendations for director nominees from any or all of the following sources: non-management directors, executive officers, third-party search firms or any other source it deems appropriate. The

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NCG Committee will review and evaluate the qualifications of any proposed director candidate that it is considering or has been recommended to it by a shareholder in compliance with the NCG Committee's procedures for that purpose, and conduct inquiries it deems appropriate into the background of these proposed director candidates. When nominating a sitting director for re-election, the NCG Committee will consider the director's performance on the Board and the director's qualifications in respect to the criteria set forth above. Other than circumstances in which we are legally required by contract or otherwise to provide third parties with the ability to nominate directors, the NCG Committee will evaluate all proposed director candidates based on the same criteria and in substantially the same manner, with no regard to the source of the initial recommendation of the proposed director candidate.

ELECTION OF DIRECTORS (SOLE PROPOSAL)

The first matter to be considered at the Annual Meeting will be the election of two directors. Following the recommendation of the NCG Committee, the Board of Directors has nominated Ted J. Simon and Paul D. Lapidès to serve as directors. Each director shall be elected by a plurality of the votes cast at the Annual Meeting. Therefore, if a quorum is present, abstentions will have no effect on the election of directors. Proxies will be tabulated by the Company's transfer agent. The Inspector of Elections appointed at the Annual Meeting will then combine the proxy votes with the votes cast at the Annual Meeting. Each director elected at the Annual Meeting will serve for a term commencing on the date of the Annual Meeting and continuing until the Annual Meeting of Shareholders to be held in 2009 or until his successor is duly elected and qualified. In the absence of directions to the contrary, proxies will be voted in favor of the election of the two nominees listed below.

If either of the nominees named below are unavailable to serve for any reason, then a valid proxy may be voted for the election of such other persons as the person or persons voting the proxy may deem advisable in accordance with their best judgment. Management has no present knowledge that either of the persons named will be unavailable to serve. In any event, the enclosed proxy can be voted for only the two nominees named in this Proxy Statement or their substitutes.

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES NAMED BELOW. PROXIES SOLICITED BY THE BOARD WILL BE VOTED "FOR" THE NOMINEES UNLESS INSTRUCTIONS TO WITHHOLD OR TO THE CONTRARY ARE GIVEN.

The following list identifies each incumbent director and nominee for election to the Board at the Annual Meeting and describes each person's principal occupation for the past five years. Each of the directors has served continuously from the date of his election to the present time.

NAME ----	AGE ---	OFFICE -----
Gary A. Shiffman.....	51	Chairman, Chief Executive Officer, President and Director
Paul D. Lapidès.....	51	Director (Nominee)
Clunet R. Lewis.....	59	Director
Ronald L. Piasecki.....	67	Director
Ted J. Simon.....	75	Director (Nominee)
Arthur A. Weiss.....	57	Director

GARY A. SHIFFMAN is the Chairman, President and Chief Executive Officer,

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and has been an executive officer of Sun since its inception. He has been actively involved in the management, acquisition, construction and development of manufactured housing communities and has developed an extensive network of industry relationships over the past twenty years. He has overseen the land acquisition, rezoning, development and marketing of numerous manufactured home expansion projects. Mr. Shiffman is also the

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President and a director of Sun Home Services, Inc. ("Sun Home Services") and all other corporate subsidiaries of the Company. Mr. Shiffman is also a director of Origen Financial, Inc (NASDAQ: ORGN).

PAUL D. LAPIDES has been a director since December 1993. Mr. Lapides is Director of the Corporate Governance Center in the Michael J. Coles College of Business at Kennesaw State University, where he is an assistant professor of management and entrepreneurship. A certified public accountant, Mr. Lapides is the author or co-author of more than 100 articles and twelve books on real estate, management and directors' responsibilities. Mr. Lapides is a director of Internet Commerce Corporation (NASDAQ: ICCA) and a member of the Advisory Board of the National Association of Corporate Directors and served on the NACD's Blue Ribbon Commission on Audit Committees (1999). His real estate experience includes managing a \$3 billion national portfolio of income-producing real estate consisting of 42,000 multi-family units and 16 million square feet of commercial space.

CLUNET R. LEWIS has been a director since December 1993. Mr. Lewis also serves as President of CRL Enterprises, Inc. a private consulting firm. From 1995 until 2000, Mr. Lewis served in various positions with Eltrax Systems, Inc., a Nasdaq National Market System company, including Secretary, General Counsel, member of the Board of Directors and Chief Financial Officer. From 1989 until 1994, Mr. Lewis served as Secretary and General Counsel of Military Communications Center, Inc., a privately held company that provided retail telecommunications services to members of the United States Armed Services. From 1990 through 1991, Mr. Lewis was Managing Director of MCC Communications, Inc., a privately held company that provided international telecommunications services to members of the United States Armed Services serving in the Persian Gulf area during the Gulf War. Prior to 1993, Mr. Lewis was a shareholder at the law firm of Jaffe, Raitt, Heuer & Weiss, Professional Corporation.

RONALD L. PIASECKI has been a director since May 1996, upon completion of the Company's acquisition of twenty-five manufactured housing communities (the "Aspen Properties") owned by affiliates of Aspen Enterprises, Ltd. ("Aspen"). Mr. Piasecki is the executive vice president and a director of Aspen, which he co-founded in 1973. Prior to the Company's acquisition of the Aspen Properties, Aspen was one of the largest privately-held developers and owners of manufactured housing communities in the U.S. In addition, Mr. Piasecki is the Chief Executive Officer of AVAcore Technologies, Inc., an early-stage technology company.

TED J. SIMON has been a director since December 1993. Since February 1999, Mr. Simon has been affiliated with Grand Sakwa Management LLC, a real estate development company located in Farmington Hills, Michigan. From 1981 until January 1999, Mr. Simon was the Vice President-Real Estate (Midwest Group) of The Great Atlantic & Pacific Tea Company, Inc. and Mr. Simon was a Vice President-Real Estate and a director of Borman's Inc., a wholly owned subsidiary of The Great Atlantic & Pacific Tea Company, Inc. Mr. Simon is also a director of Clarkston State Bank, a wholly-owned subsidiary of Clarkston Financial Corporation (OTC BB: CKSB.OB).

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ARTHUR A. WEISS has been a director since October 1996. Since 1976, Mr. Weiss has practiced law with the law firm of Jaffe, Raitt, Heuer & Weiss, Professional Corporation ("JRH&W"), which represents the Company in various matters. Mr. Weiss is currently Chairman of the Board of Directors and a shareholder of JRH&W.

To the best of the Company's knowledge, there are no material proceedings to which any nominee is a party, or has a material interest, adverse to the Company. To the best of the Company's knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions that are material to the evaluation of the ability or integrity of any nominee during the past five years.

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MANAGEMENT AND COMPENSATION

EXECUTIVE OFFICERS

The persons listed below are the current executive officers of the Company. Each is annually appointed by, and serves at the pleasure of, the Board.

NAME ----	AGE ---	OFFICE -----
Gary A. Shiffman.....	51	Chairman, Chief Executive Officer and President
Jeffrey P. Jorissen....	61	Executive Vice President, Treasurer, Chief Financial Officer and Secretary
Brian W. Fannon.....	57	Executive Vice President and Chief Operating Officer
Jonathan M. Colman.....	50	Executive Vice President

Background information for Gary A. Shiffman is provided under "Election of Directors," above. Background information for the other three executive officers is set forth below.

JEFFREY P. JORISSEN has been Chief Financial Officer, Secretary and Treasurer since December 1993 and became an Executive Vice President in March 2003. As a certified public accountant, he was with the international accounting firm of Coopers & Lybrand for sixteen years, including eight years as a partner. During his tenure at Coopers & Lybrand, Mr. Jorissen specialized in real estate and directed financial statement examinations of numerous public companies. Mr. Jorissen is also the Chief Financial Officer and Secretary of Sun Home Services and all other corporate subsidiaries of the Company.

BRIAN W. FANNON joined the Company in May 1994 as Senior Vice President-Operations and became Chief Operating Officer in 1995 and an Executive Vice President in March 2003. Prior to joining the Company, he worked for Lautrec, Ltd., then the largest manufactured housing community owner-operator in the United States, where he was responsible for operations comprising 25,000 sites and 300 employees, and Quality Homes, Inc., its sales and marketing division. He joined that organization in 1978 as a regional manager and became President in 1986. Mr. Fannon was appointed by Governor Milliken to the Michigan Mobile Home Commission in 1977, the year of its inception. Subsequent appointments by Governors Blanchard and Engler have enabled Mr. Fannon to serve

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on such commission, including serving as its chairman from 1986 to 1994, and Mr. Fannon has again been serving as the chairman of the Michigan Mobile Home Commission since 1998. In 2002, Mr. Fannon was elected to the Board of Directors of the Manufactured Housing Institute and Mr. Fannon was elected to the RV/MH Hall of Fame in 2003. Mr. Fannon is also the Chief Executive Officer of Sun Home Services and a Vice President of all other corporate subsidiaries of the Company.

JONATHAN M. COLMAN joined the Company in 1994 as Vice President-Acquisitions and became a Senior Vice President in 1995 and an Executive Vice President in March 2003. A certified public accountant, Mr. Colman has over twenty years of experience in the manufactured housing community industry. He has been involved in the acquisition, financing and management of over 75 manufactured housing communities for two of the 10 largest manufactured housing community owners, including Uniprop, Inc. during its syndication of over \$90 million in public limited partnerships in the late 1980s. Mr. Colman is also a Vice President of all corporate subsidiaries of the Company.

To the best of the Company's knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions that are material to the evaluation of the ability or integrity of any executive officer during the past five years.

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EXECUTIVE COMPENSATION

The following table sets forth all compensation paid to the Chief Executive Officer and each executive officer whose remuneration from the Company exceeded \$100,000 during the fiscal year ended December 31, 2005.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COM
		SALARY (\$)	BONUS (\$)	OPTIONS (#)	RESTRICTED STOCK AWARDS (\$) (1)
Gary A. Shiffman, Chairman, Chief Executive Officer and President.....	2005	\$517,750	0	0	0
	2004	\$431,800	0	0	\$1,327,188 (2)
	2003	\$425,000	0	0	0
Jeffrey P. Jorissen, Executive Vice President, Treasurer, Chief Financial Officer and Secretary.....	2005	\$298,608	0	0	0
	2004	\$285,750	0	0	\$770,625 (4)
	2003	\$281,250	0	0	0
Brian W. Fannon, Executive Vice President and Chief Operating Officer...	2005	\$383,515	0	0	0
	2004	\$373,250	0	0	\$513,750 (5)
	2003	\$367,350	0	0	0
Jonathan M. Colman, Executive Vice President.....	2005	\$155,372	\$60,000 (6)	0	0
	2004	\$158,000	0	0	\$342,500 (7)
	2003	\$151,900	0	0	0

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- (1) As of December 31, 2005, Mr. Shiffman held 229,390 shares of restricted stock, including 56,250 shares of performance based restricted stock (with an aggregate value of \$7,202,846), Mr. Jorissen held 114,889 shares of restricted stock, including 37,500 shares of performance based restricted stock (with an aggregate value of \$3,607,515), Mr. Fannon held 43,000 shares of restricted stock (with an aggregate value of \$1,350,200) and Mr. Colman held 25,721 shares of restricted stock (with an aggregate value of \$807,639). For purposes of the preceding sentence, aggregate values are based on the closing market price of the Company's common stock on December 31, 2005.
 - (2) On May 10, 2004, the Company issued Mr. Shiffman 20,000 shares of Common Stock, which are subject to the terms and conditions of a Restricted Stock Award Agreement. 35% of these restricted shares vest on May 10, 2008, 35% of these shares vest on May 10, 2009, 20% of these shares vest on May 10, 2010, 5% of these shares vest on May 10, 2011 and 5% of these shares vest on May 10, 2014. Mr. Shiffman receives any dividends paid on such restricted shares. In addition, on May 10, 2004, the Company issued Mr. Shiffman 75,000 shares of Common Stock, which are subject to the terms and conditions of a Restricted Stock Award Agreement. 6,250 of these shares vest on each of May 10, 2007, May 10, 2008 and May 10, 2009 and the remaining 56,250 of these shares are performance based and will vest on March 1, 2010 if certain performance milestones during the period of January 1, 2005 through December 31, 2009 are met. Mr. Shiffman receives any dividends paid on the time-vesting portion of these shares.
 - (3) Matching contributions made by the Company under its 401(k) plan.
 - (4) On May 10, 2004, the Company issued Mr. Jorissen 10,000 shares of Common Stock, which are subject to the terms and conditions of a Restricted Stock Award Agreement. 35% of these restricted shares vest on May 10, 2008, 35% of these shares vest on May 10, 2009, 20% of these shares vest

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on May 10, 2010, 5% of these shares vest on May 10, 2011 and 5% of these shares vest on May 10, 2014. Mr. Jorissen receives any dividends paid on such restricted shares. In addition, on May 10, 2004, the Company issued Mr. Jorissen 50,000 shares of Common Stock, which are subject to the terms and conditions of a Restricted Stock Award Agreement. 4,167 of these shares vest on each of May 10, 2007, May 10, 2008 and May 10, 2009 and the remaining 37,500 of these shares are performance based and will vest on March 1, 2010 if certain performance milestones during the period of January 1, 2005 through December 31, 2009 are met. Mr. Jorissen receives any dividends paid on the time-vesting portion of these shares.

- (5) On May 10, 2004, the Company issued Mr. Fannon 15,000 shares of Common Stock, which are subject to the terms and conditions of a Restricted Stock Award Agreement. 35% of these restricted shares vest on May 10, 2008, 35% of these shares vest on May 10, 2009, 20% of these shares vest on May 10, 2010, 5% of these shares vest on May 10, 2011 and 5% of these shares vest on May 10, 2014.
- (6) Represents additional compensation earned by Mr. Colman during the calendar year ended December 31, 2005 on the successful disposition of certain real property by the Company.

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- (7) On May 10, 2004, the Company issued Mr. Colman 10,000 shares of Common Stock, which are subject to the terms and conditions of a Restricted Stock Award Agreement. 35% of these restricted shares vest on May 10, 2008, 35% of these shares vest on May 10, 2009, 20% of these shares vest on May 10, 2010, 5% of these shares vest on May 10, 2011 and 5% of these shares vest on May 10, 2014.

AGGREGATED OPTION/SAR EXERCISES AND
FISCAL YEAR-END OPTION/SAR VALUES TABLE

NAME	SHARES ACQUIRED ON EXERCISE IN 2005	VALUE RECEIVED	NO. OF UNEXERCISED OPTIONS/SARS AT FISCAL YEAR-END		VALUE IN-THE-MO FISC EXERCISABL
			EXERCISABLE	NOT EXERCISABLE	
Gary A. Shiffman (2)	-0-	\$ 0	375,000	0	\$1,022,56
Jeffrey P. Jorissen (3)	35,000	\$638,750	69,750	0	\$ 151,68
Brian W. Fannon	22,250	\$252,808	-0-	0	\$
Jonathan M. Colman (4)	10,000	\$177,500	29,000	0	\$ 71,14

- (1) Assumes a value equal to the difference between the closing sales price on December 31, 2005, which was \$31.40 per share, and the exercise price of in-the-money options.

- (2) Includes: (a) 25,000 stock options granted March 11, 1996 pursuant to the Employee Option Plan with an exercise price of \$26.625 per share, which options must be exercised by March 11, 2006; (b) 275,000 stock options granted October 28, 1996 pursuant to the Employee Option Plan with an exercise price of \$28.6375 per share, which options must be exercised by October 28, 2006; (c) 25,000 stock options granted January 14, 1998 pursuant to the Employee Option Plan with an exercise price of \$33.75 per share, which options must be exercised by January 14, 2008; (d) 25,000 stock options granted December 15, 1999 pursuant to the Employee Option Plan with an exercise price of \$30.03 per share, which options must be exercised by December 15, 2009; and (e) 25,000 stock options granted April 12, 2001 pursuant to the Employee Option Plan with an exercise price of \$27.03 per share, which options must be exercised by April 12, 2011. On March 10, 2006, Mr. Shiffman exercised all 25,000 options described in item (a) above.

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- (3) Includes: (a) 15,000 stock options granted February 26, 1996 pursuant to the Employee Option Plan with an exercise price of \$27.00 per share, which options must be exercised by February 26, 2006; (b) 22,500 stock options granted October 28, 1996 pursuant to the Employee Option Plan with an exercise price of \$28.6375 per share, which options must be exercised by October 28, 2006; (c) 20,000 stock options granted January 14, 1998 pursuant to the Employee Option Plan with an exercise price of \$33.75 per share, which options must be exercised by January 14, 2008; (d) 10,000 stock options granted December 15, 1999 pursuant to the Employee Option Plan with an exercise price of \$30.03 per share, which options must be exercised by December 15, 2009; and (e) 2,250 stock options granted April 12, 2001 pursuant to the Employee Option Plan with an exercise price of \$27.03 per share, which options must be exercised by April 12, 2011. On

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February 26, 2006, Mr. Jorissen exercised all 15,000 options described in item (a) above.

- (4) Includes: (a) 7,500 stock options granted February 26, 1996 pursuant to the Employee Option Plan with an exercise price of \$27.00 per share, which options must be exercised by February 26, 2006; (b) 5,000 stock options granted October 28, 1996 pursuant to the Employee Option Plan with an exercise price of \$28.6375 per share, which options must be exercised by October 28, 2006; (c) 7,500 stock options granted January 14, 1998 pursuant to the Employee Option Plan with an exercise price of \$33.75 per share, which options must be exercised by January 14, 2008; (d) 5,000 stock options granted December 15, 1999 pursuant to the Employee Option Plan with an exercise price of \$30.03 per share, which options must be exercised by December 15, 2009; and (e) 4,000 stock options granted April 12, 2001 pursuant to the Employee Option Plan with an exercise price of \$27.03 per share, which options must be exercised by April 12, 2011. On February 21, 2006, Mr. Colman exercised all 7,500 options described in item (a) above. On March 16, 2006, Mr. Colman exercised all of his remaining vested options.

EQUITY COMPENSATION PLAN INFORMATION

The following table reflects information about the securities authorized for issuance under the Company's equity compensation plans as of December 31, 2005.

PLAN CATEGORY	(a) NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	(b) WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER REMAINING FUTURE ISSUANCE COMPLETION (EXCLUDING REFLECTED)
Equity compensation plans approved by shareholders	635,101	\$29.93	
Equity compensation plans not approved by shareholders (1)	51,238	\$32.75	
TOTAL	686,339 =====		

- (1) On May 29, 1997, the Company established a Long Term Incentive Plan (the "LTIP") pursuant to which all full-time salaried and full-time commission only employees of the Company, excluding the Company's officers, are entitled to receive options to purchase shares of the Company's common stock at \$32.75 per share (i.e., the average of the highest and lowest selling prices for the common stock on May 29, 1997), on January 31, 2003. In accordance with the terms of the LTIP, (a) the Company granted the eligible participants options to purchase 167,918 shares of common stock; and (b) each eligible participant received an option to purchase a number of shares of common stock equal to the product of 167,918 and the quotient derived by dividing such participant's total compensation during the period beginning on January 1, 1997 and ending on December 31, 2001 (the "Award Period") by the aggregate compensation of all of the eligible participants during the Award Period.

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REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Philosophy of Executive Compensation

The executive compensation program is administered by the Compensation Committee of the Board, which is currently comprised of Ted J. Simon, Clunet R. Lewis and Ronald L. Piasecki. None of the members of the Compensation Committee are employees of the Company and each of them is an independent director for purposes of the requirements of the NYSE rules.

The executive compensation program supports the Company's commitment to providing superior shareholder value. This program is designed to:

- attract, retain and reward executives who have the motivation, experience and skills necessary to lead the Company effectively and encourage them to make career commitments to the Company;
- create a link between the performance of our stock and executive compensation;
- base executive compensation levels on the overall financial and operational performance of the Company and the individual contribution of the executive officer to the success of the Company; and
- position executive compensation levels to be competitive with other similarly situated public companies including the real estate industry in general and manufactured housing REITs in particular.

Compensation Committee Procedures and Findings

The Compensation Committee attempts to structure a compensation program for the Company that will reward its top executives with bonuses and stock and option awards upon attainment of specified goals and objectives while striving to maintain salaries at reasonably competitive levels. The Compensation Committee reviews the compensation (including salaries, bonuses and stock options) of the Company's Chairman and CEO as well as the Company's other executive officers, administers the Company's incentive and equity based compensation plans and performs such other duties as may be delegated to it by the Board. The Compensation Committee held three (3) formal meetings during the fiscal year ended December 31, 2005 and took action pursuant to resolutions adopted by unanimous written consent.

In order to implement the Company's executive compensation philosophy, the Compensation Committee exercises its independent discretion in reviewing and approving the executive compensation program as a whole, as well as specific compensation levels for each executive officer. Final aggregate compensation determinations for each fiscal year are generally made after the end of the fiscal year, after financial statements for such year become available. At that time, the Compensation Committee determines bonuses, if any, for the past year's performance, sets base salaries for the following fiscal year and makes awards of equity-based compensation, if any. The Chief Executive Officer makes recommendations to the Compensation Committee with respect to the compensation of all executive officers. In addition, the Compensation Committee bases its decisions on the most recent publicly available compensation data for senior executive officers of comparable REITs, as well as various compensation studies and surveys, to ensure that compensation packages are in line with our peer

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group and the real estate industry in general. While benchmarks and comparative market data are valuable tools to assist the Compensation Committee in setting reasonable and fair compensation for the Company's executive officers, the stated philosophy of the Company's executive compensation program is to recognize individual contributions to the performance of the Company and to create a link between the performance of the Company's stock and executive compensation.

The Compensation Committee reviewed all components of the compensation of the Company's executive officers, including salary, bonus, equity and long-term incentive compensation, accumulated realized and unrealized stock option and restricted stock gains, the dollar value to the executive and cost to the Company of all perquisites and other personal benefits and the projected payout obligations under potential severance and change-in-control scenarios. Based on this review, the Compensation Committee finds that the Company's executive officers' total compensation (and, in the case of the severance and change-in-control scenarios, the potential payouts) in the aggregate to be reasonable and not excessive.

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Components of Executive Compensation

The key components of executive officer compensation are salary, bonuses, restricted stock awards and stock option awards. Salary is generally based on factors such as an individual officer's level of responsibility, prior years' compensation, comparison to compensation of other officers in the Company, and compensation provided at competitive companies and companies of similar size. Cash bonuses, restricted stock awards and stock option awards are intended to reward exceptional performances. Benchmarks for determining base salary and bonus levels include growth in funds from operations, or FFO, as measured against targets established at the beginning of each year and against the relative performance of the Company in comparison to its peer group of companies, strength of the balance sheet and creation of shareholder value. Restricted stock awards and stock option awards are intended to provide long-term incentive compensation to executive officers that is aligned directly with the achievement of enhanced value for shareholders.

CEO Compensation

During the fiscal year ended December 31, 2005, Gary A. Shiffman served in the capacity of Chief Executive Officer of the Company. In 2005, the Company entered into an employment agreement with Gary A. Shiffman pursuant to which Mr. Shiffman serves as President and Chief Executive Office of the Company. Mr. Shiffman's employment agreement is for an initial term ending December 31, 2011 and is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to this employment agreement, Mr. Shiffman is paid an annual base salary of \$545,000, which will be increased by an annual cost of living adjustment beginning with calendar year 2006. In addition to his base salary and in accordance with the terms of his employment agreement, Mr. Shiffman is entitled to annual incentive compensation of up to 75% of his then current base salary if he satisfies certain individual and company performance criteria established from time to time by the Board and Mr. Shiffman is entitled to annual incentive compensation of up to 25% of his then current base salary in the sole discretion of the Compensation Committee. Based upon market studies of pay levels for chief executive officers of publicly traded REITs (conducted by the National Association of Real Estate Investment Trusts), the Compensation Committee believes that Mr. Shiffman's total compensation in 2005 was competitive with the appropriate level for his

position.

Internal Pay Equity

The Compensation Committee believes that the relative differences between CEO compensation and the compensation of the Company's other executive officers is consistent with such differences found in its peer group and the real estate industry in general.

Salary Reduction

Effective January 1, 2005, the executive officers agreed to a 5% reduction in their stated base salaries for calendar year 2005 and calendar year 2006. In addition, the executive officers waived their right to receive an incentive bonus during calendar year 2005.

Respectfully submitted,
Members of the Compensation Committee:
Ted J. Simon
Clunet R. Lewis
Ronald L. Piasecki

EMPLOYMENT AGREEMENTS

Gary A. Shiffman

In 2005, the Company entered into an employment agreement with Gary A. Shiffman pursuant to which Mr. Shiffman serves as President and Chief Executive Office of the Company. Mr. Shiffman's employment agreement is for an initial term ending December 31, 2011 and is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to this employment agreement, Mr. Shiffman is paid an annual base salary of \$545,000, which will be increased by an annual cost of living adjustment beginning with calendar year 2006. In addition to his base salary and in

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accordance with the terms of his employment agreement, Mr. Shiffman is entitled to annual incentive compensation of up to 75% of his then current base salary if he satisfies certain individual and company performance criteria established from time to time by the Board and Mr. Shiffman is entitled to annual incentive compensation of up to 25% of his then current base salary in the sole discretion of the Compensation Committee.

The non-competition clauses of Mr. Shiffman's employment agreement preclude him from engaging, directly or indirectly: (a) in the real estate business or any ancillary business of the Company during the period he is employed by the Company; and (b) in the manufactured housing community business or any ancillary business of the Company for a period of eighteen months following the period he is employed by the Company. However, Mr. Shiffman's employment agreement does allow him to make passive investments relating to real estate in general or the housing industry in particular (other than in manufactured housing communities) during the period he is employed by the Company.

A copy of Mr. Shiffman's employment agreement is attached as an exhibit to the Company's periodic filings under the Exchange Act.

Jeffrey P. Jorissen

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In 2005, the Company entered into an employment agreement with Jeffrey P. Jorissen pursuant to which Mr. Jorissen serves as Chief Financial Officer of the Company. Mr. Jorissen's employment agreement is for an initial term ending December 31, 2010 and is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to this employment agreement, Mr. Jorissen is paid an annual base salary of \$314,325, which will be increased by an annual cost of living adjustment beginning with calendar year 2006. In addition to his base salary and in accordance with the terms of his employment agreement, Mr. Jorissen is entitled to annual incentive compensation of up to 75% of his then current base salary if he satisfies certain individual and company performance criteria established from time to time by the Board and Mr. Jorissen is entitled to annual incentive compensation of up to 25% of his then current base salary in the sole discretion of the Compensation Committee.

The non-competition clauses of Mr. Jorissen's employment agreement preclude him from engaging, directly or indirectly, in the real estate business or any ancillary business of the Company during the period he is employed by the Company and for a period of eighteen months thereafter.

A copy of Mr. Jorissen's employment agreement is attached as an exhibit to the Company's periodic filings under the Exchange Act.

Brian W. Fannon

In 2005, the Company entered into an employment agreement with Brian W. Fannon pursuant to which Mr. Fannon serves as Chief Operating Officer of the Company. Mr. Fannon's employment agreement is for an initial term ending December 31, 2009 and is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to this employment agreement, Mr. Fannon is paid an annual base salary of \$403,700, which will be increased by an annual cost of living adjustment beginning with calendar year 2006. In addition to his base salary and in accordance with the terms of his employment agreement, Mr. Fannon is entitled to annual incentive compensation of up to 75% of his then current base salary if he satisfies certain individual and company performance criteria established from time to time by the Board and Mr. Fannon is entitled to annual incentive compensation of up to 25% of his then current base salary in the sole discretion of the Compensation Committee. This employment agreement also provides Mr. Fannon with cash compensation based on the dividends resulting from, and the market prices on certain dates of, up to 25,000 shares of stock. Pursuant to a Waiver and Extension Agreement dated November 11, 2005, which modified the original terms of the employment agreement, 8 1/3 % of such cash compensation which will be paid in each of 2007, 2008 and 2009 and the balance of which depends on the compound annual growth rate of the Company's funds from operations during a certain period of time through 2009.

The non-competition clauses of Mr. Fannon's employment agreements preclude him from engaging, directly or indirectly, in the real estate business or any ancillary business of the Company during the period he is employed by the Company and for a period of between twelve and twenty-four months thereafter.

A copy of Mr. Fannon's employment agreement is attached as an exhibit to the Company's periodic filings under the Exchange Act.

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Directors of the Company who are also employees receive no additional compensation for their services as directors. Effective January 1, 2005, the directors who are not employees of the Company agreed to a 5% reduction in their fees for calendar year 2005 and calendar year 2006. As a result, during 2005, the Company paid such directors: an annual retainer fee of \$38,000; \$2,375 per quarter for attendance at all Board and committee meetings during such quarter; \$2,375 per year for service on, but not chair of, the Audit Committee, the Compensation Committee and the NCG Committee; and \$4,750 per year for the chair of the Audit Committee, the Compensation Committee and the NCG Committee. For services during the fiscal year ended December 31, 2005, Ted J. Simon and Paul D. Lapidès each earned directors' fees of \$54,625, Ronald L. Piasecki earned director's fees of \$52,250 and Clunet R. Lewis earned director's fees of \$57,000. Although Arthur A. Weiss earned director's fees of \$47,500 for services during the fiscal year ended December 31, 2005, he declined such fees.

SHAREHOLDER RETURN PERFORMANCE PRESENTATION

Set forth below is a line graph comparing the yearly percentage change in the cumulative total shareholder return on the Common Stock against the cumulative total return of a broad market index composed of all issuers listed on the New York Stock Exchange and an industry index comprised of thirty-three publicly traded real estate investment trusts, for the five year period ending on December 31, 2005. This line graph assumes a \$100 investment on December 31, 2000, a reinvestment of dividends and actual increase of the market value of the Company's Common Stock relative to an initial investment of \$100. The comparisons in this table are required by the SEC and are not intended to forecast or be indicative of possible future performance of the Company's Common Stock.

COMPARE 5-YEAR CUMULATIVE TOTAL RETURN AMONG SUN COMMUNITIES, INC., NYSE MARKET INDEX AND HEMSCOTT GROUP INDEX

(PERFORMANCE GRAPH)

	2000	2001	2002	2003	2004	2005
	-----	-----	-----	-----	-----	-----
SUN COMMUNITIES, INC.	100.00	118.40	123.47	139.15	154.36	129.18
HEMSCOTT GROUP INDEX	100.00	110.05	104.36	131.95	175.08	192.82
NYSE MARKET INDEX	100.00	91.09	74.41	96.39	108.85	117.84

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SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and beneficial owners of more than 10% of the Company's capital stock to file reports of ownership and changes of ownership with the SEC and the New York Stock Exchange. Based solely on its review of the copies of such reports received by it, and written representations from certain reporting persons, the Company believes, that, during the year ended December 31, 2005, its directors, executive officers and beneficial owners of more than 10% of the Company's Common Stock have complied with all filing

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requirements applicable to them, except that Messrs. Jorissen, Fannon and Colman each failed to timely file two reports disclosing that the Company retained shares of its Common Stock upon vesting of previously granted restricted stock awards to pay withholding tax as required under the terms of the Company's Amended and Restated 1993 Stock Option Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 31, 2006, the shareholdings of: (a) each person known to the Company to be the beneficial owner of more than five percent (5%) of the Common Stock; (b) each director of the Company; (c) each executive officer listed in the Summary Compensation Table; and (d) all executive officers and directors of the Company as a group, based upon information available to the Company.

NAME AND ADDRESS OF BENEFICIAL OWNER -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP -----	PERCENT OF OUTSTANDING SHARES (1) -----
Gary A. Shiffman 27777 Franklin Road Suite 200 Southfield, Michigan 48034	2,293,595 (2)	12.09%
Jeffrey P. Jorissen 27777 Franklin Road Suite 200 Southfield, Michigan 48034	303,006 (3)	1.66%
Brian W. Fannon 27777 Franklin Road Suite 200 Southfield, Michigan 48034	59,139 (4)	*
Jonathan M. Colman 27777 Franklin Road Suite 200 Southfield, Michigan 48034	38,124 (5)	*
Ted J. Simon 28470 Thirteen Mile Road Suite 220 Farmington Hills, Michigan 48334	21,500 (6)	*
Paul D. Lapidés 1000 Chastain Road Kennesaw, Georgia 30144	17,400 (7)	*
Clunet R. Lewis 10557 E. Tamarisk Way Scottsdale, Arizona 85262	48,100 (8)	*

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NAME AND ADDRESS OF BENEFICIAL OWNER -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP -----	PERCENT OF OUTSTANDING SHARES (1) -----
Ronald L. Piasecki PMB 260 101 Washington Street Grand Haven, Michigan 49417	132,143 (9)	*
Arthur A. Weiss 27777 Franklin Road Suite 2500 Southfield, Michigan 48034	219,348 (10)	1.20%
Cohen & Steers Capital Management, Inc. (11) 757 Third Avenue New York, New York 10017	2,923,998	16.18%
David O'Connor (12) 535 Madison Avenue 26th Floor New York, New York 10022	1,775,648	9.82%
All current executive officers and directors as a group (9 persons)	3,131,745 (13)	16.12%

* Less than one percent (1%) of the outstanding shares.

- (1) In accordance with SEC regulations, the percentage calculations are based on 18,069,335 shares of Common Stock issued and outstanding as of March 31, 2006 plus shares of Common Stock which may be acquired pursuant to options exercisable, or limited partnership interests in Sun Communities Operating Limited Partnership ("Common OP Units") that are convertible into Common Stock, within sixty days of March 31, 2006 by each individual or group listed.
- (2) Includes: (a) 551,222 Common OP Units convertible into shares of Common Stock; (b) 350,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006; (c) 453,841 shares of Common Stock owned by certain limited liability companies of which Mr. Shiffman is a member and a manager; and (d) 56,250 restricted shares over which Mr. Shiffman does not have the right to vote until such time as certain performance criteria are met. Mr. Shiffman disclaims beneficial ownership of 3,000 Common OP Units convertible into shares of Common Stock and 2,300 shares of Common Stock held by other family members because he does not have a pecuniary interest therein.
- (3) Includes: (a) 100,000 Common OP Units convertible into shares of Common Stock, (b) 54,750 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006, and (c) 37,500 restricted shares over which Mr. Jorissen does not have the right to vote until such time as certain performance criteria are met. Mr. Jorissen disclaims beneficial ownership of 10,000 shares of Common Stock held by other family members because he does not have a pecuniary interest therein.
- (4) Includes 20,000 Common OP Units convertible into shares of Common Stock.
- (5) Includes 7,500 Common OP Units convertible into shares of Common Stock.
- (6) Includes 17,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006.

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- (7) Includes 15,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006.
- (8) Includes 20,000 Common OP Units convertible into shares of Common Stock and 4,500 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006. Mr. Lewis disclaims beneficial ownership of 5,600 shares of Common Stock held by other family members because he does not have a pecuniary interest therein.

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- (9) Includes: (a) 17,437 Common OP Units convertible into shares of Common Stock and 106,206 Preferred OP Units convertible into Common OP Units (which are convertible into shares of Common Stock), all of which are attributable to Mr. Piasecki because of his ownership interests in various entities; and (b) 9,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006.
- (10) Includes 6,938 Common OP Units convertible into shares of Common Stock and 17,500 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006. Includes (a) 170,000 Common OP Units convertible into shares of Common Stock, and (b) 25,000 shares of Common Stock held by the 1997 Shiffman Charitable Remainder Unitrust for which Mr. Weiss is a Co-Trustee. Mr. Weiss does not have a pecuniary interest in either the Milton M. Shiffman Spouse's Marital Trust or the 1997 Shiffman Charitable Remainder Unitrust and, accordingly, Mr. Weiss disclaims beneficial ownership of the 170,000 Common OP Units held by the Milton M. Shiffman Spouse's Marital Trust and the 25,000 shares of Common Stock held by the 1997 Shiffman Charitable Remainder Unitrust.
- (11) According to the Schedule 13G filed with the SEC for calendar year 2005, Cohen & Steers Capital Management, Inc., in its capacity as investment advisor, beneficially owns 2,923,998 shares of Common Stock which are held of record by clients of Cohen & Steers Capital Management, Inc.
- (12) According to the Schedule 13G filed with the SEC for calendar year 2005,
 - (a) David O'Connor, High Rise Partners II, LP ("HRP"), High Rise Institutional Partners, L.P. ("HRIP" and, together with HRP, the "High Rise Partnerships"), Cedar Bridge Realty Fund, L.P. ("CBR"), Cedar Bridge Institutional Fund, L.P. ("CBI" and, together with CBR, the "Cedar Bridge Partnerships"), High Rise Capital Advisors, L.L.C. ("General Partner"), Bridge Realty Advisors, L.L.C. ("CB General Partner"), High Rise Capital Management, L.P. and DPO Management GP L.L.C. beneficially own 1,775,648 shares of Common Stock as a "group" for Schedule 13G reporting purposes;
 - (b) as the sole general partner of each of the High Rise Partnerships, the General Partner has the power to vote and dispose of the securities owned by each of the High Rise Partnerships and, accordingly, may be deemed the "beneficial owner" of such securities;
 - (c) as the sole general partner of each of the Cedar Bridge Partnerships, the CB General Partner has the power to vote and dispose of the securities owned by each of the Cedar Bridge Partnerships and, accordingly, may be deemed the "beneficial owner" of such securities;
 - (d) the managing members of the General Partner is David O'Connor;
 - (e) the managing member of the CB General Partner is the General Partner;
 - (f) pursuant to an investment advisory contract, High Rise Capital Management, L.P. currently has the power to vote and dispose of the securities held for the account of certain managed accounts and, accordingly, may be deemed the "beneficial owner" of such securities;
 - (g) the general partner of High Rise Capital Management, L.P. is DPO Management GP L.L.C.; and
 - (h) David O'Connor is managing member of DPO Management GP

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L.L.C.

- (13) Includes (1) 893,097 Common OP Units convertible into shares of Common Stock and 106,206 Preferred OP Units convertible into Common OP Units (which are convertible into Common Stock); and (2) 467,750 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 31, 2006.

CERTAIN TRANSACTIONS

RELATIONSHIP WITH ORIGEN

The Company and its affiliates have entered into the following transactions with Origen Financial, Inc. ("Origen"):

- Capital Investment in Origen. In 2003 the Company acquired 5,000,000 shares of common stock in Origen in a private placement transaction at \$10 per share. In addition, Shiffman Origen LLC (100 percent of which is owned by the Milton M. Shiffman Spouse's Marital Trust, Gary A. Shiffman and members of his family) acquired 1,025,000 shares of common stock of Origen at \$10 per share.
- Board Membership. Gary A. Shiffman, the Chairman and Chief Executive Officer of the Company, is a member of the Board of Directors of Origen.
- Loan Servicing Agreement. Origen Servicing, Inc., a wholly owned subsidiary of Origen, serviced approximately \$19.6 million in manufactured home loans for the Company as of December 31,

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2005. The Company pays Origen Servicing, Inc. an annual servicing fee of 100 to 150 basis points of the outstanding principal balance of the loans pursuant to a Loan Servicing Agreement, which totaled approximately \$300,000 during 2005.

- Loan Origination, Sale and Purchase Agreement. Origen has agreed to fund loans that meet the Company's underwriting guidelines and then transfer those loans to the Company pursuant to a Loan Origination, Sale and Purchase Agreement. During 2005 the Company purchased \$7.2 million of these loans.
- Purchase of Repossessed Manufactured Homes. The Company purchases certain repossessed manufactured houses owned by Origen and located in the Company's manufactured housing communities. The Company purchased approximately \$2.2 million of repossessed homes from Origen during 2005. This program allows the Company to retain houses for resale and rent in its communities and allows Origen to enhance recoveries on its repossessed homes.

LEASE OF PRINCIPAL EXECUTIVE OFFICES

The Company leases its executive offices in Southfield, Michigan from an entity in which Mr. Shiffman and certain of his affiliates beneficially own approximately a 21 percent interest. The lease is for a term of five years, which commenced on May 1, 2003. Rent paid was approximately \$51,600 per month from May 2004 to April 2005 and \$52,900 per month from May 2005 through December of 2005. Rent increases of 2.5% are effective every May 1 during the lease term

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bringing the monthly rental payments at May 1, 2006 and May 2007 to approximately \$54,200 and \$55,500, respectively.

LOANS TO CHIEF EXECUTIVE OFFICER

In 1995, the Company issued Gary A. Shiffman, its Chief Executive Officer and President, 400,000 shares of common stock for \$8,650,000 (the "Purchase Price"). The Purchase Price is evidenced by three (3) separate 10-year promissory notes that bear interest at a rate equal to six months' LIBOR plus 175 basis points, with a maximum interest rate of 9% per annum and a minimum interest rate of 6% per annum (the "Promissory Notes"). Two of the Promissory Notes (with an initial aggregate principal amount of approximately \$7.6 million) are secured by approximately 270,000 shares of common stock of the Company held by Mr. Shiffman (the "Secured Shares") and/or 128,000 common partnership units in Sun Communities Operating Limited Partnership (the "Secured Units") and the last Promissory Note (with an initial principal amount of approximately \$1.0 million) is unsecured but fully recourse to Mr. Shiffman. Mr. Shiffman's personal liability on the secured Promissory Notes is limited to all accrued interest on such notes plus fifty percent (50%) of the deficiency, if any, after application of the proceeds from the sale of the Secured Shares and/or the Secured Units to the then outstanding principal balance of the Promissory Notes. The Promissory Notes provide for quarterly interest only payments and provide that all cash distributions and dividends paid to Mr. Shiffman on the Secured Shares and the Secured Units (the "Distributions") will first be applied toward the accrued and unpaid interest under the Promissory Notes and sixty percent (60%) of the remainder of the Distributions, if any, will be applied toward the outstanding principal balance of the Promissory Notes.

In April 1997, the Company loaned Mr. Shiffman an additional \$2,600,391 on terms substantially identical to the terms of the other loan to Mr. Shiffman, as described above, and such loan is secured by 80,000 shares of common stock of the Company held by Mr. Shiffman (the promissory notes evidencing this loan, together with the Promissory Notes, are hereinafter referred to as the "Shiffman Notes"). On July 15, 2002, the due date of the Shiffman Notes was extended such that one-third of the principal balance becomes due on December 31, 2008, an additional one-third of the principal balance becomes due on December 31, 2009 and the balance of the Shiffman Notes becomes due on December 31, 2010.

The largest aggregate indebtedness outstanding under the Shiffman Notes since January 1, 2005 was approximately \$9,797,721.80. As of March 31, 2006, the amount outstanding under the Shiffman Notes was approximately \$9,335,298.80.

LEGAL COUNSEL

During 2005, the law firm of Jaffe, Raitt, Heuer & Weiss, P.C. acted as the Company's general counsel and represented the Company in various matters. Arthur A. Weiss, a director of the Company, is a the Chairman of the Board of Directors and a shareholder of such firm.

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TAX CONSEQUENCES UPON SALE OF PROPERTIES

Mr. Shiffman holds limited partnership interests in Sun Communities Operating Limited Partnership, our operating partnership, which he received in connection with the contribution of 24 properties from entities previously affiliated with him (the "Sun Partnerships"). Prior to any redemption of these limited partnership interests for the Company's common stock, Mr. Shiffman will have tax consequences different from those of the Company and the Company's

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public stockholders on the sale of any of the Sun Partnerships. Four of the properties have been sold to date.

REPORT OF THE AUDIT COMMITTEE

The Board maintains an Audit Committee comprised of three of the Company's directors. The directors who serve on the Audit Committee are all "independent" for purposes of the New York Stock Exchange listing standards. The Audit Committee held four (4) formal meetings and several informal meetings during the 2005 fiscal year.

In accordance with its written charter, the Audit Committee assists the Board with fulfilling its oversight responsibility regarding the quality and integrity of the accounting, auditing and financial reporting practices of the Company. In discharging its oversight responsibilities regarding the audit process, the Audit Committee:

- reviewed and discussed the audited financial statements with management and Grant Thornton, LLP, the Company's independent auditors, for the fiscal year ended December 31, 2005;
- discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards); and
- reviewed the written disclosures and the letter from the independent auditors required by the Independence Standards Board's Standard No. 1 (Independence Discussions with Audit Committees), and discussed with the independent auditors any relationships that may impact their objectivity and independence.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as filed with the Securities and Exchange Commission.

The Audit Committee has a policy concerning the pre-approval of audit and non-audit services to be provided by the Company's independent auditors. The policy requires that all services provided by the independent auditor to the Company, including audit services, audit-related services, tax services and other services, must be pre-approved by the Audit Committee. In some cases, pre-approval is provided by the full Audit Committee for up to a year, and relates to a particular category or group of services and is subject to a particular budget. In other cases, specific pre-approval is required. The Audit Committee approved all audit and non-audit related services provided to the Company by Grant Thornton LLP during the 2005 fiscal year.

The Audit Committee has considered and determined that the level of fees of Grant Thornton LLP for provision of services other than the audit services is compatible with maintaining the auditor's independence.

Respectfully Submitted,
Members of the Audit Committee:
Paul D. Lapidés
Clunet R. Lewis
Ronald L. Piasecki

INFORMATION ABOUT OUR INDEPENDENT PUBLIC ACCOUNTANTS

Representatives of the Company's independent auditor, Grant Thornton, LLP, are expected to be present at the Annual Meeting, and will have the opportunity to make a statement if they desire to do so and to respond to appropriate

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questions. The Audit Committee has selected Grant Thornton, LLP to serve as the Company's independent auditors for 2006.

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Aggregate fees for professional services rendered by Grant Thornton, LLP, the Company's independent auditors, for the fiscal years ended December 31, 2005 and December 31, 2004 were as follows:

CATEGORY -----	FYE 12/31/2005 -----
Audit Fees: For professional services rendered for the audit of the Company's financial statements, the audit of internal controls relating to Section 404 of the Sarbanes-Oxley Act, the reviews of the quarterly financial statements, comfort letters and consents	\$395,496
Audit-Related Fees: For professional services rendered for accounting assistance with new accounting standards and potential transactions and other SEC related matters	\$ 76,136
Tax Fees	0
All Other Fees	0

GENERAL INFORMATION

Management knows of no matters which will be presented for consideration at the Annual Meeting other than those stated in the Notice of Meeting. However, if any other matters do properly come before the Annual Meeting, the person or persons named in the accompanying proxy form will vote the proxy in accordance with their best judgment regarding such matters, including the election of a director or directors other than those named in this Proxy Statement should an emergency or unexpected occurrence make the use of such discretionary authority necessary, and also regarding matters incident to the conduct of the meeting.

Shareholders are requested to date, sign and return the enclosed proxy in the enclosed postage-paid envelope. So that the presence, in person or by proxy, of the holders of a majority of the shares entitled to vote at the meeting may be assured, prompt execution and return of the proxy is requested.

By Order of the Board of Directors

/s/ Jeffrey P. Jorissen

Jeffrey P. JORISSEN
Secretary

Dated: April 19, 2006

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(BAR GRAPHIC)

SUN COMMUNITIES, INC.

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(BAR GRAPHIC)

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[] Mark this box with
changes to your name

ANNUAL MEETING PROXY CARD

A ELECTION OF DIRECTORS

1. The Board of Directors recommends a vote FOR the listed nominees.

	FOR	WITHHOLD
01 - Ted J. Simon	[]	[]
02 - Paul D. Lapidés	[]	[]

2. The appointed proxies are authorized to vote upon all matters incidental to the conduct of the Annual Meeting and such other business as may properly come before the Annual Meeting in accordance with their best judgment.

[] Mark this box with
comments below.

B AUTHORIZED SIGNATURES - SIGN HERE - THIS SECTION MUST BE COMPLETED FOR YOUR INSTRUCTIONS TO BE

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Please be sure to sign and date this Proxy.

Signature 1 - Please keep signature within the box

Signature 2 - Please keep signature within the box

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1 U P X

PROXY - SUN COMMUNITIES, INC.

27777 FRANKLIN ROAD, SUITE 200
SOUTHFIELD, MICHIGAN 48034

SOLICITED BY THE BOARD OF DIRECTORS
FOR THE ANNUAL MEETING OF SHAREHOLDERS ON MAY 25, 2006

The undersigned hereby appoints Gary A. Shiffman and Clunet R. Lewis, or either of them, as attorney-in-fact of the undersigned shareholder, with full power of substitution, to vote on behalf of the undersigned and all shares of the common stock of Sun Communities, Inc. (the "Company") which the undersigned would personally present at the Company's Annual Meeting of Shareholders to be held at the Embassy Suites Hotel, Southfield, Michigan 48034 on Thursday, May 25, 2006, and at any adjournments thereof.

The undersigned shareholder acknowledges receipt of the Notice of Annual Meeting and Proxy Statement.

The giving of this Proxy does not affect the right of the undersigned shareholder to vote in person if the undersigned shareholder attend the Annual Meeting. This Proxy may be revoked at any time before it is voted.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN WITH RESPECT TO ANY PROPOSAL, THIS PROXY WILL BE VOTED FOR SUCH PROPOSAL.

PLEASE VOTE, DATE AND SIGN ON REVERSE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.
NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES OF AMERICA.

Dear Shareholder:

Please take note of the important information enclosed with this Proxy Ballot. There are issues regarding the operation of the Corporation that require your immediate attention and approval. These are discussed in the enclosed proxy materials.

Your vote counts, and you are strongly encouraged to exercise your right to vote your shares.

Please mark the boxes on the proxy card to indicate how your shares will be voted. Then, sign the proxy card in the enclosed postage paid envelope.

Your vote must be received prior to the Annual Meeting of Shareholders, May 25, 2006.

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Thank you in advance for your prompt consideration of these matters.

Sincerely,

Sun Communities, Inc.