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SUN COMMUNITIES INC
Form DEF 14A
April 25, 2003

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 [X]
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:

3) Per unit price or other underlying value of transaction computed
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4) Proposed maximum aggregate value of transaction:

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- Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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SEC 1913 (02-02)

SUN COMMUNITIES, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 28, 2003

To the Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Sun Communities, Inc. (the "Company") will be held at the Novi Hilton, 21111 Haggerty Road, Novi, Michigan 48375, on Wednesday, May 28, 2003, 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 2006 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 17, 2003 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

JEFFREY P. JORISSEN
Secretary

Dated: April 23, 2003

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 28, 2003

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 Arthur A. Weiss, 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 2000, Southfield, Michigan 48034. The approximate date of mailing of this Proxy Statement and the enclosed Proxy materials to the Company's shareholders is April 23, 2003.

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TIME AND PLACE OF MEETING

The Annual Meeting will be held at the Novi Hilton, 21111 Haggerty Road, Novi Michigan 48375, on Wednesday, May 28, 2003, at 11:00 a.m., local time.

VOTING RIGHTS AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Only shareholders of record at the close of business on April 17, 2003 are entitled to notice of and to vote at the Annual Meeting or at any adjournments. As of that date, the Company had 18,113,677 shares of Common Stock issued, outstanding and entitled to vote held by 634 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. The presence, in person or by proxy, of shareholders entitled to vote a majority of the voting shares that are outstanding and entitled to vote will constitute a quorum.

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

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INCORPORATION BY REFERENCE

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 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 2002 Annual Report which contains its audited financial statements as of December 31, 2002. In addition, copies of the Company's Annual Report on Form 10-K for the year ended December 31, 2002, 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 2000, Southfield, Michigan 48034.

ELECTION OF DIRECTORS (SOLE PROPOSAL)

The only matter expected to be considered at the Annual Meeting will be the election of two directors. It is proposed that these positions be filled by persons nominated to the Board by management. Each director shall be elected by a plurality of the votes cast at the Annual Meeting. Therefore, if a quorum is present, abstentions and broker non-votes 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 2006 or until his successor is duly elected and qualified. In the absence of

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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.....	48	Chairman, Chief Executive Officer, President and Director
Paul D. Lapidés.....	48	Director (Nominee)
Clunet R. Lewis.....	56	Director
Ronald L. Piasecki.....	64	Director
Ted J. Simon.....	72	Director (Nominee)
Arthur A. Weiss.....	54	Director

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GARY A. SHIFFMAN is the Chairman, President and Chief Executive Officer, 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 18 years. He has overseen the land acquisition, rezoning, development and marketing of numerous manufactured home expansion projects. Mr. Shiffman is also the President and a director of Sun Home Services, Inc. ("Sun Home Services") and all other corporate subsidiaries of the Company.

PAUL D. LAPIDES has been a director since December 1993. Mr. Lapidés 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. Lapidés is the author or co-author of more than 100 articles and twelve books on real estate, management and directors' responsibilities. Mr. Lapidés is 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.

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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 Detroit 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. Mr. Piasecki serves as chairman of the board of directors of Kurdziel Industries, Inc., the world's largest producer of counter weights for the material handling industry, and Mr. Piasecki is a director of USOL Holdings, Inc. (Nasdaq: USOL), a provider of integrated telecommunications services.

TED J. SIMON has been a director since December 1993. Since February 1999, Mr. Simon has been affiliated with Grand Sakwa Properties 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).

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 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.

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 2006. A second class will hold office for a term expiring at the annual meeting of shareholders to be held in 2004 and a third class will hold office for a term expiring at the annual meeting of shareholders to be held in 2005. 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. Lapedes have terms expiring 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 2006. Clunet R. Lewis and Arthur A Weiss have terms expiring at the annual meeting of shareholders to be held in 2004 and Gary A. Shiffman and Ronald L. Piasecki have terms expiring at the annual meeting of shareholders to be held in 2005. 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 six (6) times during 2002 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, an Indemnification Committee and an Executive Committee.

The Audit Committee was established to: (i) annually recommend a firm of independent public accountants to the Board to act as auditors of the Company; (ii) review the scope of the annual audit with the auditors in advance of the audit; (iii) generally review the results of the audit and the adequacy of the Company's accounting, financial and operating controls; (iv) review the Company's accounting and reporting principles, policies and practices; and (v) perform such other duties as may be delegated to it by the Board or as specified in the Audit Committee's written charter adopted by the Board. The current members of the Audit Committee are Messrs. Paul D. Lapidus, Clunet R. Lewis and Ronald L. Piasecki. The Audit Committee held three (3) formal meetings and several informal meetings during the fiscal year ended December 31, 2002.

The Compensation Committee was established to: (i) review and modify the compensation (including salaries and bonuses) of the Company's officers as initially set by the Company's President; (ii) administer the Company's 1993 Stock Option Plan (the "Employee Option Plan"); and (iii) perform such other duties as may be delegated to it by the Board. The current members of the Compensation Committee are Messrs. Ted J. Simon and Ronald L. Piasecki. During the fiscal year ended December 31, 2002, the Compensation Committee held two (2) formal meetings and took various actions pursuant to resolutions adopted by unanimous written consent. See "Report of the Compensation Committee on Executive Compensation."

The Indemnification Committee was established to: (i) perform such duties as provided in Article XII of the Company's Bylaws; and (ii) perform such other duties as may be delegated to it by the Board. The current members of the Indemnification Committee are Messrs. Ted J. Simon and Clunet R. Lewis. The Indemnification Committee did not hold any formal meetings in 2002.

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

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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, 2002 but took various actions pursuant to resolutions adopted by unanimous written consent.

The Board does not have a standing committee responsible for nominating individuals to become directors. The entire Board performs the function of such a committee.

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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 three (3) formal meetings and several informal meetings during the 2002 fiscal year.

In accordance with its written charter adopted by the Board, 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:

- o reviewed and discussed the audited financial statements with management and PricewaterhouseCoopers LLP, the Company's independent auditors;
- o discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees); and
- o 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, 2002, as filed with the Securities and Exchange Commission.

The Audit Committee presents the following summary of all fees incurred with PricewaterhouseCoopers LLP, the Company's independent auditors, for the fiscal year ended December 31, 2002:

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- o Audit Fees: For professional services rendered for the audit of the Company's 2002 financial statements and the reviews of the quarterly financial statements - \$144,000;
- o Financial Information Systems Design and Implementation Fees: None; and
- o All Other Fees: \$22,000 (consisting primarily of professional services rendered for the reviews of registration statements on Form S-3 and research and consultation on accounting matters).

The Audit Committee has considered and determined that the level of fees of PricewaterhouseCoopers LLP's 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

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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.....	48	Chairman, Chief Executive Officer and President
Jeffrey P. Jorissen.....	58	Executive Vice President, Treasurer, Chief Financial Officer and Secretary
Brian W. Fannon.....	54	Executive Vice President and Chief Operating Officer
Jonathan M. Colman.....	47	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 and Secretary since August 1999 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

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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 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 eighteen 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, 2002.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION -----	YEAR ----	ANNUAL COMPENSATION -----			LONG -----
		SALARY (\$) -----	BONUS (\$) -----	OPTIONS (#) -----	R STO -----

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Gary A. Shiffman,	2002	\$401,950	0	0	\$ 2
Chairman, Chief Executive Officer and	2001	\$388,336	\$97,085	25,000	\$
President.....	2000	\$373,400	0	0	
Jeffrey P. Jorissen,					
Executive Vice President, Treasurer, Chief	2002	\$271,300	0	0	
Financial Officer and	2001	\$262,080	\$65,520	2,250	\$ 1
Secretary.....	2000	\$252,000	0	0	
Brian W. Fannon,	2002	\$367,350	0	0	
Executive Vice President and Chief	2001	\$354,900	\$88,725(6)	2,250	
Operating Officer.....	2000	\$341,250	0	0	
Jonathan M. Colman,	2002	\$146,950	0	0	
Executive Vice President.....	2001	\$141,960	\$36,910	4,000	
	2000	\$136,600	0	0	

- (1) On July 15, 2002, the Company issued Mr. Shiffman 70,000 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 July 15, 2006, 35% of these shares vest on July 15, 2007, 20% of these shares vest on July 15, 2008, 5% of these shares vest on July 15, 2009 and 5% of these shares vest on July 15, 2012. As of December 31, 2002, the value of such restricted shares (as determined in accordance with the rules promulgated by the Securities and Exchange Commission) was \$2,559,900. Mr. Shiffman receives any dividends paid on such restricted shares.
- (2) On March 30, 2001, the Company issued Mr. Shiffman 28,292 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 March 30, 2005, 35% of these shares vest on March 30, 2006, 20% of these shares vest on March 30, 2007, 5% of these shares vest on March 30, 2008 and 5% of these shares vest on March 30, 2011. As of December 31, 2002, the value of such restricted shares (as determined in accordance with the rules promulgated by the Securities and Exchange Commission) was \$1,034,638. Mr. Shiffman receives any dividends paid on such restricted shares.
- (3) Matching contributions made by the Company under its 401(k) plan.
- (4) Dividend distribution from Sun Home Services, Inc. in the amount of \$6,837 to Mr. Shiffman and \$4,512 to Mr. Jorissen.

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- (5) On March 30, 2001, the Company issued Mr. Jorissen 38,290 shares of Common Stock, which are subject to the terms and conditions of

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a Restricted Stock Award Agreement. 35% of these restricted shares vest on March 30, 2005, 35% of these shares vest on March 30, 2006, 20% of these shares vest on March 30, 2007, 5% of these shares vest on March 30, 2008 and 5% of these shares vest on March 30, 2011. As of December 31, 2002, the value of such restricted shares (as determined in accordance with the rules promulgated by the Securities and Exchange Commission) was \$1,400,265. Mr. Jorissen receives any dividends paid on such restricted shares.

- (6) Mr. Fannon's bonus was paid partially by the Company and partially by Sun Home Services, Inc.
- (7) On March 30, 2001, the Company issued Mr. Fannon 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 March 30, 2005, 35% of these shares vest on March 30, 2006, 20% of these shares vest on March 30, 2007, 5% of these shares vest on March 30, 2008 and 5% of these shares vest on March 30, 2011. As of December 31, 2002, the value of such restricted shares (as determined in accordance with the rules promulgated by the Securities and Exchange Commission) was \$731,400. Mr. Fannon receives any dividends paid on such restricted shares.
- (8) On March 30, 2001, the Company issued Mr. Colman 10,340 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 March 30, 2005, 35% of these shares vest on March 30, 2006, 20% of these shares vest on March 30, 2007, 5% of these shares vest on March 30, 2008 and 5% of these shares vest on March 30, 2011. As of December 31, 2002, the value of such restricted shares (as determined in accordance with the rules promulgated by the Securities and Exchange Commission) was \$378,134. Mr. Colman receives any dividends paid on such restricted shares.

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

NAME -----	SHARES ACQUIRED ON EXERCISE IN 2002 -----	VALUE RECEIVED -----	NO. OF UNEXERCISED OPTIONS/SARS AT FISCAL YEAR-END -----		EX
			EXERCISABLE -----	NOT EXERCISABLE -----	
Gary A. Shiffman (2)	-	-	416,667	8,333	\$
Jeffrey P. Jorissen (3)	-	-	124,000	750	\$
Brian W. Fannon (4)	-	-	36,500	750	
Jonathan M. Colman (5)	-	-	47,666	1,334	

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- (1) Assumes a value equal to the difference between the closing sales price on December 31, 2002, which was \$36.57 per share, and the exercise price of in-the-money options.
- (2) Includes: (a) 50,000 stock options granted December 21, 1993 pursuant to the Employee Option Plan with an exercise price of \$20.00 per share, which options must be exercised by December 21, 2003; (b) 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; (c) 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; (d) 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; (e) 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 (f) 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.
- (3) Includes: (a) 20,000 stock options granted December 1, 1993 pursuant to the Employee Option Plan with an exercise price of \$20.00 per share, which options must be exercised by December 1, 2003; (b) 35,000 stock options granted May 23, 1995 pursuant to the Employee Option Plan with an exercise price of \$22.00 per share, which options must be exercised by May 23, 2005; (c) 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; (d) 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; (e) 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; (f) 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 (g) 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.
- (4) Includes: (a) 15,000 stock options granted July 18, 1994 pursuant to the Employee Option Plan with an exercise price of \$22.50 per share, which options must be exercised by July 18, 2004; (b) 10,000 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; (c) 5,000

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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; (d) 5,000 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; 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.

- (5) Includes: (a) 20,000 stock options granted July 18, 1994 pursuant to the Employee Option Plan with an exercise price of \$22.50 per share, which options must be exercised by July 18, 2004; (b) 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; (c) 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; (d) 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; (e) 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 (f) 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.

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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, 2002.

PLAN CATEGORY	(a)	(b)	NUMB REMA FUTU EQUI (EXC REFL
	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	
approved by shareholders	858,388	\$27.92	
Equity compensation plans not			

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approved by shareholders (1)	117,379	\$32.75
TOTAL	975,767	\$28.50

- (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, 2002. 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.

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Policy of Executive Officer Compensation

The executive compensation program is administered by the Compensation Committee of the Board (the "Committee") which is comprised of Non-Employee Directors, Messrs. Ted J. Simon and Ronald L. Piasecki. The program supports the Company's commitment to providing superior shareholder value. It is designed to attract and retain high-quality executives, to encourage them to make career commitments to the Company, and to accomplish the Company's short and long term objectives. The 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 Committee reviews the compensation (including salaries, bonuses and stock options) of the Company's officers and performs such other duties as may be delegated to it by the Board. The Committee held two (2) formal meetings during the fiscal year ended December 31, 2002 and took action pursuant to resolutions adopted by unanimous written consent.

In reviewing the compensation to be paid to the Company's executive officers during the fiscal year ended December 31, 2002, the Committee sought to ensure that executive officers were rewarded for long term strategic management, for increasing the Company's value for its shareholders, and for achieving internal goals established by the Board.

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

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compensation provided at competitive companies and companies of similar size. Bonuses, restricted stock awards and stock option awards are intended to reward exceptional performances. Benchmarks for determining base salary and bonus

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levels include targeted funds from operations levels, strength of the balance sheet and creation of shareholder value. Restricted stock awards and stock option awards are also intended to increase an officer's interest in the Company's long-term success as measured by the market and book value of its Common Stock. Stock awards may be granted to officers and directors of the Company and its subsidiaries and to certain employees who have managerial or supervisory responsibilities under the Employee Option Plan. Stock awards may be stock options, stock appreciation rights, restricted share rights or any variation thereof.

CEO Compensation

During the fiscal year ended December 31, 2002, Gary A. Shiffman served in the capacity of Chief Executive Officer of the Company. Under Mr. Shiffman's leadership, the Company's revenues increased by over 6% and the Company's funds from operations increased by nearly 2% in 2002 as compared to 2001, and the Company continued its growth by acquiring an additional four manufactured housing communities in 2002. See "Shareholder Return Performance Presentation."

As of December 31, 1996, the Company entered into an employment agreement with Mr. Shiffman which governed the salary and bonus paid to Mr. Shiffman during the fiscal year ended December 31, 2002. Pursuant to this employment agreement (which was amended in July 2002), Mr. Shiffman was paid a salary of \$401,950 and Mr. Shiffman received 70,000 restricted shares of common stock in 2002. 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 Committee believes that Mr. Shiffman's total compensation in 2002 was competitive with the appropriate level for his position, particularly in view of his performance. See "Certain Transactions."

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

EMPLOYMENT AGREEMENTS

Gary A. Shiffman

The Company has entered into an employment agreement with Gary A. Shiffman pursuant to which Mr. Shiffman serves as Chief Executive Officer and President of the Company. Mr. Shiffman's employment agreement is for an initial term ending December 31, 2006 and is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to his employment agreement, commencing January 1, 2003, Mr. Shiffman is paid an annual base salary of \$425,000, which will be increased by an annual cost of living adjustment beginning with calendar year 2004. In addition to his base salary and in accordance with the terms of his employment agreement, Mr. Shiffman is entitled to incentive compensation of up to 50% of his then base salary in accordance with the incentive compensation formula set forth in the employment agreement. A copy of Mr. Shiffman's employment agreement is attached as an exhibit to the Company's periodic filings under the Exchange Act.

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)

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during the period he is employed by the Company.

Jeffrey P. Jorissen

The Company has 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 of five years ending December 31, 2003 and is automatically renewable for successive one

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year terms thereafter unless either party timely terminates the agreement. Pursuant to his employment agreement, Mr. Jorissen must devote his entire productive time, ability and attention to the Company and, in consideration for his services, Mr. Jorissen will be paid an annual base salary of \$240,000, which will be increased by an annual cost of living adjustment beginning with calendar year 2000. In addition to this base salary, Mr. Jorissen is entitled to incentive compensation of up to 50% of his then base salary in accordance with the incentive compensation formula set forth in the employment agreement. A copy of Mr. Jorissen's employment agreement is attached as an exhibit to the Company's periodic filings under the Exchange Act.

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.

Brian W. Fannon

The Company has entered into employment agreements with Brian W. Fannon pursuant to which Mr. Fannon serves as Chief Operating Officer of the Company and Chief Executive Officer of Sun Home Services. Each of Mr. Fannon's employment agreements is for an initial term of three years ending December 31, 2005 and is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to his employment agreements, Mr. Fannon must devote his entire productive time, ability and attention to the Company and Sun Home Services. In consideration for his services, Mr. Fannon will be paid an annual base salary of \$100,000 from the Company and Mr. Fannon will be paid an annual base salary of \$267,000 from Sun Home Services. In addition to this base salary, Mr. Fannon may be entitled to incentive compensation of up to 50% of his then base salary in accordance with an executive bonus plan to be established by the Company. Copies of Mr. Fannon's employment agreements are attached as exhibits to the Company's periodic filings under the Exchange Act.

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.

OUTSIDE DIRECTOR COMPENSATION

Directors who are not employees of the Company are entitled to an annual retainer fee of \$20,000, payable \$5,000 per calendar quarter. For services during the fiscal year ended December 31, 2002, Ted J. Simon, Paul D. Lapidis, Clunet R. Lewis and Ronald L. Piasecki each earned directors' fees of \$20,000. Although Arthur A. Weiss earned director's fees of \$20,000 for services during the fiscal year ended December 31, 2002, he declined such fees.

SHAREHOLDER RETURN PERFORMANCE PRESENTATION

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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, 2002. This line graph assumes a \$100 investment on December 31, 1997, 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.

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

[LINE GRAPH]

FISCAL YEAR ENDING:	1997	1998	1999	2000	2001	2002
SUN COMMUNITIES, INC.	100.00	103.91	100.67	111.84	132.43	138.10
MG GROUP INDEX	100.00	86.79	95.56	126.46	139.17	131.97
NYSE MARKET INDEX	100.00	118.99	130.30	133.40	121.52	99.27

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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, 2002, its directors, executive officers and beneficial owners of more than 10% of the Company's Common Stock have complied with all filing requirements applicable to them.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 1, 2003, 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 -----	PER OUTSTAND -----
Gary A. Shiffman 27777 Franklin Road Suite 2000 Southfield, Michigan 48034	1,447,549 (2)	7
Jeffrey P. Jorissen 27777 Franklin Road Suite 2000 Southfield, Michigan 48034	339,832 (3)	1
Brian W. Fannon 27777 Franklin Road Suite 2000 Southfield, Michigan 48034	116,598 (4)	
Jonathan M. Colman 27777 Franklin Road Suite 2000 Southfield, Michigan 48034	82,153 (5)	
Ted J. Simon 28470 Thirteen Mile Road Suite 220 Farmington Hills, Michigan 48334	18,500 (6)	
Paul D. Lapidés 1000 Chastain Road Kennesaw, Georgia 30144	15,000 (7)	
Clunet R. Lewis	45,600 (8)	

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NAME AND ADDRESS OF BENEFICIAL OWNER -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP -----	PER OUTSTAND -----
Ronald L. Piasecki 101 Washington Street Grand Haven, Michigan 49417	311,728 (9)	1
Arthur A. Weiss One Woodward Avenue Suite 2400 Detroit, Michigan 48226	835,135 (10)	4
Cohen & Steers Capital Management, Inc. (11) 757 Third Avenue New York, NY 10017	955,930	5
T. Rowe Price Associates, Inc. (12) 100 E. Pratt Street Baltimore, MD 21202	1,471,600	8
Wellington Management Company, LLP (13) 75 State Street Boston, MA 02109	1,425,500	7
All current executive officers and directors as a group (9 persons)	3,212,095 (14)	16

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

- (1) In accordance with SEC regulations, the percentage calculations are based on 18,107,102 shares of Common Stock issued and outstanding as of March 1, 2003 plus shares of Common Stock which may be acquired pursuant to options exercisable, or limited partnership interests in the Operating Partnership ("Common OP Units") that are convertible into Common Stock, within sixty days of March 1, 2003 by each individual or group listed.
- (2) Includes 329,617 Common OP Units convertible into shares of Common Stock and 425,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003. Mr. Shiffman disclaims beneficial ownership of 3,000 Common OP Units convertible into shares of Common Stock held by other family members because he does not have a pecuniary interest therein.
- (3) Includes 100,000 Common OP Units convertible into shares of Common Stock

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and 124,750 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003. 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 30,000 Common OP Units convertible into shares of Common Stock and 37,250 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003.
- (5) Includes 7,500 Common OP Units convertible into shares of Common Stock and 49,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003.
- (6) Includes 15,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003.
- (7) Includes 12,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003. Includes 2,700 shares of Common Stock held by a corporation in which Mr. Lapides owns a 33% equity interest. Mr. Lapides disclaims beneficial ownership of these 2,700 shares except to the extent of his proportionate pecuniary interest therein.

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- (8) Includes 20,000 Common OP Units convertible into shares of Common Stock and 15,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003. 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.
- (9) Includes : (a) 34,874 Common OP Units convertible into shares of Common Stock and 245,134 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 ; (b) 17,000 Common OP Units convertible into shares of Common Stock and 220 Preferred OP Units convertible into Common OP Units (which are convertible into shares of Common Stock); and (c) 14,500 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003.
- (10) Includes 30,000 Common OP Units convertible into shares of Common Stock and 14,500 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003. Includes (a) 311,794 Common OP Units convertible into shares of Common Stock and 453,841 shares of Common Stock held by the Milton M. Shiffman Spouse's Marital Trust for which Mr. Weiss is a Co-Trustee, 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 311,794 Common OP Units and 453,841 shares of Common Stock 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. In August 2002, Mr. Weiss sold a beneficial interest in 23,062 of his Common OP Units to a third-party and the purchase price was paid by delivery of a promissory note. Until this promissory note is repaid in full, Mr. Weiss will maintain record ownership of, and voting rights with respect to, these Common OP Units and, accordingly, Mr. Weiss disclaims beneficial ownership

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of these 23,062 Common OP Units.

- (11) According to the Schedule 13G filed with the SEC for calendar year 2002, Cohen & Steers Capital Management, Inc., in its capacity as investment advisor, beneficially owns 955,930 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 2002, T. Rowe Price Associates, Inc., in its capacity as investment advisor, beneficially owns 1,471,600 shares of Common Stock which are held of record by clients of T. Rowe Price Associates, Inc., including T. Rowe Price Small-Cap Value Fund, Inc.
- (13) According to the Schedule 13G filed with the SEC for calendar year 2002, Wellington Management Company, LLP, in its capacity as investment advisor, beneficially owns 1,425,500 shares of Common Stock which are held of record by clients of Wellington Management Company, LLP.
- (14) Includes (1) 880,785 Common OP Units convertible into shares of Common Stock and 245,354 Preferred OP Units convertible into Common OP Units (which are convertible into Common Stock); and (2) 707,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 1, 2003.

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CERTAIN TRANSACTIONS

RELATIONSHIP WITH ORIGEN

In December 2001, the Company made a \$15.0 million equity investment in Origen Financial, L.L.C. ("Origen"), a financial services company that provides and services loans used by buyers to finance the acquisition of manufactured homes. As a result of this equity investment, the Company owns approximately a 30% interest in Origen.

Gary A. Shiffman, the Chairman of the Board, Chief Executive Officer and President of the Company, is a manager of Origen. In addition, concurrently with the Company's investment in Origen, Mr. Shiffman and members of his family purchased approximately a 10% equity interest in Origen for approximately \$5.0 million. For certain tax reasons, the Company made its equity investment in Origen through a taxable REIT subsidiary ("TRS") which is wholly-owned by Sun Home Services, Inc. The Company contributed \$15.0 million to Sun Home Services in connection with the Origen investment and owns all of the non-voting preferred stock of Sun Home Services, which entitles the Company to 95% of the cash flow from the operating activities of Sun Home Services (including the operating activities of the TRS) and effectively an approximate 30% interest in Origen. Gary A. Shiffman and the Estate of Milton M. Shiffman (a former officer and director of the Company) contributed approximately \$790,000 to Sun Home Services in connection with the Origen investment and own all of the voting common stock of Sun Home Services, which entitles them to 5% of the cash flow from the operating activities of Sun Home Services (including the operating activities of the TRS) and effectively an approximate 1.6% interest in Origen. Arthur A. Weiss is a personal representative of the Estate of Milton M. Shiffman. As a result of the ownership and management

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of Origen, Mr. Shiffman and Mr. Weiss may have a conflict of interest with respect to any transaction between Origen and the Company.

Currently, the Company (together with one unaffiliated lender and one lender affiliated with Mr. Shiffman) provides financing to Origen. This financing consists of a \$48.0 million standby line of credit and a \$10.0 million term loan, each bearing interest at a per annum rate equal to 700 basis points over LIBOR, with a minimum interest rate of 11% and a maximum interest rate of 15%. This credit facility matures December 31, 2003 but is extendable automatically to December 31, 2004 upon the occurrence of certain events. This credit facility is collateralized by a security interest in Origen's assets, which is subordinate in all respects to all institutional indebtedness of Origen, and a guaranty and pledge of assets by Bingham.

Under the terms of a participation agreement the Company entered into with the other lenders, the Company is obligated to loan up to \$35.5 million to Origen under the credit facility, Milton M. Shiffman Spouse's Marital Trust (an entity affiliated with Mr. Shiffman) is obligated to loan up to \$2.5 million to Origen and the unaffiliated lender is required to loan up to \$20.0 million to Origen under the credit facility and all of the participants jointly administer the credit facility. Under the participation agreement, the Company is entitled to 43.75% of the first \$40.0 million of proceeds from Origen upon repayment under the credit facility and \$18.0 million of the Company's advances to Origen are subordinate in all respects to the first \$40.0 million of proceeds from Origen upon repayment under the credit facility.

In March 2003, Origen financed a portfolio of approximately \$200.0 million principal amount of manufactured home loans. As part of this financing, Origen contributed the manufactured home loans to a subsidiary and the subsidiary borrowed \$160.0 million from a third-party institutional lender. The subsidiary plans to issue up to \$40.0 million of equity securities and Mr. Shiffman and members of his family have committed to purchase \$10.0 million of these securities through one or more affiliated entities. The proceeds of the loan and the investment will be used primarily to pay down Origen's existing warehouse facility and to permit Origen to continue to originate manufactured home loans and for general corporate purposes.

LOANS TO EXECUTIVE OFFICERS

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

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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

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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, 2002 was approximately \$10,703,000. As of March 1, 2003, the amount outstanding under the Shiffman Notes was approximately \$10,383,000.

On April 8, 1996, the Company completed a \$122.8 million public offering of 4.7 million shares of its common stock (the "Equity Offering"). Jeffrey P. Jorissen, the Company's Executive Vice President, Treasurer, Chief Financial Officer and Secretary, Brian W. Fannon, an Executive Vice President and the Chief Operating Officer, and Jonathan M. Colman, an Executive Vice President, collectively, purchased 20,000 shares of common stock in the Equity Offering at the public offering price of \$26.125 per share. Such purchases in the Equity Offering were financed with loans from the Company on terms substantially identical to the terms of our loans to Mr. Shiffman described above. To date, each of Mr. Fannon and Mr. Colman have repaid, in full, their loans from us. The largest aggregate indebtedness outstanding under Mr. Jorissen's notes since January 1, 2002 was approximately \$249,000 and, as of March 1, 2003, the amount outstanding under Mr. Jorissen's notes was approximately \$249,000.

STOCK PURCHASE LOAN PROGRAM

On December 15, 1998, certain directors, employees and consultants of the Company purchased approximately \$25.5 million of newly issued shares of common stock of the Company and common partnership units of Sun Communities Operating Limited Partnership at a price of \$31.75 per share/unit in accordance with the Company's 1998 Stock Purchase Plan (the "Purchase Plan"). These purchases were financed by 5-year personal loans from Bank One Corporation, as agent, and participants in the Purchase Plan are personally responsible for repayment of their respective loans. In order to facilitate purchases under the Purchase Plan, the Company guaranteed repayment of all of the loans and the participants have agreed to fully indemnify the Company against all liabilities arising under such guaranty. The following executive officers and/or directors of the Company purchased the following number of common partnership units under the Purchase Plan: Jonathan M. Colman (7,500 OP Units), Brian W. Fannon (30,000 OP Units), Jeffrey P. Jorissen (100,000 OP Units), Clunet R. Lewis (20,000 OP Units), Ronald L. Piasecki (17,000 OP Units), Gary A. Shiffman (170,000 OP Units) and Arthur A. Weiss (50,000 OP Units).

LEASE OF PRINCIPAL EXECUTIVE OFFICES

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On November 1, 2002, the Company leased approximately 31,300 rentable square feet of office space from American Center LLC and the Company expects to relocate its principal executive offices to this office space in the second quarter of 2003. Gary A. Shiffman, together with certain family members, indirectly own approximately a 21% equity interest in American Center LLC. This lease is for an initial term of five years and the Company has the right to extend the lease for an additional five year term. The annual base rent under this lease begins at \$19.25 per square foot (gross) for the first lease year and increases \$0.50 per square foot for each successive year of the initial term.

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CONSULTING ARRANGEMENT WITH VOD

During 2002, the Company paid VOD, LLC approximately \$100,000 (representing approximately 75% of VOD's revenues for 2002) for consulting services with respect to the Company's computer systems and cable and telecommunications services. Ronald L. Piasecki, a director of the Company, is a manager of VOD and owns a 25% equity interest in VOD.

LEGAL COUNSEL

During 2002, 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 shareholder of such firm.

GENERAL INFORMATION

INDEPENDENT PUBLIC ACCOUNTANTS

The Board selected PricewaterhouseCoopers LLP as the Company's independent public accountants for the fiscal year ended December 31, 2002. Representatives of PricewaterhouseCoopers 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 questions. The Audit Committee has not recommended, and the Board has not selected, the Company's independent auditor for 2003. The Audit Committee plans to evaluate all alternatives, including holding discussions with other accounting firms, prior to selecting its independent auditor for 2003. The Audit Committee intends to carefully consider any potential accounting firm's qualifications as independent accountants before recommending an independent auditor to the Board for appointment.

The Company owns approximately a 30% equity interest in Origen Financial, L.L.C., which is a significant subsidiary of the Company with respect to the year ended December 31, 2002. On December 9, 2002, Origen engaged the certified public accounting firm of Grant Thornton LLP to serve as its principal independent accounting firm to audit its financial statements for the year ended December 31, 2002. Prior to Origen's engagement of Grant Thornton LLP, the Company did not consult with such firm on any accounting, auditing or financial reporting issue.

SHAREHOLDERS' PROPOSALS

Any and all shareholder proposals for inclusion in the proxy materials

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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 2000, Southfield, Michigan 48034, not later than December 10, 2003. Such proposals should be addressed to the Company's Secretary.

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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OTHER MATTERS

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

JEFFREY P. JORISSEN
Secretary

Dated: April 23, 2003

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SUN COMMUNITIES, INC.

Dear Shareholder;

Please take note of the important information enclosed with this Proxy Ballot.

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There are issues related to the management and operation of the Corporation that require your immediate attention and approval. These are discussed in detail 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 card, detach it and return your proxy vote in the enclosed postage paid envelope.

Your vote must be received prior to the Annual Meeting of Shareholders, May 28, 2003.

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

Sincerely,

Sun Communities, Inc.

ZSNCO2

DETACH HERE

SUN COMMUNITIES, INC.
27777 FRANKLIN ROAD, SUITE 2000
SOUTHFIELD, MICHIGAN 48034

SOLICITED BY THE BOARD OF DIRECTORS
FOR THE ANNUAL MEETING OF SHAREHOLDERS ON MAY 28, 2003

The undersigned hereby appoints Gary A. Shiffman and Arthur A. Weiss, or either of them, as attorneys and proxies of the undersigned shareholder, with full power of substitution, to vote of behalf of the undersigned and in his or her name and stead, all shares of the common stock of Sun Communities, Inc. (the "Company") which the undersigned would be entitled to vote if personally present at the Company's Annual Meeting of Shareholders to be held at the Novi Hilton, 21111 Haggerty Road, Novi, Michigan 48375 on Wednesday, May 28, 2003, and at any adjournments thereof.

The undersigned shareholder acknowledges receipt of the Notice of Annual Meeting and Proxy Statement dated April 23, 2003.

The giving of this Proxy does not affect the right of the undersigned shareholder to vote in person should 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 A PARTICULAR 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.

HAS YOUR ADDRESS CHANGED?

DO YOU HAVE ANY COMMENTS?

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SUN COMMUNITIES, INC.

c/o EQUISERVE TRUST COMPANY, N.A.
P.O. BOX 8694
EDISON, NJ 08818-8694

DETACH HERE IF YOU ARE RETURNING YOUR PROXY CARD BY MAIL

[X] PLEASE MARK
VOTES AS IN
THIS EXAMPLE.

- 1. Election of Directors.
- (01) PAUL D. LAPIDES
- (02) TED J. SIMON

FOR	[]	[] WITHHOLD
ALL		FROM ALL
NOMINEES		NOMINEES

FOR
ALL
EXCEPT []

(INSTRUCTION: To withhold authority to vote for any individual nominee, write that nominee's name in the space provided above.)

- 2. The appointe
upon all mat
the Annual M
may properly
in accordanc

Mark box at
comment had
of this card

Please be su

Shareholder
sign here: _____ Date: _____

Co-owner
sign here: _____