RAHN WILLIAM
Form 4
December 01, 2011

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
RAHN WILLIAM

(Last) (First) (Middle)

800 W. OLYMPIC BOULEVARD, #406

(Street)

LOS ANGELES, CA 90015

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HERBALIFE LTD. [HLF]

3. Date of Earliest Transaction (Month/Day/Year)
11/30/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP / Mg Dir. - Asia Pacific

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/30/2011		A		9 (1)	A	$ 0	5,763	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RAHN WILLIAM 800 W. OLYMPIC BOULEVARD, #406 LOS ANGELES, CA 90015			SVP / Mg Dir. - Asia Pacific	

Signatures

William Rahn by Brett R. Chapman, Attorney-in-Fact	12/01/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Consists of dividend equivalents accrued with respect to previous awards of restricted stock units granted under the Herbalife Ltd. 2005 Stock Incentive Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ar ended December 31, 2008, 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, except that Mr. Jorissen failed to timely file one report disclosing his disposition of 1,848 shares of Common Stock of the Company and Mr. Fannon failed to timely file one report disclosing disposition of 5,159 shares of Common Stock that were retained by the Company to satisfy Mr. Fannon's withholding obligations

Item 11 **Executive Compensation**

Compensation Discussion and Analysis

Compensation Committee Composition and Charter

The Compensation Committee assists the Board in fulfilling its responsibilities for determining the compensation offered to the Company's executive officers. The Compensation Committee, among other functions:

- consults with executive management in developing a compensation philosophy;
- evaluates and approves compensation for the Company's Chief Executive Officer and other executive officers; and
- oversees and administers the Company's cash and equity incentive plans.

The Compensation Committee has the authority to retain and terminate independent, third-party compensation consultants and to obtain independent advice and assistance from internal and external legal, accounting and other advisors. Each member of the Compensation Committee is independent under NYSE rules. A copy of the Compensation Committee Charter is available under the "Investor Relations-Officers and Directors" section of the Company's website at www.suncommunities.com.

Compensation Philosophy and Objectives

The goals and objectives of the Company's executive compensation program are to attract and retain a skilled executive team to manage, lead and direct the Company's personnel and capital to obtain the best possible economic results given the severely depressed cycle in the manufactured housing industry.

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;
- base executive compensation levels on the overall financial and operational performance of the Company and the individual contribution of an executive officer to the success of the Company;

- create a link between the performance of the Company’s stock and executive compensation; 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.

Annual salary and bonuses are intended to be competitive in the marketplace to attract and retain executives. Stock options and restricted stock awards are intended to provide longer-term motivation which has the effect of linking stock price performance to executive compensation. Restricted stock is also intended to provide post-retirement financial security in lieu of other forms of more costly supplemental retirement programs. The Company has not implemented any policies related to stock ownership guidelines for its executive management or for members of the Company’s Board of Directors.

Role of Executive Officers in Compensation Decisions

The Compensation Committee makes all decisions regarding the compensation of executive officers, including cash-based and equity-based incentive compensation programs. The Compensation Committee reviews the performance, and determines the bonus compensation, of the Chief Executive Officer. The Compensation Committee and the Chief Executive Officer annually review the performance of the other executive officers. The conclusions reached and recommendations based on the reviews of the other executive officers, including with respect to bonuses and annual award amounts, are presented by the Chief Executive Officer to the Compensation Committee, which can exercise its discretion in modifying any recommended bonuses or awards.

Compensation Components and Processes

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 those executive officers that are not bound by employment agreements for the following fiscal year and makes awards of equity-based compensation, if any. 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 the Company’s peer group and the real estate industry in general. While comparative market data is a valuable tool 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 Company’s financial performance and executive compensation.

The key components of executive officer compensation are salary, bonuses, restricted stock awards and stock option grants. 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 performance by the individual executive officer and the Company. Benchmarks for determining bonus levels include individual performance, Company performance against budget and growth in funds from operations (“FFO”), in each case as measured against targets established by the Compensation Committee. FFO is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of depreciable operating property, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure that management believes is a useful supplemental measure of the Company’s operating performance. Management generally considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates and operating costs, providing perspective not readily apparent from net income. The Compensation Committee, in its sole discretion, may make adjustments to the NAREIT definition of FFO in determining FFO performance targets and achievement.

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Stock options grants that were outstanding as of December 31, 2008 were awarded in 1998, 1999 and 2001. Stock option grants are valued on the date of grant. Stock option grants vest ratably over three years from the date of grant and expire on the tenth anniversary of the date of grant. As stock options can be fully exercised after three years, they represent a medium-term incentive, the value of which is directly aligned with the achievement of enhanced value for shareholders. Stock options are issued at the market price of the stock on the date of grant except that the options issued in 2001 were granted at 85% of the market price. This differential has been amortized as expense. All of the unexercised options issued to executives in prior years are currently "out of the money" due to the current market value of the Company's stock. In addition, options to acquire 45,000 shares of common stock awarded to the named executives in 1998 expired unexercised in January of 2008.

Restricted stock awards that are currently outstanding were awarded in 1998, 2001, 2002, 2004 and 2008. Restricted stock awards generally begin to vest after three to four years from the date of grant and then vest over the following six to nine years. The Company's executive officers (as well as the Company's employees that receive restricted stock awards) receive dividends on the restricted stock awards that have been granted to date, including restricted stock awards that have not vested. The Company believes that restricted stock awards represent a long-term incentive to key executives to remain committed to the Company and its objectives. The Company has not awarded any restricted stock to executives since 2008 but may find it necessary to award such shares in the future particularly due to the need to attract and retain talented executives. Restricted stock awards encourage the development of a longer term view and strategy for the growth and success of the Company's business along with providing motivation for a long term commitment to the Company by its executives.

Employment Agreements

<u>*Gary A. Shiffman*</u>

In 2005, the Company entered into an employment agreement with Gary A. Shiffman pursuant to which Mr. Shiffman serves as Chief Executive Officer 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. 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.

<u>*Karen J. Dearing*</u>

On February 5, 2008 (the "Effective Date"), the Company entered into an employment agreement with Karen J. Dearing pursuant to which Ms. Dearing serves as Executive Vice President, Treasurer, Chief Financial Officer and Secretary of the Company. Ms. Dearing's employment agreement is for an initial term commencing on February 5, 2008 and ending on December 31, 2010. The employment agreement is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to the employment agreement, Ms. Dearing is paid an annual base salary of $245,000 in the first year, $265,000 in the second year and $290,000 thereafter, subject to adjustments in accordance with the annual cost of living. In addition to her base salary and in accordance with the terms of her employment agreement, Ms. Dearing is eligible for annual incentive compensation of up to 50% of her base salary if certain annual individual and/or Company performance criteria, as established by the Compensation Committee in its sole discretion, are met and up to 50% of her base salary at the sole discretion of the Compensation Committee. In connection with the execution of the employment agreement, and pursuant to a restricted stock award agreement, the Company issued Ms. Dearing 10,000 restricted shares of the Company's common stock. Thirty-five percent (35%) of the shares will vest on the fourth anniversary date of the Effective Date, thirty five percent (35%) on the fifth anniversary date, twenty percent (20%) on the sixth anniversary date, five percent (5%) on the seventh anniversary date and the remainder shall vest on the tenth anniversary of the Effective Date.

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

John B. McLaren

On the Effective Date, the Company entered into an employment agreement with John B. McLaren pursuant to which Mr. McLaren serves as Executive Vice President and Chief Operating Officer of the Company. Mr. McLaren's employment agreement is for an initial term commencing on February 5, 2008 and ending on December 31, 2010. The employment agreement is automatically renewable for successive one year terms thereafter unless either party timely terminates the agreement. Pursuant to the employment agreement, Mr. McLaren is paid an annual base salary of $265,000, which will be increased by an annual cost of living adjustment beginning with calendar year 2009. In addition to his base salary and in accordance with the terms of his employment agreement, Mr. McLaren is eligible for annual incentive compensation of up to 50% of his base salary if certain annual individual and/or Company performance criteria, as established by the Compensation Committee in its sole discretion, are met and up to 50% of his base salary at the sole discretion of the Compensation Committee. In connection with the execution of the employment agreement, and pursuant to a restricted stock award agreement, the Company issued Mr. McLaren 10,000 restricted shares of the Company's common stock. Thirty-five percent (35%) of the shares will vest on the fourth anniversary date of the Effective Date, thirty five percent (35%) on the fifth anniversary date, twenty percent (20%) on the sixth anniversary date, five percent (5%) on the seventh anniversary date and the remainder shall vest on the tenth anniversary of the Effective Date.

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

Jeffrey P. Jorissen

In 2005, the Company entered into an employment agreement with Jeffrey P. Jorissen pursuant to which Mr. Jorissen served 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. Mr. Jorissen's employment agreement was amended in 2008, in connection with the management realignment discussed above to reflect his new title and role with the Company. 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 served as Chief Operating Officer of the Company. In February 2008, Mr. Fannon agreed to step into the role of President, and to no longer serve as Chief Operating Officer, in connection with the management realignment discussed above. The Company entered into that certain Retirement from Employment and Release agreement with Brian W. Fannon dated July 10, 2008 and effective as of July 31, 2008, which made certain changes to Mr. Fannon's existing employment agreement (the “Retirement Agreement”).

Under the Retirement Agreement, effective July 31, 2008, Mr. Fannon’s employment with the Company and/or any of its subsidiaries, including any service as a director or officer of such entities, was terminated in its entirety. Further, all of Mr. Fannon’s stock options and other stock based compensation awarded to Mr. Fannon that was outstanding as of July 10, 2008, became fully vested and immediately exercisable on that date. Under the Retirement Agreement, Mr. Fannon is entitled to receive compensation in an amount equal to one-twelfth (1/12) of the Base Salary (as defined in his existing employment agreement) on the first day of each month for the nine (9) months following his last day of employment, with the first payment beginning on August 1, 2008 and the last payment ending on April 1, 2009, subject to certain conditions.

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The non-competition clauses of Mr. Fannon's employment agreement precluded 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. Pursuant to the Retirement Agreement, Mr. Fannon's obligation to refrain from engaging in the real estate business or any ancillary business of the Company shall end on April 30, 2009.

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

2008 Compensation

The base salaries for the current and former named executive officers for the year ended December 31, 2008, were paid in accordance with existing employment agreements or arrangements with the Company.

In addition to their base salaries, the current and former named executive officers earned, in the aggregate, bonuses of $534,343 for the year ended December 31, 2008. Although bonuses were earned for the year ended December 31, 2008, such bonuses were not paid until March of 2009. Each named executive officer or former executive officer is entitled, under the terms of their employment agreements with the Company (in the case of Messrs. Shiffman and Jorissen), to receive a bonus of up to 75% of his base salary, in the sole discretion of the Compensation Committee, if certain annual individual and Company performance criteria, as established by the Compensation Committee, are met and up to 25% of his base salary at the sole discretion of the Compensation Committee. In the case of Mr. McLaren and Ms. Dearing, each named executive officer is entitled, under the terms of their employment agreements with the Company, to receive a bonus of up to 50% of his or her base salary, subject to the discretion of the Compensation Committee, if certain annual individual and/or Company performance criteria, as established by the Compensation Committee, are met and up to 50% of his or her base salary at the sole discretion of the Compensation Committee. In the case of Mr. Colman, who does not have an employment agreement with the Company, an annual bonus may be awarded up to 50% of his base salary if certain annual individual and Company performance criteria are met, as established by the Chief Executive Officer and approved by the Compensation Committee, and up to 50% of his base salary at the sole discretion of the Compensation Committee.

After review of the individual performance of each executive and former executive officer in relation to the agreed upon individual and Company performance objectives , the achievement of Adjusted FFO[(1)] growth of 2.9 percent in relation to the agreed to FFO growth objective of three to five percent, the performance of the Company in relation to budgeted revenue producing site and net operating income targets and the overall performance of the Company during the year and in relation to the manufactured housing industry in general, the Compensation Committee determined that certain individual and/or Company performance objectives were met and that the efforts of the current and former named executive officers were substantial in relation to the achievement of the Company results. Based on such analysis, the Compensation Committee awarded the following bonuses:

	Percentage of Base Salary Awarded for Achievement of Individual and/or Corporate Performance Objectives	Discretionary Percentage of Base Salary Awarded	Bonus
Gary A. Shiffman	25.00 %	15.00 %	$ 239,260
Karen J. Dearing	25.00 %	10.00 %	$ 85,750
John B. McLaren	4.50 %	25.00 %	$ 78,175
Jonathan M. Colman	25.00 %	0.00 %	$ 44,888
Jeffrey P. Jorissen	25.00 %	0.00 %	$ 86,250

(1) Adjusted FFO was determined by excluding the effect of certain equity losses and impairment charges related to the Company's investment in Origen Financial, Inc., impairment charges related to certain real estate assets and certain other non-recurring or unusual charges as determined in the sole discretion of the Compensation Committee

In February 2008, equity incentive awards of 10,000 shares each were granted to Ms. Dearing and Mr. McLaren in conjunction with their appointment as Chief Financial Officer and Chief Operating Officer of the Company, respectively. Thirty-five percent of the shares vest on February 5, 2012 and February 5, 2013, twenty percent of the shares vest on February 5, 2014 and the remaining ten percent will vest in two equal installments on February 5, 2015 and February 5, 2018.

The performance based equity awards issued to Messer's Shiffman, Jorissen and Fannon in 2004 were cancelled in March of 2008.

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Tax and Accounting Implications

Deductibility of Executive Compensation.

Section 162(m) of the Internal Revenue Code limits the deductibility on the Company's tax return of compensation over $1 million to any of its named executive officers. However, compensation that is paid pursuant to a plan that is performance-related, non-discretionary and has been approved by the Company's stockholders is not subject to section 162(m). The Company has such a plan and may utilize it to mitigate the potential impact of section 162(m). The Company did not pay any compensation during 2008 that would be subject to section 162(m). The Company believes that, because it qualifies as a REIT under the Internal Revenue Code and therefore is not subject to federal income taxes on its income to the extent distributed, the payment of compensation that does not satisfy the requirements of section 162(m) will not generally affect the Company's net income. However, to the extent that compensation does not qualify for deduction under section 162(m) or under short term incentive plans approved by shareholders to, among other things, mitigate the effects of section 162(m), a larger portion of shareholder distributions may be subject to federal income taxation as dividend income rather than return of capital. The Company does not believe that section 162(m) will materially affect the taxability of shareholder distributions, although no assurance can be given in this regard due to the variety of factors that affect the tax position of each shareholder. For these reasons, the Compensation Committee's compensation policy and practices are not directly governed by section 162(m).

409A Considerations.

The Company has also taken into consideration Internal Revenue Code Section 409A in the design and implementation of the Company's compensation programs. If an executive is entitled to nonqualified deferred compensation benefits that are subject to Section 409A, and such benefits do not comply with Section 409A, then the benefits are taxable in the first year they are not subject to a substantial risk of forfeiture. In such case, the executive is subject to regular federal income tax, interest and an additional federal income tax of 20% of the benefit includible in income.

Director Compensation Tables

Directors of the Company who are also employees receive no additional compensation for their services as directors. During 2008, the Company paid directors that are not employees of the Company the following annual fees:

	Chairman	Member
Annual Retainer	$ —	$ 50,000
Compensation Committee	$ 10,000	$ 5,000
Audit Committee	$ 32,500	$ 30,000
NCG Committee	$ 10,000	$ 5,000
Special Litigation Committee	$ 52,877	$ —

Although Arthur A. Weiss earned director's fees of $50,000 for services during the fiscal year ended December 31, 2008, he declined such fees (See "Certain Relationships and Related Transactions, and Director Independence-Legal Counsel").

The following tables provide compensation information for each member of the Board for the year ended on December 31, 2008.

Name	**Fees Earned or Paid in Cash**	**Option Awards[1]**	**Total**
Paul D. Lapides	$ 50,000	$ 2,728	$ 52,728
Clunet R. Lewis	$ 145,377	$ 2,728	$ 148,105
Robert H. Naftaly	$ 80,000	$ 1,573	$ 81,573
Ronald L. Piasecki	$ 65,000	$ 2,728	$ 67,728
Ted J. Simon	$ 65,000	$ 2,728	$ 67,728
Arthur A. Weiss	$ —	$ 2,728	$ 2,728
Stephanie W. Bergeron	$ 80,000	$ 1,573	$ 81,573

(1) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2008 fiscal year for the fair value of stock options granted to each of the directors in 2008 and in prior years, in accordance with FASB Statement 123(R), Share-Based Payment (“SFAS 123(R)”). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect the Company’s accounting expense for these awards, and do not correspond to the actual value that will be recognized by the directors.

Name	**July 2008 Option Award 1,500 shares each[1]**	**Aggregate number of options outstanding as of December 31, 2008**
Paul D. Lapides	$ 1,755	14,000
Clunet R. Lewis	$ 1,755	10,500
Robert H. Naftaly	$ 1,755	3,000
Ronald L Piasecki	$ 1,755	10,000
Ted J. Simon	$ 1,755	14,000
Arthur A. Weiss	$ 1,755	14,000
Stephanie W. Bergeron	$ 1,755	3,000

(1) These columns represent the grant date fair value of the stock option awards as determined in accordance with SFAS 123(R). For additional information on the valuation assumptions with respect to these grants, refer to note 6 of the Company’s financial statements in the Form 10-K for the year ended December 31, 2008, as filed with the SEC.

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Summary Compensation Table

The following table includes information concerning compensation for the Company's named executive officers for the fiscal year ended December 31, 2008.

	Year	Salary		Bonus (2)	Stock Awards (3)	All Other Compensation (4)		Total
Gary A. Shiffman, Chairman, Chief Executive Officer, and President	2008	$598,150		$239,260	$572,635	$83,594	(5)	$1,493,639
	2007	$574,550		$183,856	$346,673	$64,470	(6)	$1,169,549
	2006	$531,988	(1)	$114,600	$1,151,453	$56,885	(7)	$1,854,926
Karen J. Dearing, Executive Vice President, Treasurer, Chief Financial Officer and Secretary	2008	$236,892		$85,750	$50,674	$2,594		$375,910
John B. McLaren, Executive Vice President and Chief Operating Officer	2008	$254,287		$78,175	$17,434	$2,594		$352,490
Jonathan M. Colman, Executive Vice President	2008	$179,550		$44,888	$78,736	$2,241		$305,415
	2007	$172,450		$43,113	$124,279	$1,945		$341,787
	2006	$159,645	(1)	$34,400	$158,678	$264		$352,987
Jeffrey P. Jorissen (8), Former Executive Vice President, Treasurer, Chief Financial Officer and Secretary	2008	$345,000		$86,250	$255,005	$2,594		$688,849
	2007	$331,400		$72,908	$187,643	$2,526		$594,477
	2006	$306,820	(1)	$66,100	$789,787	$264		$1,162,971
Brian W. Fannon (9), Former Executive Vice President and Chief Operating Officer and President	2008	$270,942		$—	$583,917	$334,540		$1,189,399
	2007	$425,600		$93,632	$120,704	$2,526		$642,462
	2006	$394,062	(1)	$84,900	$485,137	$264		$964,363

(1) Messrs. Shiffman, Jorissen, Fannon, and Colman agreed to take a 5% reduction in salary for the fiscal year ended December 31, 2006 in order to support the Company's cost reductions efforts. The base salaries of the named executive officers returned to normal levels for the fiscal year ended December 31, 2007. A portion of the salary may have been contributed to the Company's 401(k) savings plan.

(2) Messrs. Shiffman, Jorissen and Fannon are contractually entitled to receive annual incentive payments of up to 75% of base salary, if certain annual individual and Company performance objectives established by the Board are achieved and an additional 25% of base salary at the sole discretion of the Compensation Committee. Ms. Dearing and Mr. McLaren are contractually entitled to receive annual incentive payments of up to 50% of base salary, if certain annual individual and Company performance objectives established by the Compensation Committee are achieved and an additional 50% of base salary at the sole discretion of the Compensation Committee.

(3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to 2008 for the fair value of restricted stock granted to the named executive officers in current or prior years, in accordance with SFAS 123(R) except, pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information, refer to note 6 of the Company's financial statements in the Form 10-K for the year ended December 31, 2008, as filed with the SEC.

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(4) Includes matching contributions to the Company’s 401(k) Plan of $2,300 for each of Messrs. Shiffman, McLaren, Jorissen, and Ms. Dearing; and $1,947 and $1,959 for Mr. Colman and Mr. Fannon, respectively, for the fiscal year ended December 31, 2008. Includes matching contributions to the Company’s 401(k) Plan of $2,250 for each of Messrs. Shiffman, Jorissen and Fannon and $1,669 for Mr. Colman for the fiscal year ended December 31, 2007. Also includes premiums for life insurance and accidental death and disability insurance in the amount of $294 for each of Messrs. Shiffman, McLaren, Jorissen, Fannon, Colman and Ms. Dearing for the fiscal year ended December 31, 2008; $276 for each of Messrs. Shiffman, Jorissen, Fannon and Colman for the fiscal year ended December 31, 2007; and $264 for the fiscal year ended December 31, 2006. Includes a total severance amount of $332,288 to be paid ratably from August 2008 through April 2009, pursuant to that certain Retirement Agreement with Mr. Fannon.

(5) Includes $81,000 paid to Mr. Shiffman by Origen Financial, Inc. for service on its board of directors.

(6) Includes $61,944 paid to Mr. Shiffman by Origen Financial, Inc. for service on its board of directors. The amount includes $38,750 in cash and restricted stock awards valued at $23,194.

(7) Includes $56,621 paid to Mr. Shiffman by Origen Financial, Inc. for service on its board of directors. The amount includes $31,000 in cash and restricted stock awards valued at $25,621.

(8) Effective February 5, 2008, Mr. Jorissen relinquished the titles of Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the Company.

(9) Effective February 5, 2008, Mr. Fannon relinquished titles of Chief Operating Officer and Executive Vice President of the Company, but was appointed President of the Company. Effective July 31, 2008, Mr. Fannon relinquished his role as President of the Company and retired pursuant to that certain Retirement Agreement.

Grants of Plan Based Awards

The Company, in accordance with their respective employment agreement, granted each of the named officers restricted shares of the Company’s common stock.

Name	**Grant Date**	**All Other Stock Awards: Number of Shares of Stocks or Units (#)**	**Grant Date Fair Value of Stock and Option Awards [1]**
Karen J. Dearing	02/05/2008	10,000	$ 198,100
John B. McLaren	02/05/2008	10,000	$ 198,100

(1) Pursuant to SEC rules, this column represents the total fair market value of restricted stock awards, in accordance with FASB Statement 123(R), Share-Based Payment (“SFAS 123(R)”).

Thirty-five percent of the shares vest on February 5, 2012 and February 5, 2013, twenty percent of the shares vest on February 5, 2014 and the remaining ten percent will vest in two equal installments on February 5, 2015 and February 5, 2018.

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Outstanding Equity Awards at Fiscal Year-End

The following table provides certain information with respect to the value of all unexercised options and restricted share awards previously granted to the Company's named executive officers:

Outstanding Equity Awards at Fiscal Year-End as of December 31, 2008

	Option Awards (1)					Share Awards (2)				
Name	Number of Securities Underlying Unexercised Options (Exercisable)	Number of Securities Underlying Unexercised Options (Unexercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested		Market Value of Shares or Units of Stock that Have Not Vested (3)	Equity Incentive Plan Awards: Number of Shares, Units, or Other Rights that have not Vested (#) (10) (11)	Equity Incentive Plan Awards: Number of Shares, Units, or Other Rights that have not Vested ($)
Gary A. Shiffman	25,000	—	—	$ 30.03	12/15/09	18,000	(4)	$ 252,000	—	—
	25,000	—	—	$ 27.03	04/12/11	1,415	(5)	$ 19,810	—	—
	—	—	—	—	—	36,751	(6)	$ 514,514	—	—
	—	—	—	—	—	13,000	(7)	$ 182,000	—	—
	—	—	—	—	—	6,250	(8)	$ 87,500	—	—
Karen J. Dearing	—	—	—	—	—	4,550	(7)	$ 63,700	—	—
	—	—	—	—	—	10,000	(9)	$ 140,000	—	—
	—	—	—	—	—	10,000	(12)	$ 140,000	—	—
John B. McLaren	—	—	—	—	—	10,000	(12)	$ 140,000	—	—
Jonathan M. Colman	—	—	—	—	—	3,600	(4)	$ 50,400	—	—
	—	—	—	—	—	517	(5)	$ 7,238	—	—
	—	—	—	—	—	6,500	(7)	$ 91,000	—	—
Jeffrey P. Jorissen (13)	10,000	—	—	$ 30.03	12/15/09	12,000	(4)	$ 168,000	—	—
	2,250	—	—	$ 27.03	04/12/11	1,915	(5)	$ 26,810	—	—
	—	—	—	—	—	6,500	(7)	$ 91,000	—	—
	—	—	—	—	—	4,166	(8)	$ 58,324	—	—
Brian W. Fannon (14)	—	—	—	—	—	—		—	—	—

(1) Stock options vest ratably over the three year period following the date of grant and expire on the tenth anniversary of the date of grant. All options were granted at the closing price of the Company's Common Stock on NYSE on the date of grant; provided, however, that the options expiring on April 12, 2011 were granted at 85% of the closing price of the Company's Common Stock on NYSE on the date of grant.

(2) All share awards begin to vest after either the third or fourth anniversary of the date of grant.

(3) Value based on $14.00, the closing price of the Company's Common Stock on NYSE on December 31, 2008.

(4) Shares vest ratably on January 31, 2009 and January 31, 2010.

(5) Shares will vest on March 31, 2011.

(6) 11,083 of the shares will vest on each July 15th, beginning on July 15, 2009 and ending on July 15, 2011 and the remaining 3,502 shares will vest on July 15, 2014.

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(7) Fifty-four percent of the shares vest on May 10, 2009, thirty one percent of the shares vest on May 10, 2010 and the remaining will vest in two equal installments on May 10, 2011 and May 10, 2014.

(8) Shares vest on May 10, 2009.

(9) Shares of phantom stock that vest in four equal installments beginning on May 12, 2009 and ending on May 12, 2012. On each vesting date, Ms. Dearing receives a cash payment equal to the total number of shares vested multiplied by the ten day average trading price of the Company's Common Stock on NYSE.

(10) Shares of performance based restricted stock were cancelled in March of 2008.

(11) Shares of performance based shares of phantom stock were cancelled in March of 2008.

(12) Thirty-five percent of the shares vest on February 5, 2012 and February 5, 2013, twenty percent of the shares vest on February 5, 2014 and the remaining ten percent will vest in two equal installments on February 5, 2015 and February 5, 2018.

(13) Effective February 5, 2008, Mr. Jorissen relinquished the titles of Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the Company.

(14) Pursuant to the terms of that certain Retirement Agreement, all of Mr. Fannon's stock options and other stock based compensation awarded to Mr. Fannon that were outstanding as of July 10, 2008 become fully vested and immediately exercisable on that date.

Option Exercises and Stock Vested During Last Fiscal Year

The following table sets forth certain information concerning shares held by our named executive officers that vested during the fiscal year ended on December 31, 2008:

	Option Awards		**Stock Awards**	
Name	**Number of Shares Acquired on Exercise**	**Value Realized on Exercise**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting** (1)
Gary A. Shiffman	—	—	9,000	$ 172,935
	—	—	1,415	$ 28,661
	—	—	11,083	$ 194,895
	—	—	7,000	$ 133,000
	—	—	6,250	$ 118,750
Karen J. Dearing	—	—	2,450	$ 46,550
John B. McLaren	—	—	—	$ —
Jonathan M. Colman	—	—	1,800	$ 34,587
	—	—	517	$ 10,472
	—	—	3,500	$ 66,500

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Name	Option Awards Number of Shares Acquired on Exercise	Value Realized on Exercise	Stock Awards Number of Shares Acquired on Vesting	Value Realized on Vesting [1]
Jeffrey P. Jorissen	—	—	6,000	$ 115,290
	—	—	1,915	$ 38,788
	—	—	3,500	$ 66,500
	—	—	4,167	$ 79,173
Brian W. Fannon	—	—	3,000	$ 57,645
	—	—	6,000	$ 108,270
	—	—	1,000	$ 20,255
	—	—	1,000	$ 18,045
	—	—	5,250	$ 99,750
	—	—	9,750	$ 175,939
	—	—	2,083	$ 39,577
	—	—	2,084	$ 37,606

(1) Value based on the average of the high and low of the share price on the vesting date

Change in Control and Severance Payments

Messrs. Shiffman, McLaren Jorissen, and Ms. Dearing have contractual arrangements with the Company providing for severance and change in control payments. If any such executive is terminated without “cause,” he or she is entitled to any accrued but unpaid salary, incentive compensation and benefits through the date of termination and a continuation of salary for up to eighteen months after termination in the case of Messrs. Shiffman and Jorissen and up to twelve months in the case of Ms. Dearing and Mr. McLaren subject to the execution of a general release and continued compliance with his or her restrictive covenant. If Messrs. Shiffman’s, McLaren’s Jorissen’s, or Ms. Dearing’s employment is terminated due to death or disability, he or she or his or her heirs, is entitled to any accrued but unpaid salary, incentive compensation and benefits through the date of termination or death and a continuation of salary for up to twenty four months, in the case of Messrs. Shiffman, Jorissen and Ms. Dearing and twelve months in the case of Mr. McLaren. Upon a change of control and if Messrs. Shiffman, McLaren Jorissen, or Ms. Dearing are terminated within two years of the date of such change of control or less than two year remain under the term of their employment agreements, then each of them would receive 2.99 times their annual salary and a continuation of health and insurance benefits for one year. Under any of the foregoing events of termination or change of control, all stock options and other stock based compensation awarded to the executive shall become fully vested and immediately exercisable. No information in included for Mr. Fannon as he retired from the Company, pursuant to that certain Retirement Agreement effective as of July 31, 2008.

The following tables describe the potential payments upon termination without cause, a termination due to death or disability or after a change of control of the Company (and associated termination of the executives) for the following named executive officers:

Termination Without Cause [1]

Name	Cash Payment (2)	Acceleration of Vesting of Stock Awards (3)	Benefits	Total
Gary A. Shiffman	$897,225	$ 1,055,824	$ —	$1,953,049
Karen J. Dearing	$245,000	$ 343,700	$ —	$588,700
John B. McLaren	$265,000	$ 140,000	$ —	$405,000
Jonathan M. Colman	$—	$ —	$ —	$—
Jeffery P. Jorissen	$517,500	$ 344,134	$ —	$861,634

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Termination Due to Death or Disability [1]

Name	Cash Payment [2]	Acceleration of Vesting of Stock Awards [3]	Benefits	Total
Gary A. Shiffman	$1,196,300	$ 1,055,824	$ —	$2,252,124
Karen J. Dearing	$490,000	$ 343,700	$ —	$833,700
John B. McLaren	$265,000	$ 140,000	$ —	$405,000
Jonathan M. Colman	$—	$ 148,638	$ —	$148,638
Jeffery P. Jorissen	$690,000	$ 344,134	$ —	$1,034,134

Change of Control [1]

Name	Cash Payment [2]	Acceleration of Vesting of Stock Awards [3]	Benefits [4]	Total
Gary A. Shiffman	$1,788,469	$ 1,055,824	$8,616	$2,852,909
Karen J. Dearing	$732,550	$ 343,700	$252	$1,076,502
John B. McLaren	$792,350	$ 140,000	$8,616	$940,966
Jonathan M. Colman	$—	$ 148,638	$—	$148,638
Jeffery P. Jorissen	$1,031,550	$ 344,134	$8,616	$1,384,300

(1) The following table does not include information regarding Brian W. Fannon as he retired from the Company, pursuant to that certain Retirement Agreement, effective as of July 31, 2008.

(2) Assumes a termination on December 31, 2008 and payments based on base salary (without taking into account any accrued incentive based compensation) as of December 31, 2008 for each executive.

(3) Calculated based on a termination as of December 31, 2008 and the fair market value of the Company's Common Stock on NYSE as of December 31, 2008.

(4) Reflects continuation of health benefits, life insurance and accidental death and disability insurance for the periods specified above.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Amended Report.

Respectfully submitted,

Members of the Compensation Committee:

Ted J. Simon

Clunet R. Lewis

Ronald L. Piasecki

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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 six (6) formal meetings and several informal meetings during the 2008 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, 2008;

- 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, 2008, as filed with the Securities and Exchange Commission.

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:

Clunet R. Lewis

Robert H. Naftaly

Stephanie W. Bergeron

Explanation of Responses:

Item 12 **Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, based upon information available to the Company, as of March 26, 2009, 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:

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	2,006,296	(2)	10.8	%
Jeffrey P. Jorissen 27777 Franklin Road Suite 200 Southfield, Michigan 48034	114,433	(3)	*	
Jonathan M. Colman 27777 Franklin Road Suite 200 Southfield, Michigan 48034	35,838	(4)	*	
Ted J. Simon 27777 Franklin Road Suite 200 Southfield, Michigan 48034	18,741	(5)	*	
Paul D. Lapides 27777 Franklin Road Suite 200 Southfield, Michigan 48034	14,400	(6)	*	
Clunet R. Lewis 27777 Franklin Road Suite 200 Southfield, Michigan 48034	47,500	(7)	*	
Ronald L. Piasecki 27777 Franklin Road Suite 200 Southfield, Michigan 48034	165,190	(8)	*	
Arthur A. Weiss 27777 Franklin Road Suite 2500 Southfield, Michigan 48034	637,273	(9)	3.4	%
Robert H. Naftaly 27777 Franklin Road	8,000	(10)	*	

Suite 200 Southfield, Michigan 48034			
Stephanie W. Bergeron 27777 Franklin Road Suite 200 Southfield, Michigan 48034	7,000	(11)	*
Karen J. Dearing 27777 Franklin Road Suite 200 Southfield, Michigan 48034	16,246		*

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Outstanding Shares[1]	
John B. McLaren 27777 Franklin Road Suite 200 Southfield, Michigan 48034	10,414	*	
Brian Fannon 27777 Franklin Road Suite 200 Southfield, Michigan 48034	27,780	*	
The Vanguard Group, Inc.[12] 100 Vanguard Blvd. Malvern, PA 19355	1,489,015	8.04	%
Barclays Global Investors, NA.[13] 400 Howard Street San Francisco, CA 94105	1,360,669	7.4	%
Wells Fargo & Company[14] 420 Montgomery Street San Francisco, CA 94163	993,125	5.4	%
All current and former executive officers and directors as a group (13 persons)[15]	3,109,111	16.8	%

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

(1) In accordance with SEC regulations, the percentage calculations are based on 18,509,130 shares of Common Stock issued and outstanding as of March 26, 2009 plus shares of Common Stock which may be acquired pursuant to options exercisable, common limited partnership interests ("Common OP Units") and preferred limited partnership interests ("Preferred OP Units") of Sun Communities Operating Limited Partnership that are convertible into Common Stock, within sixty days of March 26, 2009, by each individual or group listed.

(2) Includes: (a) 409,428 Common OP Units convertible into shares of Common Stock; (b) 50,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009; (c) 453,841 shares of Common Stock and 141,794 Common OP Units owned by certain limited liability companies of which Mr. Shiffman is a member and a manager; and (d) a beneficial interest only in 25,000 Common OP Units. 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: 12,250 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

(4) Includes 7,500 Common OP Units convertible into shares of Common Stock.

(5) Includes 12,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

(6) Includes 12,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

(7) Includes 20,000 Common OP Units convertible into shares of Common Stock. Also includes 8,500 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

(8) Includes: (a) 17,437 Common OP Units convertible into shares of Common Stock and 139,735 Preferred OP Units convertible into Common OP Units (which are convertible into shares of Common Stock); (b) 8,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

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(9) Includes 6,938 Common OP Units convertible into shares of Common Stock and 12,000 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009. Also, includes: (a) 453,841 shares of Common Stock and 141,794 Common OP Units owned by certain limited liability companies of which Mr. Weiss is a manager, (b) 12,700 shares of Common Stock held by the 1997 Shiffman Charitable Remainder Unitrust for which Mr. Weiss is a Co-Trustee and (c) a beneficial interest only in 10,000 Common OP Units. Mr. Weiss does not have a pecuniary interest in any of the 1997 Shiffman Charitable Remainder Unitrust or the limited liability companies described above and, accordingly, Mr. Weiss disclaims beneficial ownership of the 453,841 shares of Common Stock and the 141,794 Common OP Units held by the limited liability companies described above and the 12,700 shares of Common Stock held by the 1997 Shiffman Charitable Remainder Unitrust.

(10) Includes 1,000 Shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

(11) Includes 1,000 Shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

(12) According to the Schedule 13G filed with the SEC for calendar year 2008, The Vanguard Group, Inc., in its capacity as investment advisor, beneficially owns 1,489,015 shares of Common Stock which are held of record by clients of The Vanguard Group, Inc.

(13) According to the Schedule 13G filed with the SEC for calendar year 2008, Barclays Global Investors, NA., in its capacity as a Bank, as defined in section 3(a)(6) of the Securities Exchange Act of 1934, beneficially owns 1,360,669 shares of Common Stock of the Company.

(14) According to the Schedule 13G filed with the SEC for calendar year 2008, Wells Fargo & Company, in its capacity as a parent holding company or control person in accordance with 240.13d-1(b)(1)(ii)(G), beneficially owns 993,125 shares of Common Stock of the Company.

(15) Includes (a) 764,891 Common OP Units convertible into shares of Common Stock and 139,735 Preferred OP Units convertible into Common OP Units (which are convertible into Common Stock); and (b) 116,750 shares of Common Stock which may be acquired pursuant to options exercisable within sixty days of March 26, 2009.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table reflects information about the securities authorized for issuance under the Company's equity compensation plans as of December 31, 2008.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)**
	(a)	**(b)**	**(c)**
Equity compensation plans approved by shareholders	168,201	$ 30.39	171,018
Equity compensation plans not approved by shareholders (1)	37,705	32.75	—
Total	205,906	$ 30.82	171,018

(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, were 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.

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Item 13 Certain Relationships and Related Transactions, and Director Independence

Relationship with Origen

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

- *Capital Investment in Origen:* In the 2003 recapitalization of Origen, the Company purchased 5,000,000 shares of Origen common stock for $50.0 million and Shiffman Origen LLC (which is owned by the Milton M. Shiffman Spouse’s Marital Trust, Gary A. Shiffman (the Company’s Chief Executive Officer), and members of Mr. Shiffman’s family) purchased 1,025,000 shares of Origen common stock for approximately $10.3 million.

- *Board Membership:* Gary A. Shiffman is a member of the board of directors of Origen and Arthur A. Weiss, a director of the Company, is a trustee of the Milton M. Shiffman Spouse’s Marital Trust.

- *Loan Servicing Agreement:* The Company previously had a loan servicing agreement with Origen Servicing, Inc., a wholly-owned subsidiary of Origen, which serviced our portfolio of manufactured home loans.

- *Loan Origination, Sale and Purchase Agreement:* Origen agreed to fund loans that met the Company’s underwriting guidelines and then transfer those loans to the Company pursuant to a Loan Origination, Sale and Purchase Agreement. The Company paid Origen a fee of $550 per loan pursuant to a Loan Origination, Sale and Purchase Agreement which totaled approximately $0.2 million during 2008. The Company purchased loans, at par, from Origen which totaled approximately $12.4 million during 2008.

- *Purchase of Repossessed Manufactured Homes:* The Company also purchased $0.6 million of repossessed manufactured homes located within its communities that were owned by Origen during 2008.

- *Miscellaneous:* With the sale of Origen’s servicing platform assets to Green Tree Servicing LLC, the Company engaged a different entity to continue the servicing of the manufactured home loans. In order to transfer the manufactured home loan servicing contract to a different service provider, the Company paid Origen a fee of $0.3 million.

Lease of Principal Executive Offices

Gary A. Shiffman, together with certain family members, indirectly owns a 21 percent equity interest in American Center LLC, the entity from which we lease office space for our principal executive offices. Arthur A. Weiss owns a 0.75 percent indirect interest in American Center LLC. This lease was for an initial term of five years, beginning May 1, 2003, with the right to extend the lease for an additional five year term. On July 30, 2007, the Company exercised its option to extend its lease for its executive offices. The extension was for a period of five years commencing on May 1, 2008. On August 8, 2008, the Company modified its lease agreement to extend the term of the lease until August 31, 2015, with an option to renew for an additional five years. The base rent for the extended term through August 31, 2015, will continue to be the same as the rent payable as of the current term. The current annual base rent under the current lease is $21.25 per square foot (gross). Mr. Shiffman and Mr. Weiss may have a conflict of interest with respect to their obligations as an officer and/or director of the Company and their ownership interest in American Center LLC.

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 211,000 shares of common stock of the Company held by Mr. Shiffman (the "Secured Shares") and/or 99,000 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 approximately 62,000 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, 2008 was approximately $8.7 million. As of March 15, 2009, the amount outstanding under the Shiffman Notes was approximately $5.4 million.

Legal Counsel

During 2008, JRH&W acted as the Company’s general counsel and represented the Company in various matters. Arthur A. Weiss, a director of the Company, is the Chairman of the Board of Directors and a shareholder of such firm. The Company incurred legal fees and expenses of approximately $1.0 million in 2008 in connection with services rendered by JRH&W.

Tax Consequences Upon Sale of Properties

Gary A. Shiffman holds limited partnership interests in the Operating Partnership which were received in connection with the contribution of 24 properties (four of which have been sold) from partnerships previously affiliated with him (the “Sun Partnerships”). Prior to any redemption of these limited partnership interests for our common stock, Mr. Shiffman will have tax consequences different from those of us and our public stockholders on the sale of any of the Sun Partnerships. Therefore, Mr. Shiffman and the Company may have different objectives regarding the appropriate pricing and timing of any sale of those properties.

Policies and Procedures for Approval of Related Party Transactions

No executive officer or director of the Company (or any family member or affiliate of such executive officer or director) may enter into any transaction or arrangement with the Company that reasonably could be expected to give rise to a conflict of interest without the prior approval of the Nominating and Corporate Governance Committee. Any such transaction or arrangement must be promptly reported to the Nominating and Governance Committee or the full Board. Any such disclosure provided by an executive officer or director is reviewed by the Nominating and Corporate Governance Committee and approved or disapproved. In determining whether to approve such a transaction or arrangement, the Nominating and Corporate Governance Committee takes into account, among other factors, whether the transaction was on terms no less favorable to the Company than terms generally available to third parties and the extent of the executive officer’s or director’s involvement in such transaction or arrangement.

The current policy was adopted and approved in 2004. All related party transactions disclosed above were approved by either the Nominating and Corporate Governance Committee or the full Board.

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Explanation of Responses:

Item 14 Principal Accounting Fees and Services

Fees

Aggregate fees for professional services rendered by Grant Thornton, LLP, the Company's independent auditors, for the fiscal years ended December 31, 2008 and 2007 were as follows:

Category	FYE 12/31/2008	FYE 12/31/2007
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 and consents	$ 419,120	$ 407,310
Audit-Related Fees: For professional services rendered for accounting assistance with new accounting standards and potential transactions and other SEC related matters	$ 41,000	$ 55,789
Tax Fees	$ —	$ —
All Other Fees	$ —	$ —

Auditor Fees Policy

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 during the 2008 fiscal year.

SIGNATURES

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

SUN COMMUNITIES, INC., a Maryland corporation

Dated: March 30, 2009

By: /s/ Karen J. Dearing
Karen J. Dearing, Executive Vice President,

Chief Financial Officer, Secretary and Treasurer

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EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(1)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(2)
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	(2)
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	(2)
99.1	Financial Statements of Origen Financial, Inc. for the year ended December 31, 2008	(2)

(1) Filed herewith.

(2) Incorporated by reference to Origen Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 (as filed with the Securities and Exchange Commission on March 27, 2009)