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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1999

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-11718

MANUFACTURED HOME COMMUNITIES, INC.
(Exact name of registrant as specified in its charter)

MARYLAND	36-3857664
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS	60606
(Address of principal executive offices)	(Zip Code)

(312) 279-1400
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $.01 Par Value	The New York Stock Exchange
(Title of Class)	(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of voting stock held by nonaffiliates was approximately $470.3 million as of March 1, 2000 based upon the closing price of $22.81 on such date using beneficial ownership of stock rules adopted pursuant to Section 13 of the Securities Exchange Act of 1934 to exclude voting stock owned by Directors and Officers, some of whom may not be held to be affiliates upon judicial determination.

At March 1, 2000, 22,415,658 shares of the Registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III incorporates by reference the Registrant's Proxy Statement relating to the Annual Meeting of Stockholders to be held May 9, 2000.

MANUFACTURED HOME COMMUNITIES, INC.

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PART I

ITEM 1. BUSINESS

THE COMPANY

GENERAL

Manufactured Home Communities, Inc. (together with its consolidated subsidiaries, the "Company") is a fully integrated company which owns and operates manufactured home communities ("Communities"). Communities are residential developments designed and improved for the placement of detached, single-family manufactured homes which are produced off-site and installed within the community. The owner of each home leases the site on which it is located. Modern Communities are similar to typical residential subdivisions containing centralized entrances, paved streets, curbs and gutters and parkways. In addition, these communities often provide a clubhouse for social activities and recreation and other amenities, which may include swimming pools, shuffleboard courts, tennis courts, laundry facilities and cable television service. Utilities are provided or arranged for by the owner of the community. Some communities provide water and sewer service through public or private utilities, while others provide these services to residents from on-site facilities.

Each Community is generally designed to attract and is marketed to one of two types of residents - 1) retirees and empty nesters or 2) families and first-time homeowners. The Company believes both types of Communities are attractive investments and focuses on owning Communities in or near large metropolitan markets and retirement destinations.

The Company was formed to continue the property operations, business objectives and acquisition strategies of an entity that has owned and operated Communities since 1969. As of December 31, 1999, the Company owned or controlled a portfolio of 157 Communities and recreational vehicle ("RV") resorts (the "Properties") located throughout the United States containing 54,007 residential sites. The Properties are located in 26 states (with the number of Properties in each state shown parenthetically) -- Florida (48), California (25), Arizona (19), Michigan (11), Colorado (10), Delaware (7), Nevada (5), Indiana (4), Oregon (3), Kansas (3), Missouri (3), Illinois (2), Iowa (2), New York (2), Utah (2), Pennsylvania (1), Maryland (1), Minnesota (1), Montana (1), New Mexico (1), Ohio (1), Oklahoma (1), Texas (1), Virginia (1), West Virginia (1), and Washington (1). As of December 31, 1999, the Company also owned a commercial building located in California.

The Company has approximately 850 full-time employees dedicated to carrying out the Company's operating philosophy and strategies of value enhancement and service to residents. The Company typically utilizes a one or two-person management team (who reside at the Properties) for the on-site management of each of the Properties. Typically, clerical and maintenance workers are employed to assist these individuals in the management and care of the Properties. Direct supervision of on-site management is the responsibility of the Company's regional vice presidents and regional managers. These individuals have significant experience in addressing the needs of residents and in finding or creating innovative approaches to maximize value and increase cash flow from property operations. Complementing this field management staff are approximately 60 corporate employees who assist on-site management in all property functions.

FORMATION OF THE COMPANY

The Company, formed in March 1993, is a Maryland corporation, which has elected to be taxed as a real estate investment trust ("REIT"). The Company generally will not be subject to Federal income tax to the extent it distributes its REIT taxable income to its stockholders. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT, its income is taxable at regular corporate rates. Even if the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property and Federal income and excise taxes on its undistributed income.

The operations of the Company are conducted through certain entities which are owned or controlled by the Company. MHC Operating Limited Partnership (the "Operating Partnership") is the entity through which the Company conducts substantially all of its operations. Sub-partnerships of the Operating Partnership were created to: (i) facilitate mortgage financing (the "Financing Partnerships"); (ii) facilitate the Company's ability to provide financing to the owners of Communities ("Lending Partnership"); (iii) own the management operations of the Company ("Management Partnerships"); and (iv) own the assets and operations of certain utility companies which service the Properties ("MHC Systems"). The financial results of the Operating Partnership and sub-partnerships (together, the "Subsidiaries") are consolidated in the Company's consolidated financial statements.

In addition, since certain activities, if performed by the Company, may not be qualifying REIT activities under the Internal Revenue Code of 1986, as amended (the "Code"), the Company has invested in the non-voting preferred stock of various corporations which engage in such activities. Realty Systems, Inc. ("RSI") is engaged in the business of purchasing, selling, leasing and financing manufactured homes that are located or will be located in properties managed by the Company. RSI also provides brokerage services to residents at such properties. Typically residents move from a community but do not relocate their homes. RSI may provide brokerage services, in competition with other local brokers, by seeking buyers for the homes. RSI also leases homes to prospective residents with the expectation that the tenant eventually will purchase the home. LP Management Corp. leases from the Operating Partnership certain real property within or adjacent to certain of the Properties consisting of golf courses, pro shops, restaurants and recreational vehicle areas. The Company believes that the activities of RSI and LP Management Corp. (collectively, "Affiliates") benefit the Company by maintaining and enhancing occupancy at the Properties. The Company accounts for its investment in and advances to Affiliates using the equity method of accounting.

BUSINESS OBJECTIVES AND OPERATING STRATEGIES

The Company seeks to maximize both current income and long-term growth in income. The Company focuses on Communities that have strong cash flow and expects to hold such properties for long-term investment and capital appreciation. In determining cash flow potential, the Company evaluates the Community's ability to attract and retain high quality residents that take pride in their community and in their home. These business objectives and their implementation are determined by the Company's Board of Directors and may be changed at any time. The Company's investment and operating approach includes:

- Providing consistently high levels of services and amenities in attractive surroundings to foster a strong sense of community and pride of home ownership;

- Aggressively managing the Properties to increase operating margins by maintaining competitive market rents, increasing occupancy and controlling expenses;

- Increasing income and property values by continuing the strategic expansion and, where appropriate, renovation of the Properties;

- Utilizing management information systems to evaluate potential acquisitions, identify and track competing properties and monitor tenant satisfaction; and

- Selectively acquiring Communities that have potential for long-term cash flow growth and to create property concentrations in and around major metropolitan areas and retirement destinations to capitalize on operating synergies and incremental efficiencies.

The Company is committed to enhancing its reputation as the most respected brand name in the manufactured home community business. Its strategy is to own and operate the highest quality communities in major metropolitan areas and retirement destinations across the United States. The focus is on creating an attractive residential environment for homeowners by providing a well-maintained, comfortable community with a variety of organized recreational and social activities and superior amenities. In addition, the Company regularly surveys rental rates of competing properties and conducts satisfaction surveys of residents to determine the factors residents consider most important in choosing a manufactured home community.

FUTURE ACQUISITIONS

The Company acquired or gained a controlling interest in eighty-eight Properties during 1997 through 1999, more than doubling its portfolio. The Company believes that opportunities for property acquisitions are still available and in general consolidation within the industry will continue (see - Industry - The Manufactured Home Community Industry - Industry Consolidation). The company believes that transactions occurring in the private marketplace are at valuations significantly in excess of our current public market valuations. As a result, during 1999 the Company accelerated its' stock repurchase program. The Company's board of directors continues to review the conditions under which the Company will repurchase its' stock. These conditions include, but are not limited to, market price, balance sheet flexibility, other opportunities and capital requirements. (For more information on the Company's stock repurchase program see Note 4 to the accompanying financial statements.) Increasing acceptability of and demand for manufactured homes and continued constraints on development of new manufactured home communities continues to add to their attractiveness as an investment. The Company believes it has a competitive advantage in the acquisition of new communities due to its experienced management, significant presence in major real estate markets and substantial capital resources. The Company is actively seeking to acquire additional communities and currently is engaged in various stages of negotiations relating to the possible acquisition of a number of communities.

The Company anticipates that newly acquired properties will be located in the United States. The Company utilizes market information systems to identify and evaluate acquisition opportunities, including a market database to review the primary economic indicators of the various locations in which the Company expects to expand its operations. Acquisitions will be financed from the most appropriate sources of capital, which may include undistributed funds from operations, issuance of additional equity securities, sales of investments, collateralized and uncollateralized borrowings and issuance of debt securities. In addition, the Company may cause the Operating Partnership to issue units of limited partnership interests ("OP Units") to finance acquisitions. The Company believes that an ownership structure which includes the Operating Partnership will permit the Company to acquire additional Communities in transactions that may defer all or a portion of the sellers' tax consequences.

When evaluating potential acquisitions, the Company will consider such factors as: (i) the replacement cost of the property; (ii) the geographic area and type of property; (iii) the location, construction quality, condition and design of the property; (iv) the current and projected cash flow of the property and the ability to increase cash flow; (v) the potential for capital appreciation of the property; (vi) the terms of tenant leases, including the potential for rent increases; (vii) the potential for economic growth and the tax and regulatory environment of the community in which the property is located; (viii) the potential for expansion of the physical layout of the property and/or the number of sites; (ix) the occupancy and demand by residents for properties of a similar type in the vicinity and the residents profile; (x) the prospects for liquidity through sale, financing or refinancing of the property; and (xi) competition from existing Communities and the potential for the construction of new communities in the area. The Company expects to purchase Communities with physical and market characteristics similar to the Properties in its current portfolio.

PROPERTY EXPANSIONS

Several of the Company's Properties have available land for expanding the number of sites available to be leased to residents. Development of these sites ("Expansion Sites") is predicated by local market conditions and permitted by zoning and other applicable laws. When justified, development of Expansion Sites allows the Company to leverage existing facilities and amenities to increase the income generated from the Properties. Where appropriate, facilities and amenities may be upgraded or added to certain Properties in order to make those Properties more attractive in their markets. The Company's acquisition philosophy has included the desire to own Properties with potential Expansion Site development and has been successful in acquiring a number of such properties. Several examples of these properties include the 1994 acquisition of Bulow Village with potential development of approximately 750 Expansion Sites, the 1997 acquisition of Golf Vista Estates with potential development of approximately 180 Expansion Sites and the recent acquisition in 1999 of Coquina Crossing with potential development of approximately 480 Expansion Sites.

Of the 157 Properties, ten may be expanded consistent with existing zoning regulations. In 2000, the Company expects to develop an additional 100 Expansion Sites within four of these Properties. As of December 31, 1999, the Company had approximately 950 Expansion Sites available for occupancy in twenty-one of the Properties. The Company filled 260 of the Expansion Sites in 1999 and expects to fill an additional 200 to 300 sites in 2000.

LEASES

The typical lease entered into between the tenant and one of the Company's Properties for the rental of a site requires a security deposit and is a month-to-month or year-to-year term, renewable upon the consent of both parties or, in some instances, as provided by statute. These leases are cancelable, depending on state law, for non-payment of rent, violation of community rules and regulations or other specified defaults. Non-cancelable long-term leases, with remaining terms ranging up to ten years, are in effect at certain sites within eight of the Properties. These leases are subject to rental rate increases based on the Consumer Price Index ("CPI"), in some instances taking into consideration certain floors and ceilings and allowing for pass-throughs of certain items such as real estate taxes, utility expenses and capital expenditures. Generally, market rate adjustments are made on an annual basis.

REGULATIONS AND INSURANCE

General. Communities are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, clubhouses and other common areas. The Company believes that each Property has the necessary permits and approvals to operate.

Rent Control Legislation. State and local rent control laws, principally in California and Florida, limit the Company's ability to increase rents and to recover increases in operating expenses and the costs of capital improvements at certain Properties. Enactment of such laws has been considered from time to time in other jurisdictions. The Company presently expects to continue to maintain manufactured home communities, and may purchase additional properties, in markets that are either subject to rent control or in which rent-limiting legislation exists or may be enacted. For example, Florida has enacted a law that generally provides that rental increases must be reasonable. Also, certain jurisdictions in California in which the Company owns Properties limit rent increases to changes in the CPI or some percentage thereof.

Insurance. Management believes that the Properties are covered by adequate fire, flood, property, earthquake and business interruption insurance (where appropriate) provided by reputable companies and with commercially reasonable deductibles and limits. The Company believes its insurance coverage is adequate based on the Company's assessment of the risks to be insured, the probability of loss and the relative cost of available coverage. The Company has obtained title insurance insuring fee title to the Properties in an aggregate amount which the Company believes to be adequate.

INDUSTRY

THE MANUFACTURED HOME COMMUNITY INDUSTRY

The Company believes that modern manufactured home communities, such as the Properties, provide an opportunity for increased cash flows and appreciation in value. These may be achieved through increases in occupancy rates and rents, as well as expense controls, expansion of existing Properties and opportunistic acquisitions, for the following industry specific reasons:

- Barriers to Entry: The Company believes that the supply of new Communities will be constrained due to barriers to entry into the industry. The most significant barrier has been the difficulty in securing zoning from local authorities. This has been the result of (i) the public's historically poor perception of the industry, and (ii) the fact that Communities generate less tax revenue because the homes are treated as personal property (a benefit to the home owner) rather than real property. Another factor that creates substantial barriers to entry is the length of time between investment in the Community's development and the attainment of stabilized occupancy and the generation of revenues. The initial development of the infrastructure may take up to two or three years. Once the Community is ready for occupancy, it may be difficult to attract residents to an empty Community. Substantial occupancy levels may take a number of years to achieve.

- Industry Consolidation: According to an industry analyst's manufactured home Community industry report, there are approximately 50,000 Communities in the United States and approximately 6.5% or 3,250 of the Communities have more than 200 sites and would be considered "investment-grade" Properties. The five public REITs that own Communities own approximately 532 or about 16% of the "investment-grade" Communities. In addition, based on a report prepared by one analyst, the top 150 owners of Communities own approximately 25% of the "investment-grade" assets. The Company believes that this relatively high degree of fragmentation in the industry provides the Company, as a national organization with experienced management and substantial financial resources, the opportunity to purchase additional Communities.

- Stable Tenant Base: The Company believes that Communities tend to achieve and maintain a stable rate of occupancy due to the following factors: (i) residents own their own homes, (ii) Communities tend to foster a sense of Community as a result of amenities such as club houses, recreational and social activities and (iii) since moving a manufactured home from one Community to another involves substantial cost and effort, residents often sell their home in-place (similar to site-built residential housing) with no interruption of rental payments.

MANUFACTURED HOUSING

Based on the current growth in the number of individuals living in manufactured homes, the Company believes that manufactured homes are increasingly viewed by the public as an attractive and economical form of housing. According to the industry's trade association, nearly one in four new single family homes sold in the United States today is factory-built.

The Company believes that the growing popularity of manufactured housing is primarily the result of the following factors:

- Importance of Home Ownership. According to the Fannie Mae ("FNMA") 1999 National Housing Survey renters' desire to own a home is stronger now than at any time in the 1990's. Security and permanence are thought to be non-financial reasons to own a home. The commitment to home ownership is tempered by an awareness of the high cost of owning a home. The affordability of manufactured housing allows many individuals to achieve this goal without jeopardizing their financial security.

- Affordability. For a significant number of persons, manufactured housing represents the only means of achieving home ownership. In addition, the total cost of housing in a manufactured home community (home cost, site rent and related occupancy costs) is competitive with and often lower than the total cost of alternative housing, such as apartments and condominiums and generally substantially lower than stick built residential alternatives.

- Lifestyle Choice. As the average age of the United States population has increased, manufactured housing has become an increasingly popular housing alternative for retirement and "empty-nest" living. According to FNMA, the surviving baby-boom generation - the 80 million people born between 1945 and 1964 - will constitute 18% of the U.S. population within the next 30 years and more than 32 million will reach age 55 within the next ten years. Among those people who are nearing retirement (age 40 to 54), approximately 33% plan on moving upon retirement. The Company believes that manufactured housing is especially attractive to such individuals when located within a Community that offers an appealing amenity package, close proximity to local services, social activities, low maintenance and a secure environment.

- Construction Quality. Since 1976, all manufactured housing has been required to meet stringent Federal standards, resulting in significant increases in the quality of the industry's product. The Department of Housing and Urban Development's standards for manufactured housing construction quality are the only Federally regulated standards governing housing quality of any type in the United States. Manufactured homes produced since 1976 have received a "red and silver" government seal certifying that they were built in compliance with the Federal code. The code regulates manufactured home design and construction, strength and durability, fire resistance and energy efficiency, and the installation and performance of heating, plumbing, air conditioning, thermal and electrical systems. In newer homes, top grade lumber and dry wall materials are common. Also, manufacturers are required to follow the same fire codes as builders of site-built structures.

- Comparability to Site-Built Homes. The manufactured housing industry has experienced a recent trend towards multi-section homes. Many modern manufactured homes are longer (up to 80 feet compared to 50 feet in the 1960s) and wider than earlier models. Many homes have vaulted ceilings, fireplaces and as many as four bedrooms and closely resemble single family ranch style site-built homes.

ITEM 2. PROPERTIES

The Company believes that the Properties provide attractive amenities and common facilities that create a comfortable and attractive Community for the residents, with most offering a clubhouse, a swimming pool, laundry facilities and cable television service. Many also offer additional amenities such as sauna/whirlpool spas, golf courses, tennis, shuffleboard and basketball courts and exercise rooms. Since residents own their homes, it is their responsibility to maintain their homes and the surrounding area. It is management's role to insure that residents comply with Community policies and to provide maintenance of the common areas, facilities and amenities. The Company holds periodic meetings of its property management personnel for training and implementation of the Company's strategies. The Properties historically have had and the Company believes they will continue to have low turnover and high occupancy rates.

The distribution of the Properties throughout the United States reflects the Company's belief that geographic diversification helps insulate the portfolio from regional economic influences. The Company intends to target new acquisitions in or near markets where the Properties are located and will also consider acquisitions of properties outside such markets. The Company's five largest markets of Properties owned are Florida (48 Properties), California (25 Properties), Arizona (19 Properties), Michigan (11 Properties) and Colorado (10 Properties). These markets accounted for 35%, 17%, 9%, 4%, and 9%, respectively, of the Company's total revenues for the year ended December 31, 1999. The Company also has Properties located in the following markets: Northeast, Northwest, Midwest, and Nevada/Utah/New Mexico. The Company's largest Property, Bay Indies, located in Venice, Florida accounted for 3% of the Company's total revenues for the year ended December 31, 1999.

The following tables set forth certain information relating to the Properties owned by the Company as of December 31, 1999, categorized by the Company's major markets. "Core Portfolio" represents an analysis of Properties owned as of the beginning of both years under comparison. The table excludes the following RV resort Properties (5,202 sites) at which rents and occupancy vary based on seasonality: Sherwood Forest RV (Kissimmee, Florida); Southern Palms (Eustis, Florida); Mesa Regal (Mesa, Arizona) and Fun & Sun (San Benito, Texas). The table excludes five Properties (1,521 sites) in which the Company has a non-controlling joint venture interest and accounts for using the equity method of accounting.

PROPERTY	LOCATION CITY, STATE			NUMBER OF SITES AS OF 12/31/99	OCCUPANCY AS OF 12/31/99	OCCUPANCY AS OF 12/31/98	MONTHLY BASE RENT AS OF 12/31/99	MONTHLY BASE RENT AS OF 12/31/98
				FLORIDA				
NORTHERN, CENTRAL & EASTERN:								
Arrowhead	Lantana	FL	(b)	602	96%	94%	$ 388	$ 384
Brittany Estates	Tallahassee	FL		299	98%	99%	$ 233	$ 179
Colonies of Margate	Margate	FL	(b)	819	96%	96%	$ 410	$ 407
Country Side North	Vero Beach	FL		646	93%	93%	$ 283	$ 275
Heritage Village	Vero Beach	FL	(b)	436	98%	98%	$ 291	$ 282
Holiday Village	Vero Beach	FL		128	82%	83%	$ 267	$ 250
Lakewood Village	Melbourne	FL	(b)	349	95%	96%	$ 331	$ 318
Mid-Florida Lakes	Leesburg	FL	(b)	1,195	95% (c)	95% (c)	$ 304	$ 297
Oak Bend	Ocala	FL	(b)	262	82% (c)	82% (c)	$ 228	$ 220
Spanish Oaks	Ocala	FL	(b)	459	96%	96%	$ 282	$ 277
The Meadows, FL	Palm Beach Gardens	FL		380	79%	(a)	$ 318	(a)
Bulow Village	Flagler Beach	FL	(b)	276	90% (c)	82% (c)	$ 238	$ 200
Carriage Cove	Daytona Beach	FL		418	97%	97%	$ 357	$ 349
Coquina	St Augustine	FL		270	75%	(a)	$ 276	(a)
Fernwood	Deland	FL		92	97%	98%	$ 213	$ 200
Indian Oaks	Rockledge	FL		211	91% (c)	83% (c)	$ 236	$ 229
Landings	Port Orange	FL		433	89%	88%	$ 288	$ 275
Pickwick	Port Orange	FL		432	95%	95%	$ 287	$ 283
Sherwood Forest	Kissimmee	FL		769	89%	85%	$ 305	$ 295
TAMPA/NAPLES:								
Bay Indies	Venice	FL	(b)	1,309	100%	100%	$ 304	$ 300
Bay Lake Estates	Nokomis	FL	(b)	228	100%	99%	$ 348	$ 333
Boulevard Estates	Clearwater	FL		287	90%	92%	$ 280	$ 277
Buccaneer	N. Ft. Myers	FL	(b)	971	99%	99%	$ 304	$ 293
Chalet Village	Tampa	FL		61	90%	93%	$ 291	$ 286
Country Meadows	Plant City	FL		736	99%	99%	$ 268	$ 261
Country Place	New PortRichey	FL	(b)	515	83% (c)	80% (c)	$ 221	$ 208
Down Yonder	Largo	FL		363	99%	99%	$ 338	$ 326
East Bay Oaks	Largo	FL	(b)	328	99%	98%	$ 342	$ 331
Eldorado Village	Largo	FL	(b)	227	96%	96%	$ 344	$ 335
Friendly Village of Kapok	Clearwater	FL		236	86%	85%	$ 292	$ 265
Hillcrest	Clearwater	FL		279	83%	82%	$ 319	$ 311
Holiday Ranch	Largo	FL		150	94%	91%	$ 312	$ 311
Lake Fairways	N. Ft. Myers	FL	(b)	896	100%	100%	$ 339	$ 332
Lake Haven	Dunedin	FL	(b)	379	96%	95%	$ 364	$ 357
Naples Estates	Naples	FL		484	100%	100%	$ 320	$ 320
Pine Lakes	N. Ft. Myers	FL	(b)	584	100%	100%	$ 409	$ 401
Satellite	Clearwater	FL		88	93%	95%	$ 244	$ 229
Sunset Oaks	Plant City	FL		167	56% (c)	49% (c)	$ 213	$ 183
The Heritage	N. Ft. Myers	FL	(b)	455	77% (c)	74% (c)	$ 281	$ 266
Windmill Manor	Bradenton	FL		292	96%	97%	$ 350	$ 332
Windmill Village - Ft. Myers	N. Ft. Myers	FL	(b)	491	98%	99%	$ 291	$ 283
Windmill Village North	Sarasota	FL	(b)	471	100%	99%	$ 311	$ 299
Windmill Village South	Sarasota	FL	(b)	306	100%	100%	$ 310	$ 301
TOTAL FLORIDA MARKET				18,779	94%	94%	$ 310	$ 303
FLORIDA MARKET - CORE PORTFOLIO				11,558	96%	95%	$ 322	$ 313

PROPERTY	LOCATION CITY, STATE			NUMBER OF SITES AS OF 12/31/99	OCCUPANCY AS OF 12/31/99	OCCUPANCY AS OF 12/31/98	MONTHLY BASE RENT AS OF 12/31/99	MONTHLY BASE RENT AS OF 12/31/98
				CALIFORNIA				
NORTHERN CALIFORNIA								
California Hawaiian	San Jose	CA	(b)	413	99%	99%	$ 580	$ 566
Colony Park	Ceres	CA		186	72%	73%	$ 323	$ 316
Concord Cascade	Pacheco	CA	(b)	283	100%	100%	$ 493	$ 477
Contempo Marin	San Rafael	CA	(b)	396	99%	99%	$ 614	$ 596
Coralwood	Modesto	CA	(b)	194	92%	92%	$ 391	$ 380
Four Seasons	Fresno	CA	(b)	242	69%	71%	$ 241	$ 229
Laguna Lake	San Luis Obispo	CA		290	100%	100%	$ 293	$ 286
Monte del Lago	Castroville	CA	(b)	314	100%	96%(c)	$ 457	$ 439
Quail Meadows	Riverbank	CA		146	92%	94%	$ 333	$ 321
Royal Oaks	Visalia	CA	(b)	149	81%	81%	$ 250	$ 250
Santa Cruz	Santa Cruz	CA	(b)	198	100%	100%	$ 490	$ 475
Sea Oaks	Los Osos	CA	(b)	125	100%	100%	$ 336	$ 328
Sunshadow	San Jose	CA	(b)	121	100%	100%	$ 562	$ 537
Westwinds (4 Properties)	San Jose	CA	(b)	724	99%	99%	$ 570	$ 533
SOUTHERN CALIFORNIA:								
Date Palm Country Club	Cathedral City	CA	(b)	538	91%	90%	$ 593	$ 589
Lamplighter	Spring Valley	CA	(b)	270	100%	97%	$ 509	$ 479
Meadowbrook	Santee	CA		332	99%	93%	$ 559	$ 556
Rancho Mesa	El Cajon	CA		158	95%	92%	$ 500	$ 486
Rancho Valley	El Cajon	CA	(b)	140	99%	99%	$ 493	$ 468
Santiago Estates	Sylmar	CA		303	93%	93%	$ 566	$ 546
Royal Holiday	Hemet	CA		180	75%	(a)	$ 252	(a)
TOTAL CALIFORNIA MARKET				5,702	94%	94%	$ 492	$ 482
CALIFORNIA MARKET - CORE PORTFOLIO				4,107	96%	95%	$ 514	$ 482
				ARIZONA				
Apollo Village	Phoenix	AZ	(b)	237	92% (c)	93%(c)	$ 338	$ 333
Brentwood Manor	Mesa	AZ	(b)	274	96%	96%	$ 417	$ 409
Carefree Manor	Phoenix	AZ		127	98%	99%	$ 280	$ 256
Casa del Sol #1	Peoria	AZ	(b)	246	94%	96%	$ 392	$ 374
Casa del Sol #2	Glendale	AZ	(b)	239	98%	98%	$ 423	$ 409
Casa del Sol #3	Glendale	AZ		238	97%	96%	$ 403	$ 384
Central Park	Phoenix	AZ	(b)	293	96%	94%	$ 356	$ 342
Desert Skies	Phoenix	AZ		164	97%	96%	$ 277	$ 261
Fairview Manor	Tucson	AZ		235	95%	95%	$ 290	$ 283
Hacienda De Valencia	Mesa	AZ	(b)	365	93%	95%	$ 343	$ 332
Mon Dak	Mesa	AZ		162	90%	88%	$ 269	$ 254
Palm Shadows	Glendale	AZ	(b)	294	95%	97%	$ 326	$ 313
Sedona Shadows	Sedona	AZ	(b)	200	88%	87%	$ 295	$ 277
Sunrise Heights	Phoenix	AZ	(b)	199	98%	96%	$ 328	$ 307
The Mark	Mesa	AZ	(b)	410	97%	99%	$ 338	$ 317
The Meadows	Tempe	AZ	(b)	391	97%	96%	$ 399	$ 383
Whispering Palms	Phoenix	AZ		116	100%	97%	$ 250	$ 239
TOTAL ARIZONA MARKET				4,190	95%	94%	$ 347	$ 336
ARIZONA MARKET - CORE PORTFOLIO				3,148	95%	95%	$ 362	$ 347

PROPERTY	LOCATION CITY, STATE			NUMBER OF SITES AS OF 12/31/99	OCCUPANCY AS OF 12/31/99	OCCUPANCY AS OF 12/31/98	MONTHLY BASE RENT AS OF 12/31/99	MONTHLY BASE RENT AS OF 12/31/98
				MICHIGAN				
Americana Estate	Kalamazoo	MI		162	94%	100%	$ 248	$ 248
Appletree	Walker	MI		238	97%	94%	$ 263	$ 263
Brighton Village	Brighton	MI		195	97%	95%	$ 365	$ 306
College Heights	Auburn Hills	MI		162	93%	90%	$ 320	$ 316
Creekside	Wyoming	MI		165	99%	98%	$ 344	$ 333
Groveland Manor	Holly	MI		186	93%	94%	$ 324	$ 297
Hillcrest Acres	Kalamazoo	MI		150	98%	100%	$ 272	$ 253
Metro	Romulus	MI		227	98%	96%	$ 311	$ 263
Riverview Estates	Bay City	MI		198	77%	80%	$ 224	$ 210
South Lyon Woods	South Lyon	MI		211	98%	100%	$ 411	$ 370
Willow Run	Ypsilianti	MI		185	89%	89%	$ 291	$ 261
TOTAL MICHIGAN MARKET				2,079	94%	94%	$ 309	$ 290
				COLORADO				
Bear Creek	Sheridan	CO		126	100%	98%	$ 365	$ 355
Cimarron	Broomfield	CO	(b)	327	99%	99%	$ 368	$ 348
Golden Terrace	Golden	CO	(b)	265	98%	96%	$ 414	$ 396
Golden Terrace South	Golden	CO	(b)	80	96%	100%	$ 377	$ 363
Golden Terrace West	Golden	CO	(b)	317	96%	98%	$ 408	$ 383
Hillcrest Village	Aurora	CO	(b)	603	96%	95%	$ 401	$ 380
Holiday Hills	Denver	CO	(b)	735	95%	95%	$ 390	$ 374
Holiday Village CO	Co. Springs	CO	(b)	240	99%	98%	$ 384	$ 368
Pueblo Grande	Pueblo	CO	(b)	252	94%	96%	$ 252	$ 248
Woodland Hills	Denver	CO	(b)	434	98%	99%	$ 374	$ 353
TOTAL COLORADO MARKET				3,379	97%	97%	$ 379	$ 361
COLORADO MARKET - CORE PORTFOLIO				3,253	97%	97%	$ 380	$ 362
				NORTHEAST				
Aspen	Rehoboth	DE		199	98%	96%	$ 226	$ 225
Camelot Meadows	Rehoboth	DE		302	100%	99%	$ 239	$ 223
Mariners Cove	Millsboro	DE	(b)	375	86% (c)	85% (c)	$ 336	$ 311
McNicol	Rehoboth	DE		93	100%	99%	$ 240	$ 239
Sweetbriar	Rehoboth	DE		142	99%	98%	$ 191	$ 187
Waterford Estates	Wilmington	DE	(b)	731	94% (c)	93% (c)	$ 360	$ 345
Whispering Pines	Lewes	DE	(b)	392	94%	93%	$ 253	$ 249
Pheasant Ridge	Mt. Airy	MD	(b)	101	99%	99%	$ 410	$ 390
Brook Gardens	Lackawanna	NY		426	98%	98%	$ 399	$ 391
Greenwood	Manorville	NY		474	92% (c)	89% (c)	$ 362	$ 353
Green Acres	Breinigsville	PA	(b)	595	99% (c)	98% (c)	$ 386	$ 369
Meadows of Chantilly	Chantilly	VA	(b)	500	83%	81%	$ 484	$ 470
Independence Hill	Morgantown	WV	(b)	203	87%	87%	$ 192	$ 192
TOTAL NORTHEAST MARKET				4,533	93%	92%	$ 341	$ 328
NORTHEAST MARKET - CORE PORTFOLIO				2,897	92%	91%	$ 358	$ 343

PROPERTY	LOCATION CITY, STATE			NUMBER OF SITES AS OF 12/31/99	OCCUPANCY AS OF 12/31/99	OCCUPANCY AS OF 12/31/98	MONTHLY BASE RENT AS OF 12/31/99	MONTHLY BASE RENT AS OF 12/31/98
				MIDWEST				
Five Seasons	Cedar Rapids	IA		390	82%(c)	81%(c)	$ 239	$ 238
Holiday Village, IA	Sioux City	IA	(b)	519	92%	92%	$ 228	$ 217
Golf Vistas	Monee	IL	(b)	319	77%(c)	71%(c)	$ 317	$ 301
Willow Lake Estates	Elgin	IL	(b)	622	96%	98%	$ 546	$ 542
Burns Harbor Estates	Chesterton	IN	(b)	228	93%(c)	96%(c)	$ 282	$ 275
Candlelight Village	Columbus	IN	(b)	585	99%	99%	$ 195	$ 188
Oak Tree Village	Portage	IN	(b)	380	94%	96%	$ 267	$ 255
Windsong	Indianapolis	IN		268	97%	94%	$ 258	$ 252
Bonner Springs	Bonner Springs	KS	(b)	211	93%	92%	$ 203	$ 180
Carriage Park	Kansas City	KS	(b)	143	74%(d)	73%(d)	$ 208	$ 173
Quivira Hills	Kansas City	KS	(b)	142	82%	82%	$ 222	$ 220
Camelot Acres	Burnsville	MN	(b)	319	99%	99%	$ 363	$ 340
Briarwood	Brookline	MO	(b)	166	92%	96%	$ 176	$ 176
Dellwood Estates	Warrensburg	MO	(b)	136	86%	85%	$ 157	$ 156
North Star	Kansas City	MO	(b)	219	96%	95%	$ 243	$ 221
Royal Village	Toledo	OH		233	92%	92%	$ 265	$ 242
Rockwood	Tulsa	OK	(b)	265	98%	100%	$ 218	$ 205
TOTAL MIDWEST MARKET				5,145	92%	92%	$ 282	$ 271
MIDWEST MARKET - CORE PORTFOLIO				4,254	93%	93%	$ 288	$ 276
				NEVADA, UTAH, NEW MEXICO				
Del Rey	Albuquerque	NM	(b)	407	84%	85%	$ 350	$ 350
Bonanza	Las Vegas	NV	(b)	353	92%	92%	$ 439	$ 439
Boulder Cascade	Las Vegas	NV		299	93%	95%	$ 431	$ 428
Cabana	Las Vegas	NV	(b)	263	100%	99%	$ 393	$ 391
Flamingo West	Las Vegas	NV	(b)	205	100%	100%	$ 405	$ 380
Villa Borega	Las Vegas	NV	(b)	293	98%	98%	$ 444	$ 417
All Seasons	Salt Lake City	UT	(b)	129	91%	98%	$ 288	$ 271
Westwood Village	Farr West	UT	(b)	300	99%	100%	$ 216	$ 207
TOTAL NEVADA, UTAH, NEW MEXICO MARKET				2,249	94%	95%	$ 374	$ 374
NEVADA, UTAH, NEW MEXICO MARKET - CORE PORTFOLIO				1,950	94%	95%	$ 366	$ 363
				NORTHWEST				
Casa Village	Billings	MT	(b)	493	97%(c)	96%(c)	$ 262	$ 250
Falcon Wood Village	Eugene	OR	(b)	183	99%	99%	$ 330	$ 308
Quail Hollow	Fairview	OR	(b)	138	99%	100%	$ 409	$ 394
Shadowbrook	Clackamas	OR	(b)	156	100%	99%	$ 417	$ 394
Kloshe Illahee	Federal Way	WA	(b)	258	100%	99%	$ 432	$ 420
TOTAL NORTHWEST MARKET				1,228	99%	98%	$ 345	$ 329
NORTHWEST MARKET - CORE PORTFOLIO				1,228	99%	98%	$ 345	$ 329
GRAND TOTAL ALL MARKETS				47,284	94.2%	94.0%	$ 344	$ 334
GRAND TOTAL ALL MARKETS - CORE PORTFOLIO				32,395	95.0%(e)	94.7%(e)	$ 358	$ 346

(a) The Company acquired this Property in 1999.
(b) Represents a Property which is part of the Core Portfolio.
(c) The process of filling expansion sites at these properties is ongoing.
(d) Carriage Park suffered damage to approximately 85 homes in 1993 due to flooding; the process of re-leasing these sites is ongoing.
(e) Changes in total portfolio occupancy include the impact of acquisitions and expansion programs and are therefore not comparable.

See Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 3. LEGAL PROCEEDINGS

DEANZA SANTA CRUZ MOBILE ESTATES

The residents of DeAnza Santa Cruz Mobile Estates, a property located in Santa Cruz, California (the "City") previously brought several actions opposing certain fees and charges in connection with water service at the Property. The trial of the ongoing utility charge dispute with the residents of this Property concluded on January 22, 1999. This summary provides the history and reasoning underlying the Company's defense of the residents' claims and explains the Company's decision to continue to defend its position, which the Company believes is fair and accurate.

DeAnza Santa Cruz Mobile Estates is a 198 site community overlooking the Pacific Ocean. It is subject to the City's rent control ordinance which limits annual rent increases to 75% of CPI. The Company purchased this Property in August 1994 from certain unaffiliated DeAnza entities ("DeAnza"). Prior to the Company's purchase in 1994, DeAnza made the decision to submeter the Property for both water and sewer in 1993 in the face of the City's rapidly rising utility costs.

Under California Civil Code Section 798.41, DeAnza was required to reduce rent by an amount equal to the average cost of usage over the preceding 12 months. This was done. With respect to water, not looking to submit to jurisdiction of the California Public Utility Commission ("CPUC"), DeAnza relied on California Public Utilities Code Section 2705.5 ("CPUC Section 2705.5") to determine what rates would be charged for water on an ongoing basis without becoming a public utility. This statute provides that in a submetered mobilehome park, the property owner is not subject to regulation and control of the CPUC so long as the users are charged what they would be charged by the utility company if users received their water directly from the utility company. In Santa Cruz, customers receiving their water directly from the city's water utility were charged a certain lifeline rate for the first 400 ccfs of water and a greater rate for usage over 400 ccfs of water, a readiness to serve charge of $7.80 per month and tax on the total. In reliance on CPUC Section 2705.5, DeAnza implemented its billings on this schedule notwithstanding that it did not receive the discount for the first 400 ccfs of water because it was a commercial and not a residential customer.

A dispute with the residents ensued over the readiness to serve charge and tax thereon. The residents argued that California Civil Code Section 798.41 required that the park owner could only pass through its actual costs of water (and that the excess charges over the amount of the rent rollback were an improper rent increase) and that CPUC Section 2705.5 was not applicable. DeAnza unbundled the utility charges from rent consistent with California Civil Code Section 798.41 and it has generally been undisputed that the rent rollback was accurately calculated.

In August 1994, when the Company acquired the Property, the Company reviewed the respective legal positions of the Santa Cruz Homeowners Association ("HOA") and DeAnza and concurred with DeAnza. Their reliance on CPUC Section 2705.5 made both legal and practical sense in that residents paid only what they would pay if they lived in a residential neighborhood within the city of Santa Cruz and permitted DeAnza to recoup part of the expenses of operating a submetered system through the readiness to serve charge.

Over a period of 18 months from 1993 into May of 1995, a series of complaints were filed by the HOA and Herbert Rossman, a resident, against DeAnza, and later, the Company. DeAnza and the Company demurred to each of these complaints on the grounds that the CPUC had exclusive jurisdiction over the setting of water rates and that residents under rent control had to first exhaust their administrative remedies before proceeding in a civil action. At one point, the case was dismissed (with leave to amend) on the basis that jurisdiction was with the CPUC and, at another point, Mr. Rossman was dismissed from the case because he had not exhausted his administrative remedies.

On June 29, 1995, a hearing was held before a Santa Cruz rent control officer on the submetering of both water and sewer. The Company and DeAnza prevailed on all issues related to sewer and the rent rollback related to water, but the hearing officer determined that the Company could only pass through its actual cost of water, i.e., a prorated readiness to serve charge and tax thereon. The hearing officer did not deal with the subsidy being given to residents through the quantity charge and ordered a rebate in a fixed amount per resident. The Company and DeAnza requested reconsideration on this issue, among others, which reconsideration was denied by the hearing officer.

The Company then took a writ of mandate (an appeal from an administrative order) to the Superior Court and, pending this appeal, the residents, the Company and the City agreed to stay the effect of the hearing officer's decision until the Court rendered judgment.

In July 1996, the Superior Court affirmed the hearing officer's decision without addressing concerns about the failure to take the subsidy on the quantity charge into account.

The Company requested that the City and the HOA agree to a further stay pending appeal to the court of appeals, but they refused and the appeals court denied the Company's request for a stay in late November 1996. Therefore, on January 1, 1997, the Company reduced its water charges at this Property to reflect a pass-through of only the readiness to serve charge and tax at the master meter (approximately $0.73) and to eliminate the subsidy on the water charges. On their March 1, 1997 rent billings, residents were credited for amounts previously "overcharged" for readiness to serve charge and tax. The amount of the rebate given by the Company was $36,400. In calculating the rebate, the Company and DeAnza took into account the previous subsidy on water usage although this issue had not yet been decided by the court of appeals. The Company and DeAnza felt legally safe in so doing based on language in the hearing officer's decision that actual costs could be passed through.

On March 12, 1997, the Company also filed an application with the CPUC to dedicate the water system at this Property to public use and have the CPUC set cost based rates for water usage. The Company believed it was obligated to take this action because of its consistent reliance on CPUC Section 2705.5 as a safe harbor from CPUC jurisdiction. That is, when the Company could no longer charge for water as the local serving utility would charge, it was no longer exempt from the CPUC's jurisdiction and control under CPUC Section 2705.5.

On March 20, 1997, the court of appeals issued the writ of mandate requested by the Company on the grounds that the hearing officer had improperly calculated the amount of the rebate (meaning the Company had correctly calculated the rent credits), but also ruling that the hearing officer was correct when he found that the readiness to serve charge and tax thereon as charged by DeAnza and the Company were an inappropriate rent increase. The court of appeals further agreed with the Company that the city's hearing officer did not have the authority under California Civil Code Section 798.41 to establish rates that could be charged in the future.

Following this decision, the CPUC granted the Company its certificate of convenience and necessity on December 17, 1998 and approved cost based rates and charges for water that exceed what residents were paying under the Company's reliance on CPUC Section 2705.5. Concurrently, the CPUC also issued an Order Instituting Investigation ("OII") confirming its exclusive jurisdiction over the issue of water rates in a submetered system and commencing an investigation into the confusion and turmoil over billings in submetered properties. Specifically, the OII states: "The Commission has exclusive and primary jurisdiction over the establishment of rates for water and sewer services provided by private entities."

Specifically, the CPUC ruling regarding the Company's application stated: "The ultimate question of what fees and charges may or may not be assessed, beyond external supplier pass-through charges, for in-park facilities when a mobile home park does not adhere to the provisions of CPUC Section 2705.5, must be decided by the Commission."

After the court of appeals decision, the HOA brought all of its members back into the underlying civil action for the purpose of determining damages, including punitive damages, against the Company. The trial was continued from July 1998 to January 1999 to give the CPUC time to act on the Company's application. Notwithstanding the action taken by the CPUC in issuing the OII in December 1998, the trial court denied the Company's motion to dismiss on jurisdictional grounds and trial commenced before a jury on January 11, 1999.

Not only did the trial court not consider the Company's motion to dismiss, the trial court refused to allow evidence of the OII or the Company's CPUC approval to go before the jury. Notwithstanding the Company's strenuous objections, the judge also allowed evidence of the Company's and DeAnza's litigation tactics to be used as evidence of bad faith and oppressive actions (including evidence of the application to the CPUC requesting a $22.00 readiness to serve charge). The Company's motion for a mistrial based upon these evidentiary rulings was denied. On January 22, 1999, the jury returned a verdict awarding $6.0 million of punitive damages against the Company and DeAnza. The Company had previously agreed to indemnify DeAnza on the matter.

The Company has bonded the judgment pending appeal in accordance with California procedural rules, which require a bond equal to 150% of the amount of the judgment. Post-judgment interest will accrue at the statutory rate of 10.0% per annum.

On April 19, 1999, the trial court denied all of the Company's and DeAnza's post-trial motions for judgement notwithstanding the verdict, new trial and remittitur. The trial court also awarded $700,000 of attorneys' fees to plaintiffs. The Company has appealed the jury verdict and attorneys' fees award and the Company has filed its opening brief in the jury verdict case. The Company also has filed two related appeals challenging the result of related litigation and a resulting attorneys' fee award. The two related appeals are based on a preemption argument. The Company asserts the superior courts' ability to enter an attorneys' fee award in an earlier case and take certain other actions which were preempted by the exercise of exclusive jurisdiction by the CPUC over the issue of how to set rates for water in a submetered mobilehome park. The Company is awaiting notice from the court of appeal setting oral argument in these two appeals. The jury verdict appeal also raises the jurisdictional argument as well as several other arguments for reversal of the punitive damage award or for a new trial. One of the arguments raised by the Company in the jury verdict appeal is that punitive damages are not available in a case brought under Section 798.41 of the California Mobilehome Residency Law ("MRL") since the MRL contains its own penalty provisions. The court of appeal granted the Company's request for judicial notice of the legislative history of the applicable MRL sections, which indicates to the Company that the court of appeal is receptive to this argument. Although no assurances can be given, the Company believes the appeals will be successful.

Subsequently, in June 1999 the DeAnza Santa Cruz Homeowners Association filed a complaint in the Superior Court of California, County of Santa Cruz (No. 135991) against the Company, MHC Acquisition One, L.L.C. and Starland Vistas, Inc. The new lawsuit seeks damages, including punitive damages, for alleged violations of California Civil Code Sections 798.31 and 798.41 arising from implementation of utility rates previously approved by the CPUC. The Company demurred to (filed a motion to dismiss) the complaint on the grounds that the Court lacks jurisdiction to hear the subject matter of the complaint given that the CPUC has exclusive jurisdiction over utility rates and charges at the Property. The California Superior Court denied the motion to dismiss and the court of appeal denied the Company's request to review the denial of the demurrer. The California Superior Court has also denied the Company's motion for summary judgement. The Company intends to vigorously defend the matter, including by filing a motion for summary judgement. The matter is expected to go to trial in March 2000.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

On September 29, 1995, the United States Environmental Protection Agency ("USEPA") issued its Findings of Violations and Order for Compliance with respect to the National Pollution Discharge Elimination System ("NPDES") Permit governing the operation of the onsite waste water treatment plant at one of the Properties. On October 6, 1995, the USEPA issued its Findings of Violation and Order for Compliance with respect to NPDES Permit governing the operation of the onsite wastewater treatment plant at another of the Properties. The Company and the USEPA have reached a tentative agreement to resolve the matter in which the operation of the remaining waste water treatment plant would be subject to a consent decree that would provide for fines and penalties in the event of future violations and the Company would contribute monies to a supplemental environmental project and pay a fine. The tentative agreement has not yet been reduced to writing and therefore remains subject to change. The Company does not believe the impact of the settlement will be material and the Company believes it has established adequate reserves for any amounts that may be paid.

ELLENBURG COMMUNITIES

In connection with the acquisition of the Ellenburg Communities (as hereinafter defined) and pursuant to orders of the California Superior Court ("Court"), approximately $30 million of the amounts paid by the Company have been deposited with the court appointed winding up agents (the "Winding Up Agents"). The deposited amounts relate to claims (the "Karno Claims") of Norton S. Karno (and related entities) who at various times has been a creditor, advisor, lawyer and shareholder of certain of the entities related to the Ellenburg Communities. The Winding Up Agents have disputed the claims and have filed a complaint against Mr. Karno (and related entities) requesting that the court determine that the claims be reduced or eliminated.

On October 30, 1998, the Company received notice of a lawsuit filed against the Company and certain executive officers of the Company in the Los Angeles County Superior Court alleging, among other causes of action, that the Company breached certain agreements in connection with the Ellenburg acquisition and claiming damages in excess of $50 million plus punitive damages. The Company believes most of the claim relates to the disputed Karno Claims discussed above. The Company believes the claims are without merit, intends to vigorously defend the defendants in this matter and does not believe the impact of this matter will be material.

In connection with the acquisition of the Ellenburg Communities, Mr. Karno and others have appealed various court orders on which the Company has relied. Mr. Karno has also sought before both the California Superior Court and Court of Appeals to take control of ECC (as hereinafter defined), but to date none of his attempts have been successful.

On September 8, 1999, Ellenburg Fund 20 ("Fund 20") filed a cross complaint in the dissolution proceeding against the Company and certain of its affiliates alleging causes of action for fraud and other claims in connection with the Ellenburg acquisition. By stipulation, the Company has not yet had to respond to the complaint, which the Company believes to be completely without merit. The Company's defense to the claims include documents and letters signed by the court-appointed Winding Up Agents supporting the Company's position.

Mr. Karno, the Company and certain other parties have entered into a global settlement agreement which was filed with the Court in February 2000. The Court will hold a hearing on the motion to approve the settlement agreement in March 2000. Although the Company can provide no assurances that the settlement will be approved, should the Court approve the settlement agreement, substantially all of the litigation and appeals involving the Ellenburg acquisition would be settled or dismissed. At this time, the global settlement agreement does not dispose of the Fund 20 lawsuit against the Company. However, the Company believes that there is a substantial likelihood that settlement with Fund 20 will be reached or, if not, that the Company will ultimately successfully defend itself against the lawsuit.

CANDLELIGHT PROPERTIES, L.L.C

In 1996, 1997 and 1998, the Lending Partnership made a loan to Candlelight Properties, L.L.C. ("Borrower") in the principal amount of $8,050,000. The loan is secured by a mortgage on Candlelight Village ("Candlelight"), a property in Columbus, Indiana. The Company accounts for the loan as an investment in real estate and, accordingly, Candlelight's results of operations are consolidated with the Company's for financial reporting purposes. Concurrently with the funding of the loan, Borrower granted the Operating Partnership the option to acquire Candlelight upon the maturity of the loan. The Operating Partnership notified Borrower that it was exercising its option to acquire Candlelight in March 1999, and the loan subsequently matured on May 3, 1999. However, Borrower failed to repay the loan and refused to convey Candlelight to the Operating Partnership.

Borrower filed suit in the Circuit Court of Bartholomew County, Indiana ("Court") on May 5, 1999, seeking declaratory judgment on the validity of the exercise of the option. The Lending Partnership filed suit in the Court the next day, seeking to foreclose its mortgage, and the suits were consolidated by the Court. The Court issued an Order on December 1, 1999, finding, among other things, that the Operating Partnership had validly exercised the option. Both parties have filed motions to correct errors in the Order, which motions are currently pending before the Court. The Court has not yet ruled on the foreclosure complaint; however, given the Court's finding in the Order, the Lending Partnership believes that Borrower has no valid defense in the foreclosure action. The Operating Partnership and the Lending Partnership intend to continue vigorously pursuing this matter and believe that, while no assurance can be given, such efforts will be successful.

The Company is involved in various other legal proceedings arising in the ordinary course of business. All proceedings herein described or referred to, taken together, are not expected to have a material adverse impact on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following table sets forth for the period indicated, the high and low sales prices for the Company's common stock as reported by the New York Stock Exchange under the trading symbol MHC.

	Close	High	Low	Distributions Made	Return of Capital GAAP Basis (a)
1999					
1st Quarter	$ 24.0000	$ 25.5000	$ 21.8125	$ .3875	$ .08
2nd Quarter	26.0000	27.0000	22.3750	.3875	.12
3rd Quarter	23.3750	26.0625	23.0000	.3875	.12
4th Quarter	24.3125	24.5000	22.5625	.3875	.15
1998					
1st Quarter	$ 25.8750	$ 27.1250	$ 24.5625	$ .3625	$ .05
2nd Quarter	24.1250	27.0000	24.0000	.3625	.08
3rd Quarter	25.4375	27.2500	22.0000	.3625	.10
4th Quarter	25.0625	25.6875	22.8750	.3625	.10

(a) Represents distributions per share in excess of net income per share-basic on a GAAP basis and is not the same as return of capital on a tax basis.

The number of beneficial holders of the Company's common stock at December 31, 1999 was approximately 5,500.

ITEM 6. SELECTED FINANCIAL AND OPERATING INFORMATION

The following table sets forth selected financial and operating information on a historical basis for the Company. The following information should be read in conjunction with all of the financial statements and notes thereto included elsewhere in this Form 10-K. The historical operating data for the years ended December 31, 1999, 1998, 1997 and 1996 have been derived from the historical Financial Statements of the Company audited by Ernst & Young LLP, independent auditors. The historical operating data for the year ended December 31, 1995 have been derived from the historical Financial Statements of the Company audited by Coopers & Lybrand, L.L.P., independent auditors.

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED HISTORICAL FINANCIAL INFORMATION
(Amounts in thousands, except for per share and property data)

OPERATING DATA:	(1) YEARS ENDED DECEMBER 31,				
	1999	1998	1997	1996	1995
REVENUES					
Base rental income	$181,672	$165,340	$108,984	$ 93,109	$ 85,242
RV base rental income	9,526	7,153	---	---	---
Utility and other income	20,096	18,219	11,785	8,821	8,481
Equity in income of affiliates	2,065	1,070	800	853	885
Interest income	1,669	3,048	1,941	2,420	2,296
Total revenues	215,028	194,830	123,510	105,203	96,904
EXPENSES					
Property operating and maintenance	58,038	53,064	32,343	28,399	27,057
Real estate taxes	16,460	14,470	8,352	7,947	7,241
Property management	8,337	7,108	5,079	4,338	4,675
General and administrative	6,092	5,411	4,559	4,062	4,537
Interest and related amortization	53,775	49,693	21,753	17,782	18,527
Depreciation on corporate assets	1,005	995	590	488	349
Depreciation on real estate assets and other costs	34,486	28,426	17,365	15,244	15,773
Total expenses	178,193	159,167	90,041	78,260	78,159
Income from operations	36,835	35,663	33,469	26,943	18,745
Gain (loss) on sale of property	---	---	---	---	1,278
Income before allocation to minority interests and extraordinary loss on early extinguishment of debt	36,835	35,663	33,469	26,943	20,023
(Income) allocated to Common OP Units	(6,219)	(6,733)	(4,373)	(2,671)	(2,006)
(Income) allocated to Perpetual Preferred OP Units	(2,844)	---	---	---	---
Income before extraordinary loss on early extinguishment of debt	27,772	28,930	29,096	24,272	18,017
Extraordinary loss on early extinguishment of debt (net of $105 allocated to minority interests)	---	---	(451)	---	---
NET INCOME	$ 27,772	$ 28,930	$ 28,645	$ 24,272	$ 18,017
Net income per Common Share before extraordinary item - basic	$ 1.10	$ 1.13	$ 1.18	$ 0.98	$ 0.74
Net income per Common Share before extraordinary item - diluted	$ 1.09	$ 1.12	$ 1.16	$ 0.98	$ 0.74
Net income per Common Share - basic	$ 1.10	$ 1.13	$ 1.16	$ 0.98	$ 0.74
Net income per Common Share - diluted	$ 1.09	$ 1.12	$ 1.15	$ 0.98	$ 0.74
Dividend declared per Common Share	$ 1.55	$ 1.45	$ 1.32	$ 1.22	$ 1.18
Weighted average Common Shares outstanding - basic	25,224	25,626	24,689	24,693	24,353
Weighted average Common OP Units outstanding	5,704	5,955	3,749	2,715	2,717
Weighted average Common Shares outstanding - diluted	31,252	31,962	28,762	27,546	27,138

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED HISTORICAL FINANCIAL INFORMATION
(continued)
(Amounts in thousands, except for per share and property data)

BALANCE SHEET DATA:	(1) AS OF DECEMBER 31,				
	1999	1998	1997	1996	1995
Real estate, before accumulated depreciation (2)	$1,264,343	$1,237,431	$ 936,318	$ 597,650	$ 543,229
Total assets	1,160,338	1,176,841	864,365	567,874	523,125
Total debt	725,264	750,849	495,172	254,982	211,966
Minority interests	179,397	70,468	67,453	28,640	29,305
Stockholders' equity	211,401	310,441	280,575	257,952	261,500
OTHER DATA:					
Funds from operations (3)	$ 68,477	$ 64,089	$ 50,834	$ 42,187	$ 34,518
Net cash flow:					
Operating activities	$ 72,580	$ 71,977	$ 54,581	$ 49,660	$ 40,161
Investing activities	$ (37,868)	$ (262,762)	$ (239,445)	$ (60,954)	$ 4,382
Financing activities	$ (41,693)	$ 203,533	$ 185,449	$ 10,858	$ (45,707)
Total Properties (at end of period) (4)	157	154	121	69	65
Total sites (at end of period)	54,007	53,391	44,108	27,356	25,552
Total sites (weighted average)	46,914	43,932	29,323	26,621	25,375

(1) See the Consolidated Financial Statements of the Company included elsewhere herein.

(2) The Company believes that the book value of the Properties, which reflects the historical costs of such real estate assets less accumulated depreciation, is less than the current market value of the Properties.

(3) The Company generally considers Funds From Operations ("FFO") to be an appropriate measure of the performance of an equity REIT. FFO was defined by the National Association of Real Estate Investment Trusts ("NAREIT") in March 1995 as net income (computed in accordance with generally accepted accounting principles ["GAAP"]), before allocation to minority interests, excluding gains (or losses) from sales of property, plus real estate depreciation and after adjustments for significant non-recurring items, if any. In the first quarter of 1996, the Company adopted this new definition of FFO which is effective for periods ending after December 31, 1995. For purposes of presenting FFO, the revised definition of FFO has been given retroactive treatment. Prior to this adoption, FFO was defined as income before allocation to minority interests plus certain non-cash items, primarily depreciation and amortization. The Company believes that FFO is helpful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, it provides investors an understanding of the ability of the Company to incur and service debt and to make capital expenditures. The Company computes FFO in accordance with the NAREIT definition which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs computation. FFO in and of itself does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income as an indication of the Company's performance or to net cash flows from operating activities as determined by GAAP as a measure of liquidity and is not necessarily indicative of cash available to fund cash needs.

(4) During the year ended December 31, 1995, two Properties were sold; net operating income attributable to such Properties was approximately $235,000, which included approximately $83,000 of depreciation and amortization expense. During the year ended December 31, 1996, four Properties were acquired; net operating income attributable to such Properties was approximately $1.8 million, which included approximately $371,000 of depreciation and amortization expense. During the year ended December 31, 1997, 39 Properties were acquired; net operating income attributable to such Properties was approximately $3.8 million, which included approximately $1.7 million of depreciation and amortization expense. During the year ended December 31, 1998, 41 Properties were acquired; net operating income attributable to such Properties was approximately $7.6 million, which included approximately $3.9 million of depreciation and amortization expense. During the year ended December 31, 1999, two Properties were acquired; net operating income attributable to such Properties was approximately $87,000, which included approximately $104,000 of depreciation expense.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with "Selected Financial Data" and the historical Consolidated Financial Statements and Notes thereto appearing elsewhere in this Form 10-K. The following discussion may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 which reflect management's current views with respect to future events and financial performance. Such forward-looking statements are subject to certain risks and uncertainties, including, but not limited to, the effects of future events on the Company's financial performance; the adverse impact of external factors such as inflation and consumer confidence; and the risks associated with real estate ownership.

RESULTS OF OPERATIONS

COMPARISON OF YEAR ENDED DECEMBER 31, 1999 TO YEAR ENDED DECEMBER 31, 1998

Since December 31, 1997, the gross investment in real estate has increased from $936 million to $1,264 million as of December 31, 1999 due to the acquisition of the following Properties (collectively, the "1998 & 1999 Acquisition Properties"):

(i) The Ellenburg Communities acquired throughout 1998
(ii) Quail Meadows on January 8, 1998
(iii) Sherwood Forest RV Resort on April 30, 1998
(iv) Casa Del Sol Resort III on May 14, 1998
(v) The College Heights Communities (a portfolio of eighteen Properties) on June 4, 1998
(vi) Sunset Oaks on August 13, 1998
(vii) The Meadows on April 1, 1999
(viii) Coquina Crossing on July 23, 1999

The total number of sites owned and controlled has increased from 44,108 as of December 31, 1997 to 54,007 as of December 31, 1999.

The following table summarizes certain weighted average statistics for the years ended December 31, 1999 and 1998. "Core Portfolio" represents an analysis of properties owned as of the beginning of both periods of comparison.

	Core Portfolio		Total Portfolio	
	1999	1998	1999	1998
Total sites	32,393	32,358	46,914	43,932
Occupied sites	30,708	30,652	44,110	41,420
Occupancy %	94.8%	94.7%	94.0%	94.3%
Monthly base rent per site	$356	$343	$343	$332

Base rental income ($181.7 million) increased $16.3 million or 9.9%. For the Core Portfolio, base rental income increased approximately $4.8 million or 3.8%, due to increased base rental rates. The remaining $11.5 million increase in base rental income was attributed to the 1998 & 1999 Acquisition Properties.

Monthly base rent per site for the total portfolio increased 3.3%, reflecting a 3.7% increase in monthly base rent per site for the Core Portfolio, partially offset by the acquisition of Properties with average base rents lower than the Core Portfolio. Average monthly base rent per site for the 1998 & 1999 Acquisition Properties was $314.69 for the year ended December 31, 1999.

Weighted average occupied sites increased by 2,690 sites while occupancy percentage decreased 0.3% due to the addition of the 1998 & 1999 Acquisition Properties to the portfolio with lower occupancy percentages. Occupied sites at the Core Portfolio remained stable.

RV base rental income ($9.5 million) increased $2.4 million or 33.2% primarily due to the addition of four RV Properties in 1998.

Utility and other income ($20.1 million) increased $1.9 million or 10.3% attributed to the 1998 & 1999 Acquisition Properties.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Interest income ($1.7 million) decreased $1.4 million or 45.2%, primarily due to the conversion of some notes receivable to fee simple interests in The Meadows and certain Ellenburg Communities. Short-term investments had average balances for the years ended December 31, 1999 and 1998 of approximately $2.8 million and $6.9 million, respectively, which earned interest income at an effective rate of 6.3% and 5.4% per annum, respectively.

Property operating and maintenance expenses ($58.0 million) increased $5.0 million or 9.4%. Expenses related to the 1998 & 1999 Acquisition Properties were approximately $4.6 million. Expenses at the Core Portfolio increased slightly as increases in repairs and maintenance, payroll and utility expenses were partially offset by decreased property general and administrative expenses and insurance and other expenses. Property operating and maintenance expenses represented 27.0% of total revenues in 1999 and 27.2% in 1998.

Real estate taxes ($16.5 million) increased $2.0 million or 13.8%, of which approximately $1.3 million was attributed to the 1998 & 1999 Acquisition Properties and $668,000 relates to slightly increased rates at the Core Portfolio. Real estate taxes represented 7.7% of total revenues in 1999 and 7.4% in 1998.

Property management expenses ($8.3 million) increased $1.2 million or 16.9%. The increase was primarily due to the addition of senior management personnel in the areas of operations, human resources and accounting and the incremental expenses related to management of the 1998 & 1999 Acquisition Properties. Property management expenses represented 3.9% of total revenues in 1999 and 3.6% in 1998.

General and Administrative ("G&A") expenses ($6.1 million) increased $682,000 or 12.6%. The increase was primarily due to increased payroll resulting from salary increases and increased public company related expenses. G&A expense represented 2.8% of total revenues in both 1999 and 1998.

Interest and related amortization ($53.8 million) increased $4.1 million or 8.2%. The increase was due to higher weighted average outstanding debt balances during the period. The weighted average outstanding debt balances for the year ended December 31, 1999 and 1998 were $738.1 million and $696.0 million, respectively. The effective interest rate was 7.2% per annum in both 1999 and 1998. Interest and related amortization represented 25.0% of total revenues in 1999 and 25.5% in 1998.

Depreciation on corporate assets ($1.0 million) increased $10,000 or 1.0% due to fixed asset additions related to information and communication systems. Depreciation on corporate assets represented 0.5% of total revenues in both 1999 and 1998.

Depreciation on real estate assets and other costs ($34.5 million) increased $6.1 million or 21.3% as a result of the addition of the 1998 & 1999 Acquisition Properties. Depreciation on real estate assets and other costs represented 16.0% of total revenues in 1999 and 14.6% in 1998.

COMPARISON OF YEAR ENDED DECEMBER 31, 1998 TO YEAR ENDED DECEMBER 31, 1997

Since December 31, 1996, the gross investment in real estate has increased from $598 million to $1,237 million as of December 31, 1998 due to the acquisition of the following Properties (collectively, the "1997 & 1998 Acquisition Properties"):

(i) California Hawaiian on March 14, 1997
(ii) Golf Vista Estates on March 27, 1997
(iii) Golden Terrace South on May 30, 1997
(iv) The MPW Properties (a portfoilo of twenty Properties) on August 29, 1997
(v) Arrowhead Village on September 16, 1997
(vi) The Ellenburg Communities acquired throughout 1998
(vii) Quail Meadows on January 8, 1998
(viii) Sherwood Forest RV Resort on April 30, 1998
(ix) Casa Del Sol Resort III on May 14, 1998
(x) The College Heights Communities (a portfolio of eighteen Properties) on June 4, 1998
(xi) Sunset Oaks on August 13, 1998.

The total number of sites owned and controlled has increased from 27,356 as of December 31, 1996 to 53,391 as of December 31, 1998.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

The following table summarizes certain weighted average statistics for the years ended December 31, 1998 and 1997. "Core Portfolio" represents an analysis of Properties owned during both periods of comparison.

	Core Portfolio		Total Portfolio	
	1998	1997	1998	1997
Total sites	27,455	27,432	43,932	29,323
Occupied sites	26,057	25,983	41,420	27,770
Occupancy %	94.9%	94.7%	94.3%	94.7%
Monthly base rent per site	$335	$321	$332	$327

Base rental income ($165 million) increased $56.3 million or 51.7%. For the Core Portfolio, base rental income increased approximately $4.1 million or 4.1%, reflecting an increase in base rental rates. The remaining $52.2 million increase in base rental income was attributed to the 1997 & 1998 Acquisition Properties.

Monthly base rent per site for the total portfolio increased 1.5%, reflecting a 4.4% increase in monthly base rent per site for the Core Portfolio offset by lower monthly base rents for the 1997 & 1998 Acquisition Properties. Average monthly base rent per site for the 1997 & 1998 Acquisition Properties was $329 for the year ended December 31, 1998.

Weighted average occupancy decreased 0.4% due to the addition of the 1997 & 1998 Acquisition Properties to the portfolio with lower occupancy percentages, partially offset by increased occupancy at the Core Portfolio The 0.2% increase at the Core Portfolio reflects a 0.4% decrease attributed to lower occupancy at four family properties and lower occupancy at two Properties where the Company has implemented a program to upgrade the resident profile and housing stock. Excluding these Properties, occupancy at the Core Portfolio increased 0.6%.

Utility and other income ($25.4 million) increased $13.6 million or 115.3%, due to an increase of $13.1 million attributed to the 1997 & 1998 Acquisition Properties, including $7.2 million of RV income. The remaining $500,000 increase reflected increased utility income, real estate tax pass-ons and other miscellaneous income at the Core Portfolio.

Interest income ($3.0 million) increased $1.1 million or 57.0%, primarily due to the issuance of $14.6 million of notes receivable and an increase in interest earned on short-term investments. Short-term investments had average balances for the years ended December 31, 1998 and 1997 of approximately $6.9 million and $4.7 million, respectively, which earned interest income at an effective rate of 5.4% per annum in both years.

Property operating and maintenance expenses ($53.0 million) increased $20.7 million or 64.1%. Of this increase $19.4 million is attributed to the 1997 & 1998 Acquisition Properties. The remaining $1.3 million increase includes approximately $300,000 of one-time expenses associated with water main breaks, storm damage and legal costs at the Core Portfolio. The Core Portfolio also experienced increases in property payroll, property general and administrative expenses and insurance and other expenses. Property operating and maintenance expenses represented 27.2% of total revenues in 1998 and 26.2% in 1997.

Real estate taxes ($14.5 million) increased $6.1 million or 73.3% due to the impact of the 1997 & 1998 Acquisition Properties. Real estate taxes represented 7.4% of total revenues in 1998 and 6.8% in 1997.

Property management expenses ($7.1 million) increased $2.0 million or 39.9%. The increase was primarily due to an increase in management company payroll and incremental costs associated with self management of the 1997 & 1998 Acquisition Properties. Property management expenses represented 3.6% of total revenues in 1998 and 4.1% of total revenues in 1997.

G&A ($5.4 million) increased $851,000 or 18.7%. The increase was primarily due to increased payroll. G&A expenses represented 2.8% of total revenues in 1998 and 3.7% in 1997.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Interest and related amortization ($49.7 million) increased $27.9 million or 128.4%. The increase was due to higher weighted average outstanding debt balances during the period. The weighted average outstanding debt balances for the years ended December 31, 1998 and 1997 were $696 million and $301.3 million, respectively. The effective interest rate was 7.2% in 1998 and 7.1% in 1997. Interest and related amortization represented 25.5% of total revenues in 1998 and 17.6% in 1997.

Depreciation on corporate assets ($995,000) increased $405,000 or 68.8% due to fixed asset additions in 1997 and 1998 associated with the Company's upgrade of certain computer systems infrastructure and the wide area network. Depreciation on corporate assets represented 0.5% of total revenues in both 1998 and 1997.

Depreciation on real estate assets and other costs ($28.4 million) increased $11.1 million or 63.7% as a result of 1997 & 1998 Acquisition Properties. Depreciation on real estate assets and other costs represented 14.6% of total revenues in 1998 and 14.1% in 1997.

LIQUIDITY AND CAPITAL RESOURCES

FOR THE YEAR ENDED DECEMBER 31, 1999

Net cash provided by operating activities increased $608,000 to approximately $72.6 million for the year ended December 31, 1999 from $72.0 million for the year ended December 31, 1998. Net cash provided by operating activities reflected a $4.4 million increase in funds from operations ("FFO"), as discussed below, offset by slower growth in accounts payable and rents received in advance due to the 1998 & 1999 Acquisition Properties.

Net cash used in investing activities decreased $224.9 million to $37.9 million for the year ended December 31, 1999 from $262.8 million for the year ended December 31, 1998. This was primarily due to the acquisition of Quail Meadows, Sherwood Forest RV Resort, Casa Del Sol Resort III, the College Heights Communities, acquisition advances related to the Ellenberg Communities, the purchase of short-term investments, the funding of The Meadows Loan (as hereinafter defined), and the investment in Plantation on the Lake and Trails West in 1998, partially offset by the investment in The Meadows and the acquisition of Coquina Crossing in 1999.

On January 6, 1998, the Company funded a $12.3 million loan (the "Meadows Loan") to Meadows Preservation, Inc. The Meadows Loan was collateralized by The Meadows manufactured home community located in Palm Beach Gardens, Florida. On April 1, 1999, the Company effectively exchanged The Meadows Loan for an equity and debt interest in the partnership that owns The Meadows. The Company accounts for The Meadows as an acquisition and consolidates the Property and related results of operations and therefor no interest income was recognized on the Meadows Loan after the exchange.

On July 23, 1999, the Company acquired Coquina Crossing, located in St. Augustine, Florida, for a purchase price of approximately $10.4 million. The acquisition was funded with a borrowing under the Company's line of credit. Coquina Crossing is a 748-site senior community with 269 developed sites and zoned expansion potential of 479 sites. In addition, RSI purchased the model home inventory at the community for approximately $1.1 million.

Capital expenditures for improvements were approximately $14.4 million for the year ended December 31, 1999 compared to $14.2 million for the year ended December 31, 1998. Of the $14.4 million, approximately $8.6 million represented improvements to existing sites. The Company anticipates spending approximately $7.0 million on improvements to existing sites during 2000. The Company believes these improvements are necessary in order to increase and/or maintain occupancy levels and maintain competitive market rents for new and renewing residents. The remaining $5.8 million represented costs to develop expansion sites at certain of the Company's Properties and other corporate headquarter costs.

Net cash (used in) provided by financing activities decreased $245.2 million to ($41.7 million) for the year ended December 31, 1999 from $203.5 million for the year ended December 31, 1998. This is primarily due to lower net borrowings on the line of credit compared to the same period in 1998 and proceeds from issuance of common stock in the year ended December 31, 1998 compared to repurchases of common stock in the year ended December 31, 1999. On September 30, 1999, the Operating Partnership completed a $125 million private placement of 9.0% Series D Cumulative Redeemable Perpetual Preferred Units. The net proceeds from this placement were used to pay down the line of credit. Also, during 1999 the Company repurchased over 4 million shares of Common Stock at an average price of $23.40 per share using proceeds from borrowings on the line of credit. Net borrowings on the line of credit of $120.1 million for the year ended December 31, 1998 compare to net repayments on the line of credit of $37.1 million for the year ended December 31, 1999.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Distributions to common stockholders and minority interests decreased approximately $6.0 million. This was due primarily to a change in the timing of the fourth quarter dividend which, for the fourth quarter of 1998, was paid on December 30, 1998 and, for the fourth quarter of 1999, was not paid until January 14, 2000. On April 9, 1999, July 9, 1999, October 8, 1999 and January 14, 1999, the Company paid a $.3875 per share distribution for the quarters ended March 31, 1999, June 30, 1999, September 30, 1999 and December 31, 1999 respectively, to stockholders of record on March 26, 1999, June 25, 1999, September 24, 1999 and December 31, 1999 respectively.

FOR THE YEAR ENDED DECEMBER 31, 1998

Net cash provided by operating activities increased $17.4 million from $54.6 million for the year ended December 31, 1997 to $72.0 million for the same period in 1998. This increase reflected a $13.3 million increase in FFO, which reflected increases in rental income as discussed in "Results of Operations" above, and an increase in accounts payable and real estate tax accruals and rents received in advance related to the property acquisitions, partially offset by increased prepaid expenses.

Net cash used in investing activities increased $23.3 million from $239.4 million for the year ended December 31, 1997 to $262.8 million for the year ended December 31, 1998, primarily due to the funding of notes receivable, improvements made to acquisition properties, and collection of escrow proceeds related to the acquisition of the Ellenburg Communities, partially offset by the sale of project related assets in 1997.

On September 4, 1997, the Company entered into a portfolio purchase agreement (as amended by a supplemental agreement on December 17, 1997) to acquire 38 Communities (the "Ellenburg Communities") from partnerships having Ellenburg Capital Corporation ("ECC") as the general partner for a purchase price in excess of $300 million. From December 17, 1997 through December 31, 1998, the Company closed on the acquisition of thirty-one of the Ellenburg Communities for an aggregate purchase price of approximately $278 million and gained control of an additional five Ellenburg Communities with acquisition advances of approximately $57 million to the partnerships which own such Ellenburg Communities. The Company funded the acquisition advances with borrowings under the Company's line of credit and term bank facilities. In addition, the Company assumed debt of approximately $32 million and issued OP Units of approximately $4.9 million in connection with this transaction.

During 1998, the Company received approximately $14.3 million, including approximately $365,000 of interest income, which was being held subject to the completion of due diligence procedures on the Ellenburg Communities. The persons appointed to windup the affairs of ECC have released the funds and have presented a status report to the court. The $14.3 million has been recorded as a liability until certain related issues are finalized at which point the final liability will be relieved and the purchase price of the Ellenburg Communities adjusted accordingly.

On January 6, 1998, the Company funded a $12.3 million loan (the "Meadows Loan") to Meadows Preservation, Inc. The Meadows Loan is collateralized by The Meadows manufactured home community located in Palm Beach Gardens, Florida, bears interest at a nominal rate of 9%, subject to adjustment based on cash flow of the property, and matures on April 30, 1999.

On January 8, 1998, the Company acquired Quail Meadows, located in Riverbank, California, for a purchase price of approximately $4.7 million. The acquisition was funded with a borrowing under the Company's line of credit. Quail Meadows consists of approximately 146 developed sites.

On April 30, 1998, the Company acquired Sherwood Forest RV Resort, located adjacent to one of the Ellenburg Communities in Kissimmee, Florida, for a purchase price of approximately $7.0 million. The acquisition was funded with a borrowing under the Company's line of credit. Sherwood Forest RV Resort consists of approximately 512 developed sites and a 33 acre expansion parcel.

On May 14, 1998, the Company acquired Casa Del Sol Resort III, located adjacent to one of the Company's communities in Peoria, Arizona, for a purchase price of approximately $9.8 million. The acquisition was funded with a borrowing under the Company's line of credit. Casa Del Sol Resort III consists of 238 developed sites.

On June 4, 1998, the Company entered into a joint venture agreement with Wolverine Investors L.L.C. to acquire the College Heights Communities. The aggregate purchase price for the College Heights Communities was approximately $89 million. The Company contributed approximately $19 million to the joint venture, Wolverine Investors L.L.C. contributed approximately $2.0 million to the joint venture and the remainder of the acquisition was funded with a borrowing from a financial institution of approximately $68 million. The Company's $19 million contribution to the joint venture was funded with a borrowing under the Company's line of credit. Due to the Company's ability to control the joint venture through its ownership percentage, the joint venture has been consolidated with the Company for financial reporting purposes.

On August 13, 1998, the Company acquired Sunset Oaks, located in Plant City, Florida, adjacent to one of the Company's existing properties, for a purchase price of approximately $3.6 million. The acquisition was funded with a borrowing under the Company's line of credit. Sunset Oaks consists of 168 developed sites.

Capital expenditures for improvements were approximately $14.2 million for the year ended December 31, 1998 compared to $6.4 million for the year ended December 31, 1997. Of the $14.2 million, approximately $8 million represented improvements to existing sites including $3.5 million related to newly acquired properties. The remaining $6.2 million represented costs to develop expansion sites at certain of the Company's Properties and other corporate headquarter costs.

Net cash provided by financing activities increased $18.1 million from $185.4 million for the year ended December 31, 1997 to $203.5 million for the year ended December 31, 1998 primarily due to the issuance of common stock in the second quarter of 1998, partially offset by decreased net proceeds from the line of credit, term loan and mortgage notes payable.

On April 23, 1998, the Company completed an offering of 1,048,059 shares of common stock (the "Unit Trust Offering") and sold the shares to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"). The offering price per share was $25.4375, the closing price for shares of the Company's common stock on April 23, 1998, resulting in gross offering proceeds of approximately $26.7 million. Net of the Underwriter's discount and offering expenses, the Company received approximately $25 million. The Underwriter deposited the shares of common stock with the trustee of the Equity Investor Fund Cohen & Steers Realty Majors Portfolio, a unit investment trust (the "Trust"), in exchange for units in the Trust.

For the year ended December 31, 1999, the Company declared and paid quarterly distributions totaling $1.55 per share. For the year ended December 31, 1998, the Company declared and paid quarterly distributions totaling $1.45 per share. Return of capital on a GAAP basis was $0.49, $0.33 and $0.17 for the years ended December 31, 1999, 1998 and 1997, respectively.

Substantially all of the leases at the Properties allow for monthly or annual rent increases which provide the Company with the opportunity to achieve increases, where justified by the market, as each lease matures. Such types of leases generally minimize the risk of inflation to the Company.

The Company expects to meet its short-term liquidity requirements, including its distributions, generally through its working capital, net cash provided by operating activities and availability under the existing line of credit. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities, property acquisitions and capital improvements by long-term collateralized and uncollateralized borrowings including borrowings under its existing line of credit and the issuance of debt securities or additional equity securities in the Company, in addition to working capital.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities", which is required to be adopted in years beginning after June 15, 1999. SFAS No. 133 permits early adoption as of the beginning of any fiscal quarter after its issuance. In June 1999, the FASB issued Statement No. 137 which deferred the effective date of SFAS No. 133 to all fiscal quarters for fiscal years beginning after June 15, 2000. The Company has not yet determined the date at which it will adopt SFAS No. 133. SFAS No. 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The Company has not yet determined what the effect of SFAS No. 133 will be on the earnings and financial position of the Company, when implemented.

FUNDS FROM OPERATIONS

FFO was defined by NAREIT in March 1995 as net income (computed in accordance with GAAP), before allocation to minority interests, excluding gains (or losses) from sales of property, plus real estate depreciation and after adjustments for significant non-recurring items, if any. In the first quarter of 1996, the Company adopted this new definition of FFO which was effective for periods ending after December 31, 1995. The Company computes FFO in accordance with the NAREIT definition which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs computation. Funds available for distribution ("FAD") is defined as FFO less non-revenue producing capital expenditures. The Company believes that FFO and FAD are useful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, they provide investors an understanding of the ability of the Company to incur and service debt and to make capital expenditures. FFO and FAD in and of themselves do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income as an indication of the Company's performance or to net cash flows from operating activities as determined by GAAP as a measure of liquidity and are not necessarily indicative of cash available to fund cash needs.

The following table presents a calculation of FFO and FAD for the years ended December 31, 1999, 1998 and 1997 (amounts in thousands):

	1999	1998	1997
COMPUTATION OF FUNDS FROM OPERATIONS:			
Income before extraordinary item	$ 27,772	$ 28,930	$ 29,096
Income allocated to Common OP Units	6,219	6,733	4,373
Depreciation on real estate assets and other costs	34,486	28,426	17,365
Funds from operations	$ 68,477	$ 64,089	$ 50,834
Weighted average Common Stock outstanding - diluted	31,252	31,962	28,762
COMPUTATION OF FUNDS AVAILABLE FOR DISTRIBUTION:			
Funds from operations	$ 68,477	$ 64,089	$ 50,834
Non-revenue producing improvements to real estate	(8,656)	(8,005)	(4,187)
Funds available for distribution	$ 59,821	$ 56,084	$ 46,647
Weighted average Common Stock outstanding - diluted	31,252	31,962	28,762

YEAR 2000

In prior years, the Company discussed the nature and progress of its plans to become year 2000 ready. In late 1999, the Company completed its remediation and testing of systems. As a result of those planning and implementation efforts, the Company experienced no significant disruptions in mission critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. The Company will continue to monitor its mission critical computer applications and those of its suppliers and vendors throughout the year 2000 to ensure that any latent Year 2000 matters that may arise are addressed promptly.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's earnings are affected by changes in interest rates as a portion of the Company's outstanding indebtedness is at variable rates based on LIBOR. The Company's $175 million line of credit ($107.9 million outstanding at December 31, 1999) bears interest at LIBOR plus 1.125% and the Company's $100 million Term Loan bears interest at LIBOR plus 1.0%. If LIBOR increased/decreased by 1.0% during 1999, interest expense would have increased/decreased by approximately $1.0 million based on the average balance outstanding under the Company's line of credit for the year ended December 31, 1998.

In July 1995, the Company entered into an interest rate swap agreement (the "1998 Swap") fixing LIBOR on $100 million of the Company's floating rate debt at 6.4% for the period 1998 through 2003. The cost of the 1998 Swap consisted only of legal costs that were deemed immaterial. The value of the 1998 Swap was impacted by changes in the market rate of interest. Had the 1998 Swap been entered into on December 31, 1999, the applicable LIBOR swap rate would have been approximately 6.57%. Each 0.01% increase or decrease in the applicable swap rate for the 1998 Swap increases or decreases the value of the 1998 Swap versus its current value by approximately $28,000. The Company accounted for the 1998 Swap as a hedge. Payments and receipts under the 1998 Swap were accounted for as an adjustment to interest expense. On January 10, 2000, the Company unwound the 1998 SWAP and received $1.0 million of proceeds which will be amortized into interest expense through March 2003.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Combined Financial Statements on page F-1 of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12, 13.

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, EXECUTIVE COMPENSATION, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 10, Item 11, Item 12, and Item 13 will be contained in a definitive proxy statement which the Registrant anticipates will be filed no later than April 28, 2000, and thus this Part has been omitted in accordance with General Instruction G(3) to Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a)
(1&2) See Index to Financial Statements and Schedules on page F-1 of this Form 10-K.

(3) Exhibits:

2(a)	Admission Agreement between Equity Financial and Management Co., Manufactured Home Communities, Inc. and MHC Operating Partnership
3.1(a)	Articles of Incorporation of Manufactured Home Communities, Inc.
3.2(a)	Articles of Amendment and Restatement of Manufactured Home Communities, Inc.
3.3(g)	Amended Bylaws of Manufactured Home Communities, Inc.
4	Not applicable
9	Not applicable
10.1(a)	Amended and Restated Agreement of Limited Partnership of MHC Operating Limited Partnership
10.2(a)	Agreement of Limited Partnership of MHC Financing Limited Partnership
10.3(a)	Agreement of Limited Partnership of MHC Management Limited Partnership
10.4(a)	Property Management and Leasing Agreement between MHC Financing Limited Partnership and MHC Management Limited Partnership
10.5(a)	Property Management and Leasing Agreement between MHC Operating Limited Partnership and MHC Management Limited Partnership
10.6(a)	Services Agreement between Realty Systems, Inc. and MHC Management Limited Partnership
10.7(a)	Rate Protection Agreement
10.8(a)	Revolving Credit Note made by Realty Systems, Inc. to Equity Financial and Management Co.
10.9(a)	Assignment to MHC Operating Limited Partnership of Revolving Credit Note made by Realty Systems, Inc. to Equity Financial and Management Co.
10.10(a)	Stock Option Plan
10.11A(a)	Indenture of Mortgage, Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Rents
10.11B(a)	Promissory Note
10.11C(a)	Assignment of Loan Documents
10.11D(a)	Assignment of Leases, Rents and Security Deposits
10.11E(a)	Swap Agreement Pledge and Security Agreement
10.11F(a)	Cash Collateral Account Security, Pledge and Assignment Agreement
10.11G(a)	Assignment of Property Management and Leasing Agreement
10.11H(a)	Trust Agreement
10.12(a)	Form of Noncompetition Agreement
10.13(a)	Form of Noncompetition Agreement
10.13A(a)	Form of Noncompetition Agreement
10.14(a)	General Electric Credit Corporation Commitment Letter
10.15(a)	Administrative Services Agreement between Realty Systems, Inc. and Equity Group Investments, Inc.
10.16(a)	Registration Rights and Lock-Up Agreement with the Company (the Original Owners, EF&M, Directors, Officers and Employees)
10.17(a)	Administrative Services Agreement between the Company and Equity Group Investments, Inc.
10.18(a)	Form of Subscription Agreement between the Company and certain officers and other individuals dated March 3, 1993
10.19(a)	Form of Secured Promissory Note payable to the Company by certain officers dated March 3, 1993
10.20(a)	Form of Pledge Agreement between the Company and certain officers dated March 3, 1993
10.21(a)	Loan and Security Agreement between Realty Systems, Inc. and MHC Operating Limited Partnership
10.22(a)	Equity and Registration Rights Agreement with the Company (the GM Trusts)
10.23(b)	Agreement of Limited Partnership of MHC Lending Limited Partnership
10.23(c)	Agreement of Limited Partnership of MHC-Bay Indies Financing Limited Partnership
10.24(c)	Agreement of Limited Partnership of MHC-De Anza Financing Limited Partnership
10.25(c)	Agreement of Limited Partnership of MHC-DAG Management Limited Partnership
10.26(d)	Amendment No. 2 to MHC Operating Limited Partnership Amended and Restated Partnership Agreement dated February 15, 1996
10.27(d)	Form of Subscription Agreement between the Company and certain members of management of the Company dated January 2, 1996

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K (CONTINUED)

10.28(d)	Form of Secured Promissory Note payable to the Company by certain members of management of the Company dated January 2, 1996
10.29(d)	Form of Pledge Agreement between the Company and certain members of management of the Company dated January 2, 1996
10.30(e)	Second Amended and Restated MHC Operating Limited Partnership Agreement of Limited Partnership, dated as of March 15, 1996
10.31(f)	Agreement of Limited Partnership of MHC Financing Limited Partnership Two
10.32g)	$265,000,000 Mortgage Note dated December 12,1997
10.33(g)	Second Amended and Restated Credit Agreement (Revolving Facility) between the Company, MHC Operating Limited Partnership, and certain lenders and agents, dated April 28, 1998
10.34(g)	First Amendment to Second Amended and Restated Credit Agreement between the Company, MHC Operating Limited Partnership, and certain lenders and agents, dated December 18, 1998
10.35(g)	Amended and Restated Credit Agreement (Term Loan) between the Company, MHC Operating Limited Partnership, and certain lenders and agent, dated April 28, 1998
10.36(g)	Letter Agreement between the Company and Bank of America National Trust and Savings Association confirming the $100 million swap transaction, dated July 11, 1995
11	Not applicable
12(h)	Computation of Ratio of Earnings to Fixed Charges
13	Not applicable
16	Not applicable
18	Not applicable
21(h)	Subsidiaries of the registrant
22	Not applicable
23(h)	Consent of Independent Auditors
24.1(h)	Power of Attorney for John F. Podjasek, Jr. dated March 6, 1999
24.2(h)	Power of Attorney for Michael A. Torres dated March 6, 1999
24.3(h)	Power of Attorney for Thomas E. Dobrowski dated March 7, 1999
24.4(h)	Power of Attorney for Gary Waterman dated March 9, 1999
24.5(h)	Power of Attorney for Donald S. Chisholm dated March 6, 1999
24.6(h)	Power of Attorney for Louis H. Masotti dated March 7, 1999
27(h)	Financial Data Schedule
28	Not applicable

(a) Included as an exhibit to the Company's Form S-11 Registration Statement, File No. 33-55994, and incorporated herein by reference.

(b) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1993, and incorporated herein by reference.

(c) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1994, and incorporated herein by reference.

(d) Included as an exhibit to the Company's Report on Form 10-Q for the quarter ended March 31, 1996, and incorporated herein by reference.

(e) Included as an exhibit to the Company's Report on Form 10-Q for the quarter ended June 30, 1996, and incorporated herein by reference.

(f) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1997, and incorporated herein by reference.

(g) Included as an exhibit to the Company's Form S-3 Registration Statement, File No. 333-90813, and incorporated herein by reference.

(h) Filed herewith.

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K (CONTINUED)

(b) Reports on Form 8-K:

None.

(c) Exhibits:

See Item 14 (a)(3) above.

(d) Financial Statement Schedules:

See Index to Financial Statements attached hereto on page F-1 of this Form 10-K.

SIGNATURES

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

MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation

Date: March 9, 2000

By: /s/ Howard Walker
Howard Walker
President and Chief
Executive Officer

Date: March 9, 2000

By: /s/ Thomas P. Heneghan
Thomas P. Heneghan
Executive Vice President, Treasurer
and Chief Financial Officer

Date: March 9, 2000

By: /s/ Mark Howell
Mark Howell
Principal Accounting Officer

MANUFACTURED HOME COMMUNITIES, INC. - SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated.

Name	Title	Date
/s/ Howard Walker Howard Walker	Chief Executive Officer and President *Attorney-in-Fact	March 9, 2000
/s/ Thomas P. Heneghan Thomas P. Heneghan	Executive Vice President, Treasurer and Chief Financial Officer *Attorney-in-Fact	March 9, 2000
/s/ Samuel Zell Samuel Zell	Chairman of the Board	March 9, 2000
/s/ Sheli Z. Rosenberg Sheli Z. Rosenberg	Director	March 9, 2000
/s/ David A. Helfand David A. Helfand	Director	March 9, 2000
*Donald S. Chisholm Donald S. Chisholm	Director	March 9, 2000
*Thomas E. Dobrowski Thomas E. Dobrowski	Director	March 9, 2000
*Louis H. Masotti Louis H. Masotti	Director	March 9, 2000
*John F. Podjasek, Jr. John F. Podjasek, Jr.	Director	March 9, 2000
*Michael A. Torres Michael A. Torres	Director	March 9, 2000
*Gary L. Waterman Gary L. Waterman	Director	March 9, 2000

INDEX TO FINANCIAL STATEMENTS

MANUFACTURED HOME COMMUNITIES, INC.

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Certain schedules have been omitted as they are not applicable to the Company.

Report of Independent Auditors

To the Board of Directors of
Manufactured Home Communities, Inc.

We have audited the accompanying consolidated balance sheets of Manufactured Home Communities, Inc. as of December 31, 1999 and 1998, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 1999. We have also audited the related financial statement schedules listed in the accompanying index. These financial statements and schedules are the responsibility of the management of Manufactured Home Communities, Inc. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Manufactured Home Communities, Inc. at December 31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects the information set forth therein.

ERNST & YOUNG LLP

Chicago, Illinois
January 24, 2000

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 19999 AND 1998
(AMOUNTS IN THOUSANDS EXCEPT SHARE DATA)

	1999	1998
ASSETS		
Investment in real estate:		
Land	$ 285,337	$ 272,225
Land improvements	876,923	865,720
Buildings and other depreciable property	102,083	95,669
Advances on real estate acquisitions	--	3,817
	1,264,343	1,237,431
Accumulated depreciation	(150,757)	(118,021)
Net investment in real estate	1,113,586	1,119,410
Cash and cash equivalents	6,676	13,657
Notes receivable	4,284	15,710
Investment in and advances to affiliates	11,689	7,797
Investment in joint ventures	9,501	7,584
Rents receivable	1,338	671
Deferred financing costs, net	5,042	4,634
Prepaid expenses and other assets	8,222	7,325
Due from affiliates	--	53
Total assets	$ 1,160,338	$ 1,176,841
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$ 513,172	$ 500,573
Unsecured term loan	100,000	100,000
Unsecured line of credit	107,900	145,000
Other notes payable	4,192	5,276
Accounts payable and accrued expenses	20,780	33,341
Accrued interest payable	5,612	4,911
Rents received in advance and security deposits	6,831	6,495
Distributions payable	11,020	294
Due to affiliates	33	42
Total liabilities	769,540	795,932
Commitments and contingencies		
Minority Interest - Common OP Units and other	54,397	70,468
Minority Interest - Perpetual Preferred OP Units	125,000	--
Stockholders' equity:		
Preferred stock, $.01 par value 10,000,000 shares authorized; none issued	--	--
Common Stock, $.01 par value 50,000,000 shares authorized; 22,813,357 and 26,417,029 shares issued and outstanding for 1999 and 1998, respectively	229	262
Paid-in capital	275,664	364,603
Deferred compensation	(6,326)	(7,442)
Employee notes	(4,540)	(4,654)
Distributions in excess of accumulated earnings	(53,626)	(42,328)
Total stockholders' equity	211,401	310,441
Total liabilities and stockholders' equity	$ 1,160,338	$ 1,176,841

The accompanying notes are an integral part of the financial statements

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

	1999	1998	1997
REVENUES			
Base rental income	$ 181,672	$ 165,340	$ 108,984
RV base rental income	9,526	7,153	--
Utility and other income	20,096	18,219	11,785
Equity in income of affiliates	2,065	1,070	800
Interest income	1,669	3,048	1,941
Total revenues	215,028	194,830	123,510
EXPENSES			
Property operating and maintenance	58,038	53,064	32,343
Real estate taxes	16,460	14,470	8,352
Property management	8,337	7,108	5,079
General and administrative	5,550	4,668	4,091
General and administrative - affiliates	542	743	468
Interest and related amortization	53,775	49,693	21,753
Depreciation on corporate assets	1,005	995	590
Depreciation on real estate assets and other costs	34,486	28,426	17,365
Total expenses	178,193	159,167	90,041
Income before allocation to Minority Interests and extraordinary loss on early extinguishment of debt	36,835	35,663	33,469
(Income) allocated to Common OP Units	(6,219)	(6,733)	(4,373)
(Income) allocated to Perpetual Preferred OP Units	(2,844)	--	--
Income before extraordinary loss on early extinguishment of debt	27,772	28,930	29,096
Extraordinary loss on early extinguishment of debt (net of $105 allocated to Minority Interests)	--	--	(451)
NET INCOME	$ 27,772	$ 28,930	$ 28,645
Net income per Common Share before extraordinary item - basic	$ 1.10	$ 1.13	$ 1.18
Net income per Common Share before extraordinary item - diluted	$ 1.09	$ 1.12	$ 1.16
Net income per Common Share - basic	$ 1.10	$ 1.13	$ 1.16
Net income per Common Share - diluted	$ 1.09	$ 1.12	$ 1.15
Weighted average Common Shares outstanding - basic	25,224	25,626	24,689
Weighted average Common Shares outstanding - diluted (Note 3)	31,252	31,962	28,762
Distributions declared per Common Share outstanding	$ 1.55	$ 1.45	$ 1.32
Tax status of distributions paid during the year:			
Ordinary income	$ 1.16	$ 1.14	$ 1.12
Capital gain	$ --	$ --	$ --
Return of capital	$ --	$ 0.31	$ 0.20

The accompanying notes are an integral part of the financial statements

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(AMOUNTS IN THOUSANDS)

	1999	1998	1997
PREFERRED STOCK, $.01 PAR VALUE	$ --	$ --	$ --
COMMON STOCK, $.01 PAR VALUE			
Balance, beginning of year	$ 262	$ 248	$ 249
Issuance of Common Stock through restricted stock grants	1	2	1
Exercise of options	1	1	1
(Repurchase) issuance of Common Stock	(35)	11	(3)
Balance, end of year	$ 229	$ 262	$ 248
PAID - IN CAPITAL			
Balance, beginning of year	$ 364,603	$ 321,915	$ 296,997
Issuance of Common Stock for employee notes	--	129	--
Conversion of OP Units to Common Stock	1,525	1,100	
Issuance of Common Stock through exercise of options	2,034	2,372	2,070
Issuance of Common Stock through restricted stock grants	1,507	6,118	2,468
Issuance of Common Stock through employee stock purchase plan	1,195	940	587
(Repurchase) issuance of Common Stock	(98,160)	24,613	(7,257)
Adjustment for Common OP Unitholders in the Operating Partnership	2,960	7,416	27,050
Balance, end of year	$ 275,664	$ 364,603	$ 321,915
DEFERRED COMPENSATION			
Balance, beginning of year	$ (7,442)	$ (2,885)	$ (3,485)
Issuance of Common Stock through restricted stock grants	(536)	(5,692)	(2,074)
Recognition of deferred compensation expense	1,652	1,135	2,674
Balance, end of year	$ (6,326)	$ (7,442)	$ (2,885)
EMPLOYEE NOTES			
Balance, beginning of year	$ (4,654)	$ (4,967)	$ (6,158)
Notes received for issuance of Common Stock	--	(129)	--
Principal payments	114	442	1,191
Balance, end of year	$ (4,540)	$ (4,654)	$ (4,967)
DISTRIBUTIONS IN EXCESS OF ACCUMULATED EARNINGS			
Balance, beginning of year	$ (42,328)	$ (33,736)	$ (29,651)
Net income	27,772	28,930	28,645
Distributions	(39,070)	(37,522)	(32,730)
Balance, end of year	$ (53,626)	$ (42,328)	$ (33,736)

The accompanying notes are an integral part of the financial statements

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(AMOUNTS IN THOUSANDS)

	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 27,772	$ 28,930	$ 28,645
Adjustments to reconcile net income to cash provided by operating activities:			
Income allocated to minority interests	9,063	6,733	4,268
Depreciation and amortization expense	33,871	29,680	19,018
Equity in income of Affiliates	(2,065)	(1,070)	(800)
Amortization of deferred compensation	2,623	1,563	3,068
Write-off of a management contract and project costs	--	--	(575)
(Increase) decrease in rents receivable	(667)	116	(64)
(Increase) in prepaid expenses and other assets	(844)	(3,359)	(2,228)
Increase in accounts payable and accrued expenses	2,491	5,188	2,847
Increase in rents received in advance and security deposits	336	4,196	402
Net cash provided by operating activities	72,580	71,977	54,581
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of short-term investments, net	--	--	1,968
Sale of project related assets	--	--	11,147
Collection of escrow proceeds on acquisition	--	14,295	--
Advances on real estate acquisitions	--	--	(22,811)
(Advances to) distributions from Affiliates	(1,959)	399	388
Collections (funding) on notes receivable	11,426	(14,563)	16,342
Investment in joint ventures	(2,279)	(7,584)	--
Acquisition of rental properties	(30,640)	(241,076)	(240,083)
Improvements:			
Improvements - corporate	(878)	(1,487)	(357)
Improvements - rental properties	(8,656)	(8,005)	(4,187)
Site development costs	(4,882)	(4,741)	(1,852)
Net cash used in investing activities	(37,868)	(262,762)	(239,445)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from stock options and employee stock purchase plan	3,229	3,313	2,658
Net proceeds from issuance of Perpetual Preferred OP Units	121,890	--	--
Distributions to Common Stockholders, Common OP Unitholders and Perpetual Preferred OP Unitholders	(40,445)	(46,491)	(46,886)
(Repurchase) issuance of Common Stock and OP Units	(99,847)	24,623	(7,260)
Collection of principal payments on employee notes	114	442	1,191
Proceeds from line of credit, term loan, and mortgage notes payable	113,484	266,847	510,731
Repayments on mortgage notes payable and line of credit	(139,069)	(43,298)	(272,674)
Debt issuance costs	(1,049)	(1,903)	(2,311)
Net cash (used in) provided by financing activities	(41,693)	203,533	185,449
Net (decrease) increase in cash and cash equivalents	(6,981)	12,748	585
Cash and cash equivalents, beginning of year	13,657	909	324
Cash and cash equivalents, end of year	$ 6,676	$ 13,657	$ 909
SUPPLEMENTAL INFORMATION			
Cash paid during the year for interest	$ 52,323	$ 45,674	$ 20,667

The accompanying notes are an integral part of the financial statements

NOTE 1 - ORGANIZATION OF THE COMPANY AND BASIS OF PRESENTATION

Manufactured Home Communities, Inc. (together with its consolidated subsidiaries, the "Company"), formed in March 1993, is a Maryland corporation which has elected to be taxed as a real estate investment trust ("REIT"). The Company owns or has a controlling interest in 157 manufactured home communities (the "Properties") located in 26 states, consisting of 54,007 sites. The Company generally will not be subject to Federal income tax to the extent it distributes its REIT taxable income to its stockholders.

The operations of the Company are conducted through certain entities that are owned or controlled by the Company. MHC Operating Limited Partnership (the "Operating Partnership") is the entity through which the Company conducts substantially all of its operations. The Company contributed the proceeds from its initial public offering to the Operating Partnership for a general partnership interest. The limited partners of the Operating Partnership (the "Common OP Unitholders") receive an allocation of net income which is based on their respective ownership percentage of the Operating Partnership which is shown on the Consolidated Financial Statements as Minority Interest - Common OP Units. As of December 31, 1999, the Minority Interests - Common OP Units represented 5,633,183 units of limited partnership interest ("OP Units") which are convertible into an equivalent number of shares of the Company's stock. The issuance of additional shares of common stock or common OP Units changes the respective ownership of the Operating Partnership for both the Minority Interests and the Company.

Sub-partnerships of the Operating Partnership were created to (i) facilitate mortgage financing (the "Financing Partnerships"); (ii) facilitate the Company's ability to provide financing to Communities ("Lending Partnership"); (iii) own the management operations of the Company ("Management Partnerships"); and (iv) own the assets and operations of certain utility companies which service the Company's properties ("MHC Systems").

The accompanying financial statements represent the consolidated financial information of the Company and its subsidiaries. Due to the Company's ability as general partner to control either through ownership or by contract the Operating Partnership, the Financing Partnerships, the Lending Partnerships, the Management Partnerships and MHC Systems, each such subsidiary has been consolidated with the Company for financial reporting purposes.

In 1998, the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131") which was effective for fiscal years beginning after December 15, 1997. SFAS No. 131 superseded Statement of Financial Accounting Standards No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. SFAS No. 131 also establishes standards for related disclosures about products and services, geographic areas, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position of the Company. The Company has one reportable segment which is the operation of manufactured home communities. The Company has concentrations of Properties within the following states: Florida (48 Properties), California (25 Properties), Arizona (19 Properties), Michigan (11 Properties) and Colorado (10 Properties). These concentrations of Properties accounted for 35%, 17%, 9%, 4%, and 9%, respectively, of the Company's total revenues for the year ended December 31, 1999. The Company also has Properties located in the following areas of the United States: Northeast, Northwest, Midwest, and Nevada/Utah/New Mexico. The Company's largest Property, Bay Indies, located in Venice, Florida, accounted for 3% of the Company's total revenues for the year ended December 31, 1999. The distribution of the Properties throughout the United States reflects the Company's belief that geographic diversification helps insulate the portfolio from regional economic influences. The Company intends to target new acquisitions in or near markets where the Properties are located and will also consider acquisitions of properties outside such markets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Real Estate

Real estate is recorded at cost less accumulated depreciation. The Company evaluates rental properties for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (undiscounted) from a property is less than its carrying value. Upon determination that a permanent impairment has occurred, rental properties are reduced to fair value. For the year(s) ended December 31, 1999 and 1998, permanent impairment conditions did not exist at any of the Company's properties.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The Company uses a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen year estimated life for building upgrades and a three-to-seven year estimated life for furniture, fixtures and equipment. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred and significant renovations and improvements that improve the asset and extend the useful life of the asset are capitalized over their estimated useful life. Initial direct leasing costs are expensed as incurred. Total depreciation expense was $35.5 million, $29.1 million and $18.0 million for the year(s) ended December 31, 1999, 1998 and 1997, respectively.

(c) Cash and Cash Equivalents

The Company considers all demand and money market accounts and certificates of deposit with a maturity when purchased of three months or less, to be cash equivalents.

(d) Notes Receivable

Notes receivable generally are stated at their outstanding unpaid principal balances net of any deferred fees or costs on originated loans, or unamortized discounts. Interest income is accrued on the unpaid principal balance. Discounts are amortized to income using the interest method.

(e) Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" requires disclosures about the fair value of financial instruments whether or not such instruments are recognized in the balance sheet. The Company's financial instruments include short-term investments, notes receivable, accounts receivable, accounts payable, other accrued expenses, mortgage notes payable and interest rate hedge arrangements. The fair value of all financial instruments, including notes receivable, were not materially different from their carrying values at December 31, 1999 and 1998, except the fair market value of certain derivatives related to mortgage debt (see Note 10).

(f) Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain long-term financing. The costs are being amortized over the terms of the respective loans on a level yield basis. Unamortized deferred financing fees are written-off when debt is retired before the maturity date. Accumulated amortization for such costs was $1.8 million and $1.2 million at December 31, 1999 and 1998, respectively.

(g) Revenue Recognition

Rental income attributable to leases is recorded when earned from tenants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Minority Interests

Net income is allocated to Common OP Unitholders based on their respective ownership percentage of the Operating Partnership. An ownership percentage is represented by dividing the number of OP Units held by the Common OP Unitholders (5,633,183 and 5,976,820 at December 31, 1999 and 1998, respectively) by OP Units and common stock outstanding. Issuance of additional shares of common stock or common OP Units changes the percentage ownership of both the Minority Interests and the Company. Due in part to the exchange rights, such transactions and the proceeds therefrom are treated as capital transactions and result in an allocation between stockholders' equity and Minority Interests to account for the change in the respective percentage ownership of the underlying equity of the Operating Partnership.

On September 30, 1999, the Operating Partnership completed a $125 million private placement of 9.0% Series D Cumulative Perpetual Preferred Units ("POP Units") to two institutional investors. The POP Units, which are callable by the Company after five years, have no stated maturity or mandatory redemption, have no voting rights and are not convertible into OP Units or Common Stock. Income is allocated to the POP Units at a preferred rate per annum of 9.0% on the original capital contribution of $125 million. Costs related to the placement of $3.1 million were recorded as a reduction to additional paid-in capital.

(i) Income Taxes

Due to the structure of the Company as a REIT, the results of operations contain no provision for Federal income taxes. However, the Company may be subject to certain state and local income, excise or franchise taxes. The Company paid state and local taxes of approximately $85,000 and $78,000 during the years ended December 31, 1999 and 1998. As of December 31, 1999, net investment in real estate and notes receivable had a federal tax basis of approximately $794 million and $59 million, respectively.

(j) Reclassifications

Certain 1998 and 1997 amounts have been reclassified to conform to the 1999 financial presentation. Such reclassifications have no effect on the operations or equity as originally presented.

NOTE 3 - EARNINGS PER COMMON SHARE

Earnings per common share are based on the weighted average number of common shares outstanding during each year. In 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings Per Share" ("SFAS No. 128"). SFAS No. 128 replaces the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented, and where appropriate, restated to conform to the SFAS No. 128 requirements. The conversion of OP Units has been excluded from the basic earnings per share calculation. The conversion of an OP Unit to common stock will have no material effect on earnings per common share.

The following table sets forth the computation of basic and diluted earnings per share (amounts in thousands):

	1999	1998	1997
NUMERATOR:			
Numerator for basic earnings per share -			
Net income	$27,772	$28,930	$28,645
Effect of dilutive securities:			
Income allocated to Common OP Units	6,219	6,733	4,373
Numerator for diluted earnings per share - income available to Common Stockholders after assumed conversions	$33,991	$35,663	$33,018
DENOMINATOR:			
Denominator for basic earnings per share - Weighted average Common Stock outstanding	25,224	25,626	24,689
Effect of dilutive securities:			
Weighted average Common OP Units	5,704	5,955	3,749
Employee stock options	324	381	324
Denominator for diluted earnings per share - adjusted weighted average Common Stock outstanding after assumed conversions	31,252	31,962	28,762

NOTE 4 - COMMON STOCK AND OTHER EQUITY RELATED TRANSACTIONS

The following table presents the changes in the Company's outstanding common stock for the years ended December 31, 1999, 1998 and 1997 (excluding OP Units of 5,633,183, 5,976,820 and 5,733,815 outstanding at December 31, 1999, 1998 and 1997, respectively):

	1999	1998	1997
Shares outstanding at January 1,	26,417,029	24,771,180	24,951,948
Common Stock purchased by key employees of the Company	--	5,000	--
Common Stock issued through conversion of OP Units	143,637	99,552	--
Common Stock issued through exercise of Options	126,565	141,403	107,147
Common Stock issued through stock grants	95,666	328,831	14,777
Common Stock issued through ESPP	59,060	44,804	27,608
Common Stock issued through Unit Trust Offering	--	1,048,059	--
Common Stock repurchased and retired	(4,028,600)	(21,800)	(330,300)
Shares outstanding at December 31,	22,813,357	26,417,029	24,771,180

As of December 31, 1999, the Company's percentage ownership of the Operating Partnership was approximately 80%. The remaining 20% are owned by the Common OP Unitholders.

NOTE 4 - COMMON STOCK AND OTHER EQUITY RELATED TRANSACTIONS (CONTINUED)

In March 1997, the Company's Board of Directors approved a common stock repurchase plan whereby the Company was authorized to repurchase and retire up to 1,000,000 shares of its common stock. The Company's Board of Directors authorized the repurchase of additional shares on May 11, 1999, September 30, 1999, October 4, 1999 and November 29, 1999 of 1,000,000 shares each for a total authorized repurchase of up to 5,000,000 shares. Shares of common stock repurchased and retired under the plan for the years ended December 31, 1999, 1998 and 1997 were 4,028,600, 21,800 and 330,300 respectively.

On August 29, 1997, the Company, as general partner of the Operating Partnership, approved the addition of new limited partners (the "MPW Limited Partners") to the Operating Partnership in connection with the acquisition of properties from limited partners and joint ventures affiliated with Mobileparks West, a California limited partnership. The MPW Limited Partners received 3,018,926 OP Units which are exchangeable on a one-for-one basis for shares of the Company's common stock.

During 1998, the Company, as general partner of the Operating Partnership, approved the admission of new limited partners (the "1998 Acquisition Partners") to the Operating Partnership in connection with certain acquisitions of real estate and investments in joint ventures (see Notes 5 and 6). The 1998 Acquisition Partners received 342,438 OP Units which are exchangeable on a one-for-one basis for shares of the Company's common stock.

On April 23, 1998, the Company completed an offering of 1,048,059 shares of common stock (the "Unit Trust Offering") and sold the shares to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"). The offering price per share was $25.4375, the closing price for shares of the Company's common stock on April 23, 1998, resulting in gross offering proceeds of approximately $26.7 million. Net of the Underwriter's discount and offering expenses, the Company received approximately $25 million. The Underwriter deposited the shares of common stock with the trustee of the Equity Investor Fund Cohen & Steers Realty Majors Portfolio, a unit investment trust (the "Trust"), in exchange for units in the Trust.

On March 26, 1999, the Operating Partnership repurchased and cancelled 200,000 OP Units from a limited partner of the Operating Partnership.

On September 30, 1999, the Operating Partnership completed a $125 million private placement of 9.0% Series D Cumulative Perpetual Preferred Units ("POP Units") to two institutional investors. The POP Units, which are callable by the Company after five years, have no stated maturity or mandatory redemption. Net proceeds from the offering of $121 million were used to repay amounts outstanding under the Company's credit facility and for other corporate purposes.

On April 9, 1999, July 9, 1999, October 8, 1999 and January 14, 2000, the Company paid a $.3875 per share distribution for the quarters ended March 31, 1999, June 30, 1999, September 30, 1999 and December 31, 1999, respectively, to stockholders of record on March 26, 1999, June 25, 1999, September 24, 1999 and December 31, 1999, respectively.

The Company adopted, effective July 1, 1997, the 1997 Non Qualified Employee Stock Purchase Plan ("ESPP"). Pursuant to the ESPP, certain employees and directors of the Company may each annually acquire up to $100,000 of common stock of the Company. The aggregate number of shares of common stock available under the ESPP shall not exceed 1,000,000, subject to adjustment by the Board of Directors. The common stock may be purchased quarterly at a price equal to 85% of the lesser of: (a) the closing price for a share on the last day of such month; and (b) the greater of: (i) the closing price for a share on the first day of such month, and (ii) the average closing price for a share for all the business days in the month. Shares of common stock issued through the ESPP for the years ended December 31, 1999, 1998 and 1997 were 59,060, 44,804 and 27,608, respectively.

NOTE 5 - REAL ESTATE

Land improvements consist primarily of improvements such as grading, landscaping, and infrastructure items such as streets, sidewalks or water mains. Depreciable property consists of permanent buildings in the communities such as clubhouses, laundry facilities, maintenance storage facilities, and furniture, fixtures and equipment.

NOTE 5 - REAL ESTATE (CONTINUED)

During the year ended December 31, 1997, the Company acquired twenty-two communities for an aggregate purchase price of approximately $156.4 million. These acquisitions were funded with approximately $60.6 million in borrowings under the Company's line of credit, issuance of approximately $64 million of OP Units, assumption of approximately $13 million in debt, approximately $7.4 million of existing available cash, issuance of installment notes totaling approximately $6 million and entry into a lease, accounted for as a capital lease, valued at approximately $2.4 million. In connection with the acquisition of one of the communities, the Company issued an additional $1.1 million of OP units in 1998.

On September 4, 1997, the Company entered into a portfolio purchase agreement (as amended by a supplemental agreement on December 17, 1997) to acquire 37 manufactured home communities (the "Ellenburg Communities") from partnerships having Ellenburg Capital Corporation ("ECC") as the general partner for a purchase price in excess of $300 million. During 1997 and 1998, the Company closed on the acquisition of thirty-one of the Ellenburg Communities for an aggregate purchase price of approximately $278 million and gained control of an additional five Ellenburg Communities with acquisition advances of approximately $57 million to the partnerships which own such Ellenburg Communities. The Company funded the acquisition advances with borrowings under the Company's line of credit and term bank facilities. In addition, the Company assumed debt of approximately $32 million and issued OP Units of approximately $4.9 million in connection with this transaction.

In connection with the supplemental agreement entered into in December 1997, on February 12, 1998, the Company exercised its right of first refusal to purchase five of the Ellenburg Communities. A third party, backed by one of the Company's competitors upon denial of a stay of the sale, has appealed certain orders of the Superior Court for the State of California, County of Los Angeles, related to the Company's acquisition of the Ellenburg Communities, including the order approving the supplemental agreement. The Company does not expect the appeals to be successful, or if successful, to have a material impact on the Company's acquisition of the Ellenburg Communities.

During 1998, the Company received approximately $14.3 million, including approximately $365,000 of interest income, which was being held subject to the completion of due diligence procedures on the Ellenburg Communities. The persons appointed to windup the affairs of ECC have released the funds and have presented a status report to the court. The $14.3 million was initially recorded as a liability until certain related issues were finalized. The Company believes, at this time, a settlement of these issues is substantially complete and has accordingly, in a non-cash transaction, relieved the liability and adjusted the purchase price of the Ellenburg Communities.

On January 8, 1998, the Company acquired Quail Meadows, located in Riverbank, California, for a purchase price of approximately $4.7 million. The acquisition was funded with a borrowing under the Company's line of credit. Quail Meadows consists of approximately 146 developed sites.

On April 30, 1998, the Company acquired Sherwood Forest RV Resort, located adjacent to one of the Ellenburg Communities in Kissimmee, Florida, for a purchase price of approximately $7.0 million. The acquisition was funded with a borrowing under the Company's line of credit. Sherwood Forest RV Resort consists of approximately 512 developed sites and a 33 acre expansion parcel.

On May 14, 1998, the Company acquired Casa Del Sol Resort III, located adjacent to one of the Company's communities in Peoria, Arizona, for a purchase price of approximately $9.8 million. The acquisition was funded with a borrowing under the Company's line of credit. Casa Del Sol Resort III consists of 238 developed sites.

On June 4, 1998, the Company entered into a joint venture agreement with Wolverine Investors L.L.C. to acquire eighteen manufactured home communities (the "College Heights Communities"). The aggregate purchase price for the College Heights Communities was approximately $89 million. The Company contributed approximately $19 million to the joint venture, Wolverine Investors L.L.C. contributed approximately $2.0 million to the joint venture and the remainder of the acquisition was funded with a borrowing from a financial institution of approximately $68 million. The Company's $19 million contribution to the joint venture was funded with a borrowing under the Company's line of credit. Due to the Company's ability to control the joint venture through its approximate 95% interest, the joint venture properties and related operations have been consolidated for financial reporting purposes.

On August 13, 1998, the Company acquired Sunset Oaks, located in Plant City, Florida, adjacent to one of the Company's existing properties, for a purchase price of approximately $3.6 million. The acquisition was funded with a borrowing under the Company's line of credit. Sunset Oaks consists of 168 developed sites.

MANUFACTURED HOME COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - REAL ESTATE (CONTINUED)

On July 23, 1999, the Company acquired Coquina Crossing, located in St. Augustine, Florida, for a purchase price of approximately $10.4 million. The acquisition was funded with a borrowing under the Company's line of credit. Coquina Crossing is a 748-site senior community with 269 developed sites and zoned expansion potential of 479 sites. In addition, Realty Systems, Inc., an affiliate of the Company, purchased the model home inventory at the community for approximately $1.1 million.

The acquisitions have been accounted for utilizing the purchase method of accounting and, accordingly, the results of operations of acquired assets are included in the statement of operations from the dates of acquisitions. The Company acquired all of the communities from unaffiliated third parties.

The Company is actively seeking to acquire additional communities and currently is engaged in negotiations relating to the possible acquisition of a number of communities. At any time these negotiations are at varying stages which may include contracts outstanding to acquire certain manufactured home communities which are subject to satisfactory completion of the Company's due diligence review.

The following unaudited, summarized pro forma financial information presents the effect of all material transactions which transpired from January 1, 1997 to December 31, 1999. In management's opinion, the summarized pro forma financial information does not purport to present what actual results would have been had the above transactions occurred on January 1, 1997, or to project results for any future period. The amounts presented in the following table are in thousands, except for per share amounts:

	For the Years Ended		
	1999	1998	1997
Total revenues	$ 215,028	$ 205,358	$ 196,996
Pro Forma net income	$ 27,772	$ 35,450	$ 23,024
Pro Forma net income per share - basic	$ 1.10	$ 1.12	$ .89
Pro Forma net income per share - fully diluted	$ 1.09	$ 1.11	$ .88

NOTE 6 - INVESTMENT IN JOINT VENTURE

On March 18, 1998, the Company joined Plantation Company, LLC and Trails Associates, LLC, two 49% joint venture investments with Meadows Management Company to own two manufactured home communities known as "Plantation on the Lake" and "Trails West", for approximately $6.5 million. Plantation on the Lake is located in Riverside, California and consists of 385 developed sites and 122 expansion sites. Trails West is located in Tucson, Arizona and consists of 488 developed sites and 294 expansion sites. The Company's investments were funded with a $3.9 million borrowing under the Company's line of credit and with the issuance of approximately $2.6 million in OP Units. Due to the Company's inability to control the joint ventures, the Company accounts for its investment in the joint ventures on the equity method.

NOTE 7 - INVESTMENT IN AND ADVANCES TO AFFILIATES

Investment in and advances to affiliates consists principally of preferred stock of Realty Systems, Inc. ("RSI") and LP Management Corp. (collectively "Affiliates") and advances under a line of credit between the Company and RSI. The Company accounts for the investment in and advances to Affiliates using the equity method of accounting.

Following is unaudited financial information for the Affiliates for the year ended December 31, 1999 and 1998 (amounts in thousands):

	1999	1998
Assets	$ 23,201	$ 16,906
Liabilities, net of amounts due to the Company	(11,512)	(9,109)
Net investment in Affiliates	$ 11,689	$ 7,797
Home sales	$ 34,662	$ 24,662
Cost of sales	(27,029)	(18,999)
Other revenues and expenses, net	(5,568)	(4,593)
Equity in income of Affiliates	$ 2,065	$ 1,070

NOTE 8 - NOTES RECEIVABLE

At December 31, 1999 and 1998, the Company had approximately $4.3 million and $15.7 million in notes receivable, respectively. The Company has $1.1 million in purchase money notes with monthly principal and interest payments at 7.0%, maturing on July 31, 2001.

On January 6, 1998, the Company funded a $12.3 million loan (the "Meadows Loan") to Meadows Preservation, Inc. The Meadows Loan is collateralized by The Meadows manufactured home community located in Palm Beach Gardens, Florida, bears interest at the lesser of 9% or the cash flow of the property and matured on April 30, 1999, as amended. On April 1, 1999, the Company effectively exchanged The Meadows Loan for an equity interest in the partnership that owns The Meadows. The Company accounts for The Meadows as an acquisition and consolidates the property and related results of operations.

On May 12, 1998, the Company entered into an agreement to loan $5.9 million to Trails Associates, LLC (the "Trails West Loan") for development of the property known as Trails West. Subsequently, the Company has funded $3.2 million under the Trails West Loan. This loan is collateralized by the property known as Trails West, bears interest at the rate of approximately 8.5% and matures on June 1, 2003.

NOTE 9 - EMPLOYEE NOTES RECEIVABLE

In December 1992, certain directors, officers and other individuals each entered into subscription agreements with the Company to acquire 440,000 shares of the Company's common stock at $7.25 per share. The Company received from these individuals notes (the "1993 Employee Notes") in exchange for their shares. The 1993 Employee Notes accrue interest at 6.77%, mature on March 2, 2003, and are recourse against the employees in the event the pledged shares are insufficient to repay the obligations.

On January 2, 1996, certain members of management of the Company each entered into subscription agreements with the Company to acquire a total of 270,000 shares of the Company's common stock at $17.375 per share, the market price on that date. The Company received from these individuals notes (the "1996 Employee Notes") in exchange for their shares. The 1996 Employee Notes accrue interest at 5.91%, mature on January 2, 2005, and are recourse against the employees in the event the pledged shares are insufficient to repay the obligations.

NOTE 9 - EMPLOYEE NOTES RECEIVABLE (CONTINUED)

On March 23, 1998, a member of management of the Company entered into a subscription agreement with the Company to acquire a total of 5,000 shares of the Company's common stock at $25.75 per share, the market price on that date. The Company received from this individual a note in exchange for his shares. The note accrues interest at 5.97%, matures on March 23, 2008, and is recourse against the employee in the event the pledged shares are insufficient to repay the obligation.

At December 31, 1999 and 1998, the Company had approximately $4.5 million and $4.7 million in employee notes receivable, respectively.

NOTE 10 - LONG-TERM BORROWINGS

As of December 31, 1999 and 1998, the Company had outstanding mortgage indebtedness of approximately $513.1 million and $500.6 million, respectively, encumbering 73 and 72 of the Company's properties, respectively. As of December 31, 1999 and 1998, the carrying value of such properties was approximately $638 million and $634 million, respectively.

The outstanding mortgage indebtedness consists in part of a $265.0 million mortgage note (the "Mortgage Debt") collateralized by 29 properties beneficially owned by MHC Financing Limited Partnership. The Mortgage Debt has a maturity date of January 2, 2028 and pays interest at 7.015%. There is no principal amortization until February 1, 2008, after which principal and interest are paid from available cash flow and the interest rate is reset at a rate equal to the then 10-year U.S. Treasury obligations plus 2.0%.

In connection with the acquisition of the College Heights Communities, the joint venture formed by the Company and Wolverine Investors L.L.C. borrowed approximately $68 million (the "College Heights Debt") at an interest rate of 7.19%, maturing July 1, 2008. As of December 31, 1999 and 1998, the principal balance on this debt was $67.1 million and $67.6 million, respectively.

As of December 31, 1999 and 1998, the Company also had outstanding debt on 25 and 23 properties in the aggregate amounts of approximately $182 million and $169 million, respectively. The related discount or premium is amortized over the life of the loan using the effective interest rate. In addition, the Company recorded a $2.4 million loan in connection with a direct financing lease entered into in May 1997. Scheduled maturities for the outstanding indebtedness, excluding the Mortgage Debt and College Heights Debt, are at various dates through November 30, 2020, and fixed interest rates range from 7.25% to 9.05%.

The Company has a $175 million unsecured line of credit with a group of banks (the "Credit Agreement") bearing interest at the London Interbank Offered Rate ("LIBOR") plus 1.125%. The Credit Agreement matures on August 17, 2000, at which time the Company may extend the maturity date to August 17, 2002 and the Credit Agreement would be converted to a term loan. The Company pays a fee on the average unused amount of such credit equal to 0.15% of such amount. As of December 31, 1999 and 1998, $107.9 million and $145 million was outstanding under the Credit Agreement, respectively.

The Company has a $100 million term loan (the "Term Loan") with a group of banks with interest only payable monthly at a rate of LIBOR plus 1.0%. The Term Loan matures on April 3, 2000 and may be extended to April 3, 2002. The Company's only obligation for extension is to provide the creditor with adequate notice. The Company expects to provide such notice and extend the maturity in accordance with the loan agreement.

The Company has installment notes payable, secured by a letter of credit, with interest rates of 7.5%, maturing September 1, 2002. Approximately $2.9 million of the notes pay principal annually and interest quarterly and the remaining $1.3 million of the notes pay interest quarterly. As of December 31, 1999 and 1998, approximately $4.2 million and $5.3 million was outstanding on the installment notes, respectively.

NOTE 10 - LONG-TERM BORROWINGS (CONTINUED)

In July 1995, the Company entered into an interest rate swap agreement (the "1998 Swap") fixing LIBOR on $100 million of the Company's floating rate debt at 6.4% for the period 1998 through 2003. The cost of the 1998 Swap consisted only of legal costs which were deemed immaterial. The value of the 1998 Swap was impacted by changes in the market rate of interest. Had the 1998 Swap been entered into on December 31, 1999, the applicable LIBOR swap rate would have been approximately 6.57%. Each 0.01% increase or decrease in the applicable swap rate for the 1998 Swap increases or decreases the value of the 1998 Swap versus its current value by approximately $28,000. The Company accounts for the 1998 Swap as a hedge. Payments and receipts under the 1998 Swap were accounted for as an adjustment to interest expense. On January 10, 2000, the Company terminated the 1998 Swap and received $1.0 million of proceeds which will be amortized as an adjustment to interest expense through March 2003.

Aggregate payments of principal on long-term borrowings for each of the next five years and thereafter are as follows (amounts in thousands):

YEAR	AMOUNT	
2000	$ 112,924	(a)
2001	85,817	
2002	104,983	(b)
2003	31,287	
2004	31,391	
Thereafter	358,862	
Total	$ 725,264	

(a) Includes the Credit Agreement which the Company can, at its option, extend maturity through August 17, 2002.
(b) Assumes extension of the Term Loan

NOTE 11 - LEASE AGREEMENTS

The leases entered into between the tenant and the Company for the rental of a site are month-to-month or for a period of one to ten years, renewable upon the consent of the parties or, in some instances, as provided by statute. Non-cancelable long-term leases, with remaining terms up to eleven years, are in effect at certain sites within nineteen of the Properties. Rental rate increases at these properties are primarily a function of increases in the Consumer Price Index taking into consideration certain floors and ceilings. Additionally, periodic market rate adjustments are made as deemed necessary. Future minimum rents are scheduled to be received under noncancelable tenant leases at December 31, 1999 as follows (amounts in thousands):

YEAR	AMOUNT
2000	$ 38,319
2001	37,423
2002	20,028
2003	8,353
2004	4,350
Thereafter	29,351
Total	$ 137,824

NOTE 12 - GROUND LEASES

The Company leases land under noncancellable operating leases at certain of the properties expiring in various years from 2022 to 2031 with terms which require twelve equal payments per year plus additional rents calculated as a percent of gross revenues. For the year(s) ended December 31, 1999,1998 and 1997 ground lease rent was $1.6 million. Minimum future rental payments under the ground lease are $1.6 million for each of the next five years and $31.1 million thereafter.

NOTE 13 - TRANSACTIONS WITH RELATED PARTIES

Equity Group Investments, Inc. ("EGI"), an entity controlled by Mr. Samuel Zell, Chairman of the Board of Directors, and certain of its affiliates have provided services such as administrative support, investor relations, corporate secretarial, real estate tax evaluation services, market consulting and research services, and computer and support services. Fees paid to EGI and its affiliates amounted to approximately $74,000, $104,000 and $140,000 for the years ended December 31, 1999, 1998 and 1997, respectively. Amounts due to these affiliates were approximately $4,000, $7,000 and $15,000 as of December 31, 1999, 1998 and 1997, respectively.

Certain related entities, owned by persons affiliated with Mr. Zell, have provided services to the Company. These entities include, but are not limited to, Rosenberg & Liebentritt, P.C. which provided legal services, including property acquisition services; The Riverside Agency, Inc. which provided insurance brokerage services; Equity Office Properties Trust which provided office space to the Company; and Equity Properties & Development, LP which provided accounting services. Fees paid to these entities amounted to approximately $473,000, $850,000 and $459,000 for the years December 31, 1999, 1998 and 1997, respectively. Amounts due to these affiliates were approximately $33,000, $35,000 and $63,000 as of December 31, 1999, 1998 and 1997, respectively. Of the amounts charged by these affiliates during the years ended December 31, 1999, 1998 and 1997, approximately $12,000, $175,000 and $105,000, respectively, were capitalized.

Related party agreements or fee arrangements are generally for a term of one year and approved by independent members of the Board of Directors.

NOTE 14 - STOCK OPTION PLAN AND STOCK GRANTS

A Stock Option Plan (the "Plan") was adopted by the Company in December 1992. Pursuant to the Plan, certain officers, directors, employees and consultants of the Company may be offered the opportunity to acquire shares of common stock through the grant of stock options ("Options"), including non-qualified stock options and, for key employees, incentive stock options within the meaning of Section 422 of the Code. The Compensation Committee will determine the vesting schedule, if any, of each Option and the term, which term shall not exceed ten years from the date of grant. As to the Options that have been granted through December 31, 1999, generally, one-third are exercisable one year after the initial grant, one-third are exercisable two years following the date such Options were granted and the remaining one-third are exercisable three years following the date such Options were granted. The Plan allows for 10,000 Options to be granted annually to each director. The common stock with respect to which the Options may be granted during any calendar year to any grantee shall not exceed 250,000 shares. In addition, the Plan provides for the granting of stock appreciation rights ("SARs") and restricted stock grants ("Stock Grants"). A maximum of 4,000,000 shares of common stock was available for grant under the Plan as of December 31, 1999.

In 1999, 1998 and 1997, the Company issued 14,666, 18,238 and 14,777 shares related to Stock Grants, respectively, which represented a portion of certain employee's bonuses. The shares related to the Stock Grants shall be restricted for a period of two years from the date of grant. The fair market value of these Stock Grants of approximately $351,984, $445,000 and $394,361 at the date of grant was recorded as compensation expense by the Company in 1999, 1998 and 1997, respectively.

In 1997, the Company awarded 77,750 Stock Grants to certain members of senior management of the Company. These Stock Grants vest over three years and are dependent upon certain performance benchmarks tied to total returns to shareholders being met. The fair market value of these Stock Grants of approximately $2.1 million as of the date of grant was treated in 1997 as deferred compensation. The Company amortized approximately $519,000, $519,000 and $1.0 million related to these Stock Grants in 1999, 1998 and 1997 respectively.

In 1998, the Company awarded 233,500 Stock Grants to certain members of senior management of the Company. These Stock Grants vest over five years, but may be restricted for a period of up to ten years depending upon certain performance benchmarks tied to increases in funds from operations being met. The fair market value of these Stock Grants of approximately $5.7 million as of the date of grant was treated in 1998 as deferred compensation. The Company amortized approximately $569,000 related to these Stock Grants in 1999.

NOTE 14 - STOCK OPTION PLAN (CONTINUED)

In 1999, the Company awarded 32,500 Stock Grants to certain members of senior management of the Company. These Stock Grants vest over three years with one-half vesting in 1999 and are dependent upon certain performance benchmarks tied to total returns to shareholders being met. The fair market value of these Stock Grants of approximately $770,000 as of the date of grant was treated in 1999 as deferred compensation. The Company amortized approximately $385,000 related to these Stock Grants in 1999.

In 1999, the Plan was amended to provide a Stock Grant of 2,000 shares vesting over three years in lieu of the 10,000 Options granted after the amendment to each director, if the director so elects. The Company recognized approximately $129,000 of expense and recorded approximately $257,000 of deferred compensation related to these Stock Grants in 1999.

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations in accounting for its Options and Stock Grants because, as discussed below, the alternative fair value accounting provided for under FASB Statement No. 123, "Accounting for Stock-Based Compensation," ("SFAS No. 123") requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's Options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized. Additionally, the amount recognized as expense for the Stock Grants during any given year of the performance period is dependent on certain performance benchmarks being met.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its Options and Stock Grants under the fair value method of that Statement. The fair value for the Options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1999, 1998 and 1997, respectively: risk-free interest rates of 6.3%, 5.7% and 6.3%; dividend yields of 6.3%, 5.8% and 5.5%; volatility factors of the expected market price of the Company's common stock of .21, .23 and .24; and a weighted-average expected life of the Options of 5 years. The fair value of the Stock Grants granted in 1997, 1998 and 1999 has been estimated at approximately 30% below the calculated fair market value on the date of grant because these Stock Grants may remain restricted even after they become fully vested.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's Options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its Options.

For purposes of pro forma disclosures, the estimated fair value of the Options is amortized to expense over the Options' vesting period and the estimated fair value of the Stock Grants are amortized to expense over the same period. The pro forma effect of SFAS No. 123 on the Company's net income for the years ended December 31, 1999, 1998 and 1997 was ($138,000) ($0 per share), $225,000 ($0.01 per share) and $0 ($0 per share), respectively.

NOTE 14 - STOCK OPTION PLAN (CONTINUED)

A summary of the Company's stock option activity, and related information for the years ended December 31, 1999, 1998 and 1997 follows:

	Shares Subject to Option	Weighted Average Exercise Price Per Share
Balance at December 31, 1996	1,450,652	$18.31
Options granted	404,450	25.37
Options exercised	(107,147)	18.82
Options canceled	(57,462)	19.75
Balance at December 31, 1997	1,690,493	19.91
Options granted	378,986	22.04
Options exercised	(141,403)	18.07
Options canceled	(28,697)	24.09
Balance at December 31, 1998	1,899,379	21.08
Options granted	313,400	23.91
Options exercised	(126,565)	19.25
Options canceled	(66,767)	24.08
Balance at December 31, 1999	2,019,447	$21.72

As of December 31, 1999, 1998 and 1997, 747,258 shares, 1,075,091 shares and 1,755,532 shares remained available for grant, respectively, and 1,426,072 shares, 1,269,982 shares and 1,071,890 shares were exercisable, respectively. Exercise prices for Options outstanding as of December 31, 1999 ranged from $12.875 to $26.750, with the substantial majority of the exercise prices exceeding $17.25. The remaining weighted-average contractual life of those Options was 6.4 years.

NOTE 15 - PREFERRED STOCK

The Company's Board of Directors is authorized under the Company's charter, without further stockholder approval, to issue, from time to time, in one or more series, 10,000,000 shares of $.01 par value preferred stock (the "Preferred Stock"), with specific rights, preferences and other attributes as the Board may determine, which may include preferences, powers and rights that are senior to the rights of holders of the Company's common stock. However, under certain circumstances, the issuance of preferred stock may require stockholder approval pursuant to the rules and regulations of the New York Stock Exchange. As of December 31, 1999 and 1998, no Preferred Stock was issued by the Company.

NOTE 16 - SAVINGS PLAN

The Company has a qualified retirement plan, with a salary deferral feature designed to qualify under Section 401 of the Code (the "401(k) Plan"), to cover its employees and those of its Subsidiaries, if any. The 401(k) Plan permits eligible employees of the Company and those of any Subsidiary to defer a portion of their compensation up to 16% of their eligible compensation on a pre-tax basis subject to certain maximum amounts. In addition, the Company will match dollar-for-dollar the participant's contribution up to 4% of the participant's eligible compensation.

In addition, amounts contributed by the Company will vest, on a prorated basis, according to the participant's vesting schedule. After five years of employment with the Company, the participants will be 100% vested for all amounts contributed by the Company. Additionally, a discretionary profit sharing component of the 401(k) Plan provides for a contribution to be made annually for each participant in an amount, if any, as determined by the Company. All employee contributions are 100% vested. The Company's contribution to the 401(k) Plan was approximately $385,000, $256,000 and $262,000, for the years ended December 31, 1999, 1998 and 1997, respectively. The Company's anticipated plan contribution for the profit sharing component of the 401(k) Plan is approximately $165,000 for the year ended December 31, 1999.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

DEANZA SANTA CRUZ MOBILE ESTATES

The residents of DeAnza Santa Cruz Mobile Estates, a property located in Santa Cruz, California (the "City") previously brought several actions opposing certain fees and charges in connection with water service at the Property. The trial of the ongoing utility charge dispute with the residents of this Property concluded on January 22, 1999. This summary provides the history and reasoning underlying the Company's defense of the residents' claims and explains the Company's decision to continue to defend its position, which the Company believes is fair and accurate.

DeAnza Santa Cruz Mobile Estates is a 198 site community overlooking the Pacific Ocean. It is subject to the City's rent control ordinance which limits annual rent increases to 75% of CPI. The Company purchased this Property in August 1994 from certain unaffiliated DeAnza entities ("DeAnza"). Prior to the Company's purchase in 1994, DeAnza made the decision to submeter the Property for both water and sewer in 1993 in the face of the City's rapidly rising utility costs.

Under California Civil Code Section 798.41, DeAnza was required to reduce rent by an amount equal to the average cost of usage over the preceding 12 months. This was done. With respect to water, not looking to submit to jurisdiction of the California Public Utility Commission ("CPUC"), DeAnza relied on California Public Utilities Code Section 2705.5 ("CPUC Section 2705.5") to determine what rates would be charged for water on an ongoing basis without becoming a public utility. This statute provides that in a submetered mobilehome park, the property owner is not subject to regulation and control of the CPUC so long as the users are charged what they would be charged by the utility company if users received their water directly from the utility company. In Santa Cruz, customers receiving their water directly from the city's water utility were charged a certain lifeline rate for the first 400 ccfs of water and a greater rate for usage over 400 ccfs of water, a readiness to serve charge of $7.80 per month and tax on the total. In reliance on CPUC Section 2705.5, DeAnza implemented its billings on this schedule notwithstanding that it did not receive the discount for the first 400 ccfs of water because it was a commercial and not a residential customer.

A dispute with the residents ensued over the readiness to serve charge and tax thereon. The residents argued that California Civil Code Section 798.41 required that the park owner could only pass through its actual costs of water (and that the excess charges over the amount of the rent rollback were an improper rent increase) and that CPUC Section 2705.5 was not applicable. DeAnza unbundled the utility charges from rent consistent with California Civil Code Section 798.41 and it has generally been undisputed that the rent rollback was accurately calculated.

In August 1994, when the Company acquired the Property, the Company reviewed the respective legal positions of the Santa Cruz Homeowners Association ("HOA") and DeAnza and concurred with DeAnza. Their reliance on CPUC Section 2705.5 made both legal and practical sense in that residents paid only what they would pay if they lived in a residential neighborhood within the city of Santa Cruz and permitted DeAnza to recoup part of the expenses of operating a submetered system through the readiness to serve charge.

Over a period of 18 months from 1993 into May of 1995, a series of complaints were filed by the HOA and Herbert Rossman, a resident, against DeAnza, and later, the Company. DeAnza and the Company demurred to each of these complaints on the grounds that the CPUC had exclusive jurisdiction over the setting of water rates and that residents under rent control had to first exhaust their administrative remedies before proceeding in a civil action. At one point, the case was dismissed (with leave to amend) on the basis that jurisdiction was with the CPUC and, at another point, Mr. Rossman was dismissed from the case because he had not exhausted his administrative remedies.

On June 29, 1995, a hearing was held before a Santa Cruz rent control officer on the submetering of both water and sewer. The Company and DeAnza prevailed on all issues related to sewer and the rent rollback related to water, but the hearing officer determined that the Company could only pass through its actual cost of water, i.e., a prorated readiness to serve charge and tax thereon. The hearing officer did not deal with the subsidy being given to residents through the quantity charge and ordered a rebate in a fixed amount per resident. The Company and DeAnza requested reconsideration on this issue, among others, which reconsideration was denied by the hearing officer.

The Company then took a writ of mandate (an appeal from an administrative order) to the Superior Court and, pending this appeal, the residents, the Company and the City agreed to stay the effect of the hearing officer's decision until the Court rendered judgment.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In July 1996, the Superior Court affirmed the hearing officer's decision without addressing concerns about the failure to take the subsidy on the quantity charge into account.

The Company requested that the City and the HOA agree to a further stay pending appeal to the court of appeals, but they refused and the appeals court denied the Company's request for a stay in late November 1996. Therefore, on January 1, 1997, the Company reduced its water charges at this Property to reflect a pass-through of only the readiness to serve charge and tax at the master meter (approximately $0.73) and to eliminate the subsidy on the water charges. On their March 1, 1997 rent billings, residents were credited for amounts previously "overcharged" for readiness to serve charge and tax. The amount of the rebate given by the Company was $36,400. In calculating the rebate, the Company and DeAnza took into account the previous subsidy on water usage although this issue had not yet been decided by the court of appeals. The Company and DeAnza felt legally safe in so doing based on language in the hearing officer's decision that actual costs could be passed through.

On March 12, 1997, the Company also filed an application with the CPUC to dedicate the water system at this Property to public use and have the CPUC set cost based rates for water usage. The Company believed it was obligated to take this action because of its consistent reliance on CPUC Section 2705.5 as a safe harbor from CPUC jurisdiction. That is, when the Company could no longer charge for water as the local serving utility would charge, it was no longer exempt from the CPUC's jurisdiction and control under CPUC Section 2705.5.

On March 20, 1997, the court of appeals issued the writ of mandate requested by the Company on the grounds that the hearing officer had improperly calculated the amount of the rebate (meaning the Company had correctly calculated the rent credits), but also ruling that the hearing officer was correct when he found that the readiness to serve charge and tax thereon as charged by DeAnza and the Company were an inappropriate rent increase. The court of appeals further agreed with the Company that the city's hearing officer did not have the authority under California Civil Code Section 798.41 to establish rates that could be charged in the future.

Following this decision, the CPUC granted the Company its certificate of convenience and necessity on December 17, 1998 and approved cost based rates and charges for water that exceed what residents were paying under the Company's reliance on CPUC Section 2705.5. Concurrently, the CPUC also issued an Order Instituting Investigation ("OII") confirming its exclusive jurisdiction over the issue of water rates in a submetered system and commencing an investigation into the confusion and turmoil over billings in submetered properties. Specifically, the OII states: "The Commission has exclusive and primary jurisdiction over the establishment of rates for water and sewer services provided by private entities."

Specifically, the CPUC ruling regarding the Company's application stated: "The ultimate question of what fees and charges may or may not be assessed, beyond external supplier pass-through charges, for in-park facilities when a mobile home park does not adhere to the provisions of CPUC Section 2705.5, must be decided by the Commission."

After the court of appeals decision, the HOA brought all of its members back into the underlying civil action for the purpose of determining damages, including punitive damages, against the Company. The trial was continued from July 1998 to January 1999 to give the CPUC time to act on the Company's application. Notwithstanding the action taken by the CPUC in issuing the OII in December 1998, the trial court denied the Company's motion to dismiss on jurisdictional grounds and trial commenced before a jury on January 11, 1999.

Not only did the trial court not consider the Company's motion to dismiss, the trial court refused to allow evidence of the OII or the Company's CPUC approval to go before the jury. Notwithstanding the Company's strenuous objections, the judge also allowed evidence of the Company's and DeAnza's litigation tactics to be used as evidence of bad faith and oppressive actions (including evidence of the application to the CPUC requesting a $22.00 readiness to serve charge). The Company's motion for a mistrial based upon these evidentiary rulings was denied. On January 22, 1999, the jury returned a verdict awarding $6.0 million of punitive damages against the Company and DeAnza. The Company had previously agreed to indemnify DeAnza on the matter.

The Company has bonded the judgment pending appeal in accordance with California procedural rules, which require a bond equal to 150% of the amount of the judgment. Post-judgment interest will accrue at the statutory rate of 10.0% per annum.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

On April 19, 1999, the trial court denied all of the Company's and DeAnza's post-trial motions for judgement notwithstanding the verdict, new trial and remittitur. The trial court also awarded $700,000 of attorneys' fees to plaintiffs. The Company has appealed the jury verdict and attorneys' fees award and the Company has filed its opening brief in the jury verdict case. The Company also has filed two related appeals challenging the result of related litigation and a resulting attorneys' fee award. The two related appeals are based on a preemption argument. The Company asserts the superior courts' ability to enter an attorneys' fee award in an earlier case and take certain other actions which were preempted by the exercise of exclusive jurisdiction by the CPUC over the issue of how to set rates for water in a submetered mobilehome park. The Company is awaiting notice from the court of appeal setting oral argument in these two appeals. The jury verdict appeal also raises the jurisdictional argument as well as several other arguments for reversal of the punitive damage award or for a new trial. One of the arguments raised by the Company in the jury verdict appeal is that punitive damages are not available in a case brought under Section 798.41 of the California Mobilehome Residency Law ("MRL") since the MRL contains its own penalty provisions. The court of appeal granted the Company's request for judicial notice of the legislative history of the applicable MRL sections, which indicates to the Company that the court of appeal is receptive to this argument. Although no assurances can be given, the Company believes the appeals will be successful.

Subsequently, in June 1999 the DeAnza Santa Cruz Homeowners Association filed a complaint in the Superior Court of California, County of Santa Cruz (No. 135991) against the Company, MHC Acquisition One, L.L.C. and Starland Vistas, Inc. The new lawsuit seeks damages, including punitive damages, for alleged violations of California Civil Code Sections 798.31 and 798.41 arising from implementation of utility rates previously approved by the CPUC. The Company demurred to (filed a motion to dismiss) the complaint on the grounds that the Court lacks jurisdiction to hear the subject matter of the complaint given that the CPUC has exclusive jurisdiction over utility rates and charges at the Property. The California Superior Court denied the motion to dismiss and the court of appeal denied the Company's request to review the denial of the demurrer. The California Superior Court has also denied the Company's motion for summary judgement. The Company intends to vigorously defend the matter, including by filing a motion for summary judgement. The matter is expected to go to trial in March 2000.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

On September 29, 1995, the United States Environmental Protection Agency ("USEPA") issued its Findings of Violations and Order for Compliance with respect to the National Pollution Discharge Elimination System ("NPDES") Permit governing the operation of the onsite waste water treatment plant at one of the Properties. On October 6, 1995, the USEPA issued its Findings of Violation and Order for Compliance with respect to NPDES Permit governing the operation of the onsite wastewater treatment plant at another of the Properties. The Company and the USEPA have reached a tentative agreement to resolve the matter in which the operation of the remaining waste water treatment plant would be subject to a consent decree that would provide for fines and penalties in the event of future violations and the Company would contribute monies to a supplemental environmental project and pay a fine. The tentative agreement has not yet been reduced to writing and therefore remains subject to change. The Company does not believe the impact of the settlement will be material and the Company believes it has established adequate reserves for any amounts that may be paid.

ELLENBURG COMMUNITIES

In connection with the acquisition of the Ellenburg Communities (as hereinafter defined) and pursuant to orders of the California Superior Court ("Court"), approximately $30 million of the amounts paid by the Company have been deposited with the court appointed winding up agents (the "Winding Up Agents"). The deposited amounts relate to claims (the "Karno Claims") of Norton S. Karno (and related entities) who at various times has been a creditor, advisor, lawyer and shareholder of certain of the entities related to the Ellenburg Communities. The Winding Up Agents have disputed the claims and have filed a complaint against Mr. Karno (and related entities) requesting that the court determine that the claims be reduced or eliminated.

On October 30, 1998, the Company received notice of a lawsuit filed against the Company and certain executive officers of the Company in the Los Angeles County Superior Court alleging, among other causes of action, that the Company breached certain agreements in connection with the Ellenburg acquisition and claiming damages in excess of $50 million plus punitive damages. The Company believes most of the claim relates to the disputed Karno Claims discussed above. The Company believes the claims are without merit, intends to vigorously defend the defendants in this matter and does not believe the impact of this matter will be material.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In connection with the acquisition of the Ellenburg Communities, Mr. Karno and others have appealed various court orders on which the Company has relied. Mr. Karno has also sought before both the California Superior Court and Court of Appeals to take control of ECC (as hereinafter defined), but to date none of his attempts have been successful.

On September 8, 1999, Ellenburg Fund 20 ("Fund 20") filed a cross complaint in the dissolution proceeding against the Company and certain of its affiliates alleging causes of action for fraud and other claims in connection with the Ellenburg acquisition. By stipulation, the Company has not yet had to respond to the complaint, which the Company believes to be completely without merit. The Company's defense to the claims include documents and letters signed by the court-appointed Winding Up Agents supporting the Company's position.

Mr. Karno, the Company and certain other parties have entered into a global settlement agreement which was filed with the Court in February 2000. The Court will hold a hearing on the motion to approve the settlement agreement in March 2000. Although the Company can provide no assurances that the settlement will be approved, should the Court approve the settlement agreement, substantially all of the litigation and appeals involving the Ellenburg acquisition would be settled or dismissed. At this time, the global settlement agreement does not dispose of the Fund 20 lawsuit against the Company. However, the Company believes that there is a substantial likelihood that settlement with Fund 20 will be reached or, if not, that the Company will ultimately successfully defend itself against the lawsuit.

CANDLELIGHT PROPERTIES, L.L.C

In 1996, 1997 and 1998, the Lending Partnership made a loan to Candlelight Properties, L.L.C. ("Borrower") in the principal amount of $8,050,000. The loan is secured by a mortgage on Candlelight Village ("Candlelight"), a property in Columbus, Indiana. The Company accounts for the loan as an investment in real estate and, accordingly, Candlelight's results of operations are consolidated with the Company's for financial reporting purposes. Concurrently with the funding of the loan, Borrower granted the Operating Partnership the option to acquire Candlelight upon the maturity of the loan. The Operating Partnership notified Borrower that it was exercising its option to acquire Candlelight in March 1999, and the loan subsequently matured on May 3, 1999. However, Borrower failed to repay the loan and refused to convey Candlelight to the Operating Partnership.

Borrower filed suit in the Circuit Court of Bartholomew County, Indiana ("Court") on May 5, 1999, seeking declaratory judgment on the validity of the exercise of the option. The Lending Partnership filed suit in the Court the next day, seeking to foreclose its mortgage, and the suits were consolidated by the Court. The Court issued an Order on December 1, 1999, finding, among other things, that the Operating Partnership had validly exercised the option. Both parties have filed motions to correct errors in the Order, which motions are currently pending before the Court. The Court has not yet ruled on the foreclosure complaint; however, given the Court's finding in the Order, the Lending Partnership believes that Borrower has no valid defense in the foreclosure action. The Operating Partnership and the Lending Partnership intend to continue vigorously pursuing this matter and believe that, while no assurance can be given, such efforts will be successful.

The Company is involved in various other legal proceedings arising in the ordinary course of business. Management believes that all proceedings herein described or referred to, taken together, are not expected to have a material adverse impact on the Company.

NOTE 18 - QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is unaudited quarterly data for 1999 and 1998 (amounts in thousands, except for per share amounts):

1999	FIRST QUARTER 3/31	SECOND QUARTER 6/30	THIRD QUARTER 9/30	FOURTH QUARTER 12/31
Total Revenues	$54,390	$52,446	$53,537	$54,654
Income before allocation to Common OP Units	$10,078	$ 8,477	$ 8,417	$ 7,056
Net income available to common shareholders	$ 8,234	$ 6,968	$ 6,877	$ 5,693
Weighted average Common Shares outstanding - Basic	26,157	25,773	25,613	23,381
Weighted average Common Shares outstanding - Diluted	32,340	31,829	31,586	29,281
Net income per Common Share outstanding - Basic	$ 0.31	$ 0.27	$ 0.27	$ 0.24
Net income per Common Share outstanding - Diluted	$ 0.31	$ 0.27	$ 0.27	$ 0.24

1998	FIRST QUARTER 3/31	SECOND QUARTER 6/30	THIRD QUARTER 9/30	FOURTH QUARTER 12/31
Total Revenues	$44,872	$47,894	$50,809	$51,254
Income before allocation to Common OP Units	$ 9,586	$ 9,066	$ 8,440	$ 8,570
Net income available to common shareholders	$ 7,765	$ 7,343	$ 6,837	$ 6,984
Weighted average Common Shares outstanding - Basic	24,805	25,659	25,988	26,033
Weighted average Common Shares outstanding - Diluted	31,095	32,095	32,339	32,382
Net income per Common Share outstanding - Basic	$ 0.31	$ 0.29	$ 0.26	$ 0.27
Net income per Common Share outstanding - Diluted	$ 0.31	$ 0.28	$ 0.26	$ 0.26

SCHEDULE II
MANUFACTURED HOME COMMUNITIES, INC.
VALUATION AND QUALIFYING ACCOUNTS
DECEMBER 31, 1999

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO INCOME	ADDITIONS CHARGED TO OTHER ACCOUNTS	DEDUCTIONS(1)	BALANCE AT END OF PERIOD
For the year ended December 31, 1997:					
Allowance for doubtful accounts.........	$250,000	$150,985	$ --	($150,985)	$250,000
For the year ended December 31, 1998:					
Allowance for doubtful accounts.........	$250,000	$167,774	$ --	($167,774)	$250,000
For the year ended December 31, 1999:					
Allowance for doubtful accounts.........	$250,000	$413,573	$ --	($363,573)	$300,000

(1) Deductions represent tenant receivables deemed uncollectible.

SCHEDULE III
MANUFACTURED HOME COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999

Real Estate	Location		Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition (Improvements)	
				Land	Depreciable Property	Land	Depreciable Property
Apollo Village	Phoenix	AZ	0	932	3,219	0	320
Brentwood Manor	Mesa	AZ	4,819	1,998	6,024	0	187
Casa del Sol #1	Peoria	AZ	6,781	2,215	6,467	0	119
Casa del Sol #2	Glendale	AZ	6,914	2,104	6,283	0	123
Casa del Sol #3	Glendale	AZ	0	2,450	7,452	0	16
Central Park	Phoenix	AZ	7,178	1,612	3,784	0	326
Hacienda De Valencia	Mesa	AZ	8,413	833	2,701	0	694
Palm Shadows	Glendale	AZ	3,288	1,400	4,218	0	234
Sedona Shadows	Sedona	AZ	2,708	1,096	3,431	0	241
Sunrise Heights	Phoenix	AZ	0	999	3,016	0	219
The Mark	Mesa	AZ	0	1,354	4,660	5	433
The Meadows	Tempe	AZ	0	2,614	7,887	0	319
California Hawaiian	San Jose	CA	17,961	5,825	17,755	0	132
Concord Cascade	Pacheco	CA	10,373	985	3,016	0	501
Contempo Marin	San Rafael	CA	16,134	4,779	16,379	8	1,146
Coralwood	Modesto	CA	0	0	5,047	0	73
Date Palm Country Club	Cathedral City	CA	9,433	4,138	14,064	(23)	1,013
Four Seasons	Fresno	CA	0	756	2,348	0	77
Garden West Office Plaza	Monterey	CA	0	535	1,702	(535)	(1,702)
Lamplighter	Spring Valley	CA	9,386	633	2,201	0	396
Monte del Lago	Castroville	CA	8,429	3,150	9,469	0	363
Nicholson Plaza	San Jose	CA	0	0	4,512	0	(7)
Quail Meadows	Riverbank	CA	0	1,155	3,469	0	108
Rancho Valley	El Cajon	CA	4,642	685	1,902	0	345
Royal Oaks	Visalia	CA	0	602	1,921	0	41
Santa Cruz	Santa Cruz	CA	4,309	2,103	7,204	0	202
Sea Oaks	Los Osos	CA	0	871	2,703	0	46
Sunshadow	San Jose	CA	0	0	5,707	0	56
Westwinds (4 Properties)	San Jose	CA	0	0	17,616	0	3,632
Cimarron	Broomfield	CO	8,080	863	2,790	0	361
Golden Terrace	Golden	CO	8,034	826	2,415	0	205
Golden Terrace South	Golden	CO	2,400	750	2,265	0	246
Golden Terrace West	Golden	CO	9,728	1,694	5,065	0	617
Hillcrest Village	Aurora	CO	15,464	1,912	5,202	289	1,608
Holiday Hills	Denver	CO	19,420	2,159	7,780	0	2,411
Holiday Village CO	Co. Springs	CO	6,259	567	1,759	0	377

	Gross Amount Carried at Close of Period 12/31/99				
	Land	Depreciable Property	Total	Accumulated Depreciation	Date of Acquisition
Apollo Village	932	3,539	4,471	(622)	1994
Brentwood Manor	1,998	6,211	8,209	(1,408)	1993
Casa del Sol #1	2,215	6,586	8,801	(557)	1996
Casa del Sol #2	2,104	6,406	8,510	(524)	1996
Casa del Sol #3	2,450	7,468	9,918	(394)	1998
Central Park	1,612	4,110	5,722	(2,125)	1983
Hacienda De Valencia	833	3,395	4,228	(1,645)	1984
Palm Shadows	1,400	4,452	5,852	(993)	1993
Sedona Shadows	1,096	3,672	4,768	(283)	1997
Sunrise Heights	999	3,235	4,234	(628)	1994
The Mark	1,359	5,093	6,452	(895)	1994
The Meadows	2,614	8,206	10,820	(1,621)	1994
California Hawaiian	5,825	17,887	23,712	(1,644)	1997
Concord Cascade	985	3,517	4,502	(1,740)	1983
Contempo Marin	4,787	17,525	22,312	(3,041)	1994
Coralwood	0	5,120	5,120	(399)	1997
Date Palm Country Club	4,115	15,077	19,192	(2,663)	1994
Four Seasons	756	2,425	3,181	(190)	1997
Garden West Office Plaza	0	0	0	0	1997
Lamplighter	633	2,597	3,230	(1,302)	1983
Monte del Lago	3,150	9,832	12,982	(763)	1997
Nicholson Plaza	0	4,505	4,505	(350)	1997
Quail Meadows	1,155	3,577	4,732	(207)	1998
Rancho Valley	685	2,247	2,932	(1,145)	1983
Royal Oaks	602	1,962	2,564	(153)	1997
Santa Cruz	2,103	7,406	9,509	(1,139)	1994
Sea Oaks	871	2,749	3,620	(214)	1997
Sunshadow	0	5,763	5,763	(449)	1997
Westwinds (4 Properties)	0	21,248	21,248	(1,531)	1997
Cimarron	863	3,151	4,014	(1,618)	1983
Golden Terrace	826	2,620	3,446	(1,301)	1983
Golden Terrace South	750	2,511	3,261	(208)	1997

Golden Terrace West	1,694	5,682	7,376	(2,362)	1986
Hillcrest Village	2,201	6,810	9,011	(3,290)	1983
Holiday Hills	2,159	10,191	12,350	(4,817)	1983
Holiday Village CO	567	2,136	2,703	(1,063)	1983

SCHEDULE III
MANUFACTURED HOME COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999

Real Estate	Location		Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Depreciable Property	Costs Capitalized Subsequent to Acquisition (Improvements): Land	Costs Capitalized Subsequent to Acquisition (Improvements): Depreciable Property
Pueblo Grande	Pueblo	CO	3,473	241	1,069	0	260
Woodland Hills	Denver	CO	0	1,928	4,408	0	1,956
Camelot Acres	Rehoboth	DE	6,997	527	2,058	0	402
Mariners Cove	Millsboro	DE	0	990	2,971	0	2,570
Waterford Estates	Wilmington	DE	0	5,250	16,202	0	243
Whispering Pines	Lewes	DE	0	1,536	4,609	0	558
Arrowhead	Lantana	FL	0	5,325	15,420	0	353
Bay Indies	Venice	FL	23,431	10,483	31,559	0	585
Bay Lake Estates	Nokomis	FL	2,037	990	3,390	0	257
Buccaneer	N. Ft. Myers	FL	7,382	4,207	14,410	0	355
Bulow Village	Flagler Beach	FL	1,220	3,633	949	4	2,733
Colonies of Margate	Margate	FL	12,171	5,890	20,211	0	546
Coquina	St Augustine	FL	0	5,286	5,545	0	0
Country Place	New PortRichey	FL	4,004	663	0	18	5,576
East Bay Oaks	Largo	FL	6,669	1,240	3,322	0	292
Eldorado Village	Largo	FL	4,572	778	2,341	0	240
FFEC-Six (Water Company)	N. Ft. Myers	FL	0	401	3,608	0	139
Heritage Village	Vero Beach	FL	0	2,403	7,259	0	204
Lake Fairways	N. Ft. Myers	FL	0	6,075	18,134	0	389
Lake Haven	Dunedin	FL	8,065	1,135	4,047	0	428
Lakewood Village	Melbourne	FL	0	1,863	5,627	0	229
Mid-Florida Lakes	Leesburg	FL	12,333	5,997	20,635	0	1,683
Oak Bend	Ocala	FL	0	850	2,572	0	386
Pine Lakes	N. Ft. Myers	FL	0	6,306	14,579	0	4,534
Sherwood Forest RV Park	Kissimmee	FL	0	3,437	3,621	0	291
Spanish Oaks	Ocala	FL	7,688	2,250	6,922	0	316
Sunset Oaks	Plant City	FL	0	1,111	2,513	(340)	(23)
The Heritage	N. Ft. Myers	FL	0	1,438	4,371	0	1,680
The Meadows, FL	Palm Beach Gardens	FL	9,398	3,312	9,870	0	0
Windmill Village - Ft. Myers	N. Ft. Myers	FL	9,061	1,417	5,440	0	717
Windmill Village North	Sarasota	FL	5,559	1,523	5,063	0	428
Windmill Village South	Sarasota	FL	9,252	1,106	3,162	0	211
Holiday Village, IA	Sioux City	IA	0	313	3,744	0	294
Golf Vistas	Monee	IL	0	2,843	4,719	0	1,359
Willow Lake Estates	Elgin	IL	11,908	6,136	21,033	0	807
Burns Harbor Estates	Chesterton	IN	0	916	2,909	0	945
Candlelight Village	Columbus	IN	0	1,513	4,538	250	1,949

	Gross Amount Carried at Close of Period 12/31/99: Land	Gross Amount Carried at Close of Period 12/31/99: Depreciable Property	Gross Amount Carried at Close of Period 12/31/99: Total	Accumulated Depreciation	Date of Acquisition
Pueblo Grande	241	1,329	1,570	(669)	1983
Woodland Hills	1,928	6,364	8,292	(1,270)	1994
Camelot Acres	527	2,460	2,987	(1,247)	1983
Mariners Cove	990	5,541	6,531	(1,575)	1987
Waterford Estates	5,250	16,445	21,695	(1,267)	1996
Whispering Pines	1,536	5,167	6,703	(1,842)	1988
Arrowhead	5,325	15,773	21,098	(1,167)	1997
Bay Indies	10,483	32,144	42,627	(6,381)	1994
Bay Lake Estates	990	3,647	4,637	(678)	1994
Buccaneer	4,207	14,765	18,972	(2,655)	1994
Bulow Village	3,637	3,682	7,319	(450)	1994
Colonies of Margate	5,890	20,757	26,647	(3,719)	1994
Coquina	5,286	5,545	10,831	(56)	1999
Country Place	681	5,576	6,257	(1,525)	1986
East Bay Oaks	1,240	3,614	4,854	(1,883)	1983
Eldorado Village	778	2,581	3,359	(1,347)	1983
FFEC-Six (Water Company)	401	3,747	4,148	(640)	1994
Heritage Village	2,403	7,463	9,866	(1,410)	1994
Lake Fairways	6,075	18,523	24,598	(3,207)	1994
Lake Haven	1,135	4,475	5,610	(2,315)	1983
Lakewood Village	1,863	5,856	7,719	(1,105)	1994
Mid-Florida Lakes	5,997	22,318	28,315	(3,875)	1994
Oak Bend	850	2,958	3,808	(613)	1993
Pine Lakes	6,306	19,113	25,419	(3,150)	1994
Sherwood Forest RV Park	3,437	3,912	7,349	(191)	1998
Spanish Oaks	2,250	7,238	9,488	(1,474)	1993
Sunset Oaks	771	2,490	3,261	(105)	1998
The Heritage	1,438	6,051	7,489	(1,173)	1993
The Meadows, FL	3,312	9,870	13,182	(217)	1999
Windmill Village - Ft. Myers	1,417	6,157	7,574	(3,099)	1983
Windmill Village North	1,523	5,491	7,014	(2,826)	1983
Windmill Village South	1,106	3,373	4,479	(1,778)	1983
Holiday Village, IA	313	4,038	4,351	(1,755)	1986

Golf Vistas	2,843	6,078	8,921	(551)	1997
Willow Lake Estates	6,136	21,840	27,976	(3,846)	1994
Burns Harbor Estates	916	3,854	4,770	(843)	1993
Candlelight Village	1,763	6,487	8,250	(496)	1996

SCHEDULE III
MANUFACTURED HOME COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999

Real Estate	Location		Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition (Improvements)	
				Land	Depreciable Property	Land	Depreciable Property
Oak Tree Village	Portage	IN	6,087	0	0	569	3,357
Bonner Springs	Bonner Springs	KS	0	343	1,041	0	189
Carriage Park	Kansas City	KS	0	309	938	0	398
Quivira Hills	Kansas City	KS	0	376	1,139	0	158
Pheasant Ridge	Mt. Airy	MD	0	376	1,779	0	144
Briarwood	Brookline	MO	0	423	1,282	0	172
Dellwood Estates	Warrensburg	MO	0	300	912	0	98
North Star	Kansas City	MO	0	451	1,365	0	219
Casa Village	Billings	MT	8,033	1,011	3,109	181	1,425
Del Rey	Albuquerque	NM	0	1,926	5,800	0	466
Bonanza	Las Vegas	NV	9,980	908	2,643	0	470
Cabana	Las Vegas	NV	0	2,648	7,989	0	106
Flamingo West	Las Vegas	NV	0	1,732	5,266	0	232
Villa Borega	Las Vegas	NV	7,721	2,896	8,774	0	106
Rockwood	Tulsa	OK	0	645	1,622	0	243
Falcon Wood Village	Eugene	OR	9	1,112	3,426	0	27
Quail Hollow	Fairview	OR	0	0	3,249	0	41
Shadowbrook	Clackamas	OR	0	1,197	3,693	0	121
Green Acres	Breinigsville	PA	16,001	2,680	7,479	0	1,883
All Seasons	Salt Lake City	UT	0	510	1,623	0	126
Westwood Village	Farr West	UT	0	1,346	4,179	0	685
Meadows of Chantilly	Chantilly	VA	0	5,430	16,440	0	1,147
Kloshe Illahee	Federal Way	WA	6,684	2,408	7,286	0	38
Independence Hill	Morgantown	WV	0	299	898	0	168
College Heights Portfolio (18 Properties)	Various		67,104	17,045	71,382	0	0
Ellenberg (37 Properties)	Various		56,181	82,633	261,347	0	0
Management Business	Chicago	IL	0	0	436	0	6,257
			$ 513,172	$ 284,911	$ 911,360	$ 426	$67,646

Real Estate	Gross Amount Carried at Close of Period 12/31/99			Accumulated Depreciation	Date of Acquisition
	Land	Depreciable Property	Total		
Oak Tree Village	569	3,357	3,926	(920)	1987
Bonner Springs	343	1,230	1,573	(399)	1989
Carriage Park	309	1,336	1,645	(448)	1989
Quivira Hills	376	1,297	1,673	(431)	1989
Pheasant Ridge	376	1,923	2,299	(1,104)	1988
Briarwood	423	1,454	1,877	(489)	1989
Dellwood Estates	300	1,010	1,310	(340)	1989
North Star	451	1,584	2,035	(537)	1989
Casa Village	1,192	4,534	5,726	(1,972)	1983
Del Rey	1,926	6,266	8,192	(1,414)	1993
Bonanza	908	3,113	4,021	(1,532)	1983
Cabana	2,648	8,095	10,743	(1,510)	1994
Flamingo West	1,732	5,498	7,230	(1,013)	1994
Villa Borega	2,896	8,880	11,776	(699)	1997
Rockwood	645	1,865	2,510	(952)	1983
Falcon Wood Village	1,112	3,453	4,565	(270)	1997
Quail Hollow	0	3,290	3,290	(258)	1997
Shadowbrook	1,197	3,814	5,011	(300)	1997
Green Acres	2,680	9,362	12,042	(3,339)	1988
All Seasons	510	1,749	2,259	(140)	1997
Westwood Village	1,346	4,864	6,210	(371)	1997
Meadows of Chantilly	5,430	17,587	23,017	(3,376)	1994
Kloshe Illahee	2,408	7,324	9,732	(573)	1997
Independence Hill	299	1,066	1,365	(357)	1990
College Heights Portfolio (18 Properties)	17,045	71,382	88,427	(3,406)	1998
Ellenberg (37 Properties)	82,633	261,347	343,980	(15,542)	1998
Management Business	0	6,693	6,693	(3,381)	
	$ 285,337	$ 979,006	$ 1,264,343	($150,757)	

NOTES:
(1) For depreciable property, the Company uses a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen year estimated life for building upgrades and a three-to-seven year

estimated life for furniture and fixtures.

(2) The schedule excludes five Properties in which the Company has a non-controlling joint venture interest and accounts for using the equity method of accounting.

(3) The balance of furniture and fixtures included in the total amounts was approximately $10.8 million as of December 31, 1999.

(4) The aggregate cost of land and depreciable property for Federal income tax purposes was approximately $1.1 billion, as of December 31, 1999.

(5) All properties were acquired, except for Country Place Village which was constructed.

SCHEDULE III
MANUFACTURED HOME COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999

The changes in total real estate for the years ended December 31, 1999, 1998 and 1997 were as follows:

	1999	1998	1997
Balance, beginning of year	$ 1,237,431	$ 936,318	$ 597,650
Acquisitions	12,496	286,880	332,272
Improvements	16,700	14,566	6,643
Dispositions and other	(2,284)	(333)	(247)
Balance, end of year	$ 1,264,343	$ 1,237,431	$ 936,318

The changes in accumulated depreciation for the years ended December 31, 1999, 1998 and 1997 were as follows:

	1999	1998	1997
Balance, beginning of year	$ 118,021	$ 89,208	$ 71,481
Depreciation expense	35,020	29,146	17,974
Dispositions and other	(2,284)	(333)	(247)
Balance, end of year	$ 150,757	$ 118,021	$ 89,208

EXHIBIT 12

MANUFACTURED HOME COMMUNITIES, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollar amounts in thousands)

	For the Years Ended December 31,				
	1999	1998	1997	1996	1995
Income before allocation to Minority Interests and extraordinary loss on early extinguishment of debt	$36,835	$35,663	$33,469	$26,943	$20,023
Fixed Charges	56,619	49,693	21,753	18,264	19,562
Earnings	$93,454	$85,356	$55,222	$45,207	$39,585
Interest incurred	$53,134	$49,160	$20,708	$16,794	$16,807
Amortization of deferred financing costs	641	533	1,045	1,470	2,755
Perpetual Preferred OP Unit Distributions	2,844				
Fixed Charges	$56,619	$49,693	$21,753	$18,264	$19,562
Earnings/Fixed Charges	1.65	1.72	2.54	2.48	2.02

EXHIBIT 21

MANUFACTURED HOME COMMUNITIES, INC.
SUBSIDIARIES OF THE REGISTRANT

	State of Incorporation or Organization
MHC Operating Limited Partnership	Illinois
MHC Financing Limited Partnership	Illinois
MHC Management Limited Partnership	Illinois
MHC Financing Limited Partnership Two	Delaware
Blue Ribbon Communities Limited Partnership	Delaware
LP Management Corporation	Delaware
MHC-QRS, Inc.	Delaware
MHC-QRS Two, Inc.	Delaware
MHC-QRS Blue Ribbon Communities, Inc.	Delaware
MHC Lending Limited Partnership	Illinois
MHC-Lending QRS, Inc.	Illinois
MHC-DeAnza Financing Limited Partnership	Illinois
MHC-QRS DeAnza, Inc.	Illinois
MHC-DAG Management Limited Partnership	Illinois
MHC-Bay Indies Financing Limited Partnership	Illinois
MHC-QRS Bay Indies, Inc.	Illinois
MHC Systems, Inc.	Illinois

EXHIBIT 23

MANUFACTURED HOME COMMUNITIES, INC.
CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-68473, No. 333-28469, No. 333-25295, and No. 33-76486, and Form S-3 No. 333-90813, No. 333-65515, No. 333-25297, No. 333-1710, No. 33-82902 and No. 33-97288) of Manufactured Home Communities, Inc., and in the related Prospectuses, of our report dated January 24, 2000, with respect to the consolidated financial statements and schedules of Manufactured Home Communities, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 1999.

ERNST & YOUNG LLP

Chicago, Illinois
March 9, 2000

POWER OF ATTORNEY

Exhibit 24.1

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

KNOW ALL MEN BY THESE PRESENTS that John F. Podjasek, Jr., having an address at Barrington, Illinois, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Howard Walker, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, John F. Podjasek, Jr., has hereunto, set his hand this 6th day of March, 2000.

/s/ John F. Podjasek, Jr.

John F. Podjasek, Jr.

I, Juanita Tarantino, a Notary Public in and for said County in the State aforesaid, do hereby certify that John F. Podjasek, Jr., personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 6th day of March, 2000.

/s/ Juanita Tarantino

(Notary Public)

My Commission Expires:

May 5, 2003

POWER OF ATTORNEY

Exhibit 24.2

STATE OF CALIFORNIA)
)SS
COUNTY OF ALAMEDA)

KNOW ALL MEN BY THESE PRESENTS that Michael A. Torres, having an address at Alameda, California, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Howard Walker, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Michael A. Torres, has hereunto, set his hand this 6th day of March, 2000.

/s/ Michael A. Torres

Michael A. Torres

I, Nancy K. Hagel, a Notary Public in and for said County in the State aforesaid, do hereby certify that Michael A. Torres, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 6th day of March, 2000.

/s/ Nancy K. Hagel

(Notary Public)

My Commission Expires:

March 16, 2001

POWER OF ATTORNEY

Exhibit 24.3

STATE OF NEW YORK)
)SS
COUNTY OF NEW YORK)

KNOW ALL MEN BY THESE PRESENTS that Thomas E. Dobrowski, having an address at New York, New York, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Howard Walker, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Thomas E. Dobrowski, has hereunto, set his hand this 7th day of March, 2000.

/s/ Thomas E. Dobrowski

Thomas E. Dobrowski

I, Rosemarie Sobel, a Notary Public in and for said County in the State aforesaid, do hereby certify that Thomas E. Dobrowski, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 7th day of March, 2000.

/s/ Rosemarie Sobel

(Notary Public)

My Commission Expires:

October 31, 2000

POWER OF ATTORNEY

Exhibit 24.4

STATE OF WASHINGTON)
)SS
COUNTY OF KITSAP)

KNOW ALL MEN BY THESE PRESENTS that Gary L. Waterman, having an address at Bainbridge, Washington, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Howard Walker, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Gary L. Waterman, has hereunto, set his hand this 9th day of March, 2000.

/s/ Gary L. Waterman

Gary L. Waterman

I, Judy S. Cooley, a Notary Public in and for said County in the State aforesaid, do hereby certify that Gary L. Waterman, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 9th day of March, 2000.

/s/ Judy S. Cooley

(Notary Public)

My Commission Expires:

August 29, 2002

POWER OF ATTORNEY

Exhibit 24.5

STATE OF MICHIGAN)
)SS
COUNTY OF WASHTENAW)

KNOW ALL MEN BY THESE PRESENTS that Donald S. Chisholm, having an address at Ann Arbor, Michigan, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Howard Walker, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Donald S. Chisholm, has hereunto, set his hand this 6th day of March, 2000.

/s/ Donald S. Chisholm

Donald S. Chisholm

I, Sharon J. Place, a Notary Public in and for said County in the State aforesaid, do hereby certify that Donald S. Chisholm, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 6th day of March, 2000.

/s/ Sharon J. Place

(Notary Public)

My Commission Expires:

October 5, 2000

POWER OF ATTORNEY

Exhibit 24.6

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN DIEGO)

KNOW ALL MEN BY THESE PRESENTS that Louis H. Masotti, having an address at San Diego, California, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Howard Walker, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Louis H. Masotti, has hereunto, set his hand this 7th day of March, 2000.

/s/ Louis H. Masotti

Louis H. Masotti

I, Ann Randall Masotti, a Notary Public in and for said County in the State aforesaid, do hereby certify that Louis H. Masotti, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 7th day of March, 2000.

/s/ Ann Randall Masotti

(Notary Public)

My Commission Expires:

April 25, 2002

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This schedule contains summary financial information extracted from the
consolidated balance sheets and statements of operations and is qualified in its
entirety by reference to such financial statements.

0000895417
MANUFACTURED HOME COMMUNITIES, INC.
1,000
U.S. DOLLARS

12-MOS
DEC-31-1999
JAN-01-1999
DEC-31-1999
1
6,676
0
1,338
0
0
32,967
1,264,343
(150,757)
1,160,338
44,276
0
0
0
229
211,172
1,160,338
211,294
215,028
0
82,835
6,092
0
53,775
36,835
0
27,772
0
0
0
27,772
1.10
1.09