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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

MAY 8, 2003
(Date of Report)

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

1-11718
(Commission File No.)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

36-3857664
(I.R.S. Employer Identification No.)

TWO NORTH RIVERSIDE PLAZA, CHICAGO, ILLINOIS
(Address of principal executive offices)

60606
(Zip Code)

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

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ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

In late April of 2003, Manufactured Home Communities, Inc. ("MHC") engaged in preliminary discussions with the financial advisors of Chateau Communities, Inc. ("Chateau") regarding a potential transaction with Chateau. As a condition for proceeding further, Chateau required MHC to enter into a two-year standstill agreement limiting future options. MHC believed such limitations were not in the best interests of its shareholders. However, as a result of its interest in pursuing a transaction, MHC sent a letter dated May 1, 2003 to Chateau that is attached hereto as exhibit 99.1. The response sent by Chateau to the letter of May 1, 2003 is attached hereto as exhibit 99.2. The letter from Chateau reiterated the previous requirement regarding a standstill agreement.

MHC remains interested in pursuing a potential transaction that would be in the best interests of its shareholders.

ITEM 7. FINANCIAL STATEMENTS, PROFORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits

Exhibit 99.1 Letter from MHC to Chateau dated May 1, 2003
Exhibit 99.2 Letter from Chateau to MHC dated May 5, 2003

SIGNATURE

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

MANUFACTURED HOME COMMUNITIES, INC.

BY: /s/ John M. Zoeller

John M. Zoeller
Vice President, Treasurer and
Chief Financial Officer

BY: /s/ Mark Howell

Mark Howell
Principal Accounting Officer and
Assistant Treasurer

DATE: May 8, 2003

May 1, 2003

Mr. Steven J. Sherwood
Chairman of the Board
Chateau Communities, Inc.
6160 South Syracuse Way
Greenwood Village, CO 80111

Dear Mr. Sherwood:

Manufactured Home Communities, Inc. ("MHC") is pleased to set forth the principal terms under which it would proceed with the acquisition of one hundred percent (100%) of the manufactured home community properties, excluding properties held for sale and development properties (the "Properties") of Chateau Communities, Inc. and its subsidiaries and affiliates (collectively, the "Company" or "Chateau"). The shareholders of Chateau could realize in excess of \$26.00 per share as a result of this transaction. MHC's proposal is based upon information publicly available to us and discussions with financing sources. MHC proposes entering into a sixty (60) day exclusive negotiating period with the Company with the goal of reaching a definitive agreement and proceeding quickly to a closing, all as more specifically described herein. MHC believes that the proposal set forth herein is in the best interests of the shareholders of both MHC and Chateau and will result in a mutually beneficial transaction while limiting significant expenses and unnecessary distractions involved in a lengthy process for both sides. However, during the exclusive negotiating period MHC is willing to discuss alternative structures.

Essentially, the proposal outlined herein is for \$1,815,000,000.00, all cash for the Properties that are listed on Exhibit A. MHC has discussed this transaction with a major financial institution and has received a letter indicating that up to \$1,450,000,000.00 of first mortgage financing with an average interest rate of 5.5% and an average term of seven years could be provided. In addition, to the extent any Property is subject to a tax protection agreement that would prohibit its sale for cash, such Property may either be excluded from the proposed transaction and the Purchase Price adjusted accordingly, or an alternative structure may be agreed upon. MHC also will make available tax deferral for other Properties not subject to existing agreements if reasonably requested by Chateau. In addition, MHC will forego normal due diligence procedures to expedite the closing of this transaction as more fully discussed herein.

While MHC proposes to acquire all of the Properties for the Purchase Price set forth herein, Chateau's shareholders will retain the Company's development assets, assets held for sale, the Company's investment in N' Tandem(1), unrented inventory, notes and rents receivable

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(1) MHC would also consider acquiring some or all of the N' Tandem properties.

and other assets identified in the Company's public disclosures. As of March 31, 2003, the Company carries these assets at an approximate book value of \$229,000,000.00, or \$6.50 per share, net of accounts payable and accrued expenses. MHC has assumed that the Company will deliver the Properties free and clear of liens and encumbrances (unless assumed by MHC as described herein) and has estimated the Company's prepayment and/or assumption costs at 2% of the Company's debt (as shown at March 31, 2003) and closing costs of the proposed transaction which are to be paid by the Company of 1.5% of the Purchase Price resulting in net cash to the Company from the sale in excess of \$19.50 cash per share (after adjusting for claims of preferred securities). Together with the book value of the retained assets, this transaction will provide in excess of \$26.00 per share to Chateau's shareholders. MHC's proposal is subject to the terms and conditions more fully set forth herein.

In this letter, (i) MHC and the Company, together with their respective officers, directors, subsidiaries, affiliates and agents, are sometimes called the "Parties," (ii) the Company and its subsidiaries and affiliates are sometimes called the "Selling Companies," and (iii) MHC's acquisition of the Company's assets is sometimes called the "Acquisition." This letter of intent is intended by the Parties to be non-binding except for the terms and conditions in Part Two which are binding on the Parties.

PART ONE

The Parties will immediately commence negotiating a definitive written acquisition agreement providing for the Acquisition (a "Definitive Agreement"). To facilitate the negotiation of a Definitive Agreement, the Parties agree that the Selling Companies' counsel shall prepare an initial draft.

Based on the public information currently available to MHC, it is proposed that the Definitive Agreement include the following terms:

1. BASIC TRANSACTION

The Selling Companies would sell all of the real estate set forth on Exhibit A and related assets owned by them (including, but not limited to, all assets of any kind and nature located at the Properties) to MHC at the price ("Purchase Price") set forth below. The Selling Companies would retain the Excluded Assets (as hereinafter defined). The Excluded Assets have not yet been fully identified, but may include assets such as the stock and partnership interests held by the Selling Companies, the properties listed on Exhibit B, the Company's interest in N' Tandem and its assets, inventory of manufactured homes (except as more fully set forth herein), and notes receivable and other as identified in the public disclosures.

2. PURCHASE PRICE

Based upon public information available to MHC and assuming the Selling Companies own and will deliver to MHC 100% of the assets free and clear of all liens and encumbrances and subject to the other assumptions set forth herein, the Purchase Price would be \$1,815,000,000.00 all cash (subject to customary prorations and other adjustments).

3. OTHER TERMS AND CONDITIONS

The Selling Companies would make representations and warranties to MHC and would provide covenants, indemnities and other protections for the benefit of MHC. Specifically the Selling Companies would represent and warrant to MHC that the financial and other data for the Properties is not materially different than the financial and other data for the Properties shown in the Company's public disclosures. The consummation of the contemplated transaction by MHC would be subject to the satisfaction of various conditions, including:

- (a) MHC obtaining first mortgage financing. However, MHC will agree to assume any existing first mortgage debt subject to (i) an adjustment to the Purchase Price at closing representing the mark to market of such financing, and (ii) to the extent such financing represents less than 80% of the underwritten value of such Property, MHC would be allowed to substitute an unsecured note in lieu of cash at closing in an amount equal to the difference (with such note being for 7 years at an annual interest rate of 5.5%). To the extent that any Property listed on Exhibit A cannot be financed for any reason, MHC will have the option of not closing on such Property or obtaining seller financing on terms consistent with this subparagraph (a).
- (b) Approval by the Board of Directors of MHC.
- (c) The Company or Selling Companies, as appropriate, delivering an affidavit in form and substance reasonably acceptable to MHC satisfying the requirements of Florida Statutes Section 723.071 and 723.072 to the effect that MHC's offer for these assets was unsolicited.
- (d) Other customary conditions.

4. CLOSING

The closing will occur as soon as all steps necessary to consummate the Acquisition have occurred.

5. INVENTORY

Title to all manufactured homes owned by the Company and which are rented to third-party tenants will be transferred to MHC at closing and included in the Purchase Price. MHC will agree to sell any remaining inventory of the Company for a commission of 15% and remit net proceeds of the sales to the Company.

6. POST-CLOSING ESCROW

At closing \$50 million of the Purchase Price will be deposited into escrow to be used to satisfy any post-closing claims of MHC. MHC intends the escrow to replace formal due diligence and a due diligence contingency. The escrow will be for a period of one year following closing. MHC may submit claims and be paid amounts from the escrow based upon breach of representation and warranty by the Company and/or Selling Companies, environmental claims and deficiencies, deferred maintenance, deferred capital, undisclosed liens and claims of third

parties, and material differences in the financial and other data for the Properties from that set forth in the Company's public disclosures, among other possible claims. The terms of the escrow and claim mechanism shall be more fully set forth in the Definitive Agreement.

7. CLOSING COSTS

Except for Properties where MHC will assume existing debt as set forth in paragraph 3(a), the Company will deliver the Properties free and clear of all liens and will provide MHC and its lenders with title insurance policies insuring title to the Properties subject to only those exceptions acceptable to MHC and including customary endorsements. In addition to the cost of the title insurance policies and endorsements, the Company will be responsible for paying for surveys of each of the Properties, transfer taxes, intangible taxes, mortgage taxes and prepayment penalties related to its debt, and its own legal expenses. MHC will bear the costs and expenses of its lenders and its legal expenses. To the extent MHC agrees to assume any existing debt, the Company will be responsible for any costs associated with such assumption.

8. BREAK-UP FEE

The Definitive Agreement will contain a break-up fee.

PART TWO

The following paragraphs of this letter (the "Binding Provisions") are the legally binding and enforceable agreements of MHC and each Selling Company.

1. ACCESS

During the period from the date this letter is signed by the Company (the "Signing Date") until the date on which MHC provides the Company with written notice that negotiations toward a Definitive Agreement are terminated (the "Termination Date"), the Company will afford MHC full and free access to the Properties, the Selling Companies, their personnel, properties, assets, contracts, books and records, and all other documents and data.

2. EXCLUSIVE DEALING

Until the earlier of (i) 60 days after the Signing Date, or (ii) the Termination Date (in either case, such period is hereinafter called the "Exclusive Dealing Period"):

- (a) The Company will not and will cause the Selling Companies and all of their employees, agents, subsidiaries and affiliates not to, directly or indirectly, through any representative or otherwise, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept, or consider any proposal of any other person relating to the acquisition of the stock of the Company or the Selling Companies, their assets or business, in whole or in part, whether directly or indirectly, through purchase, merger, consolidation, or otherwise, including, but not limited to, the Properties; and

- (b) The Company will immediately notify MHC regarding any contact between the Company, any Selling Company or their respective representatives and any other person regarding any such offer or proposal or any related inquiry.

3. STANDSTILL AGREEMENT

The Company agrees that for a period of six (6) months following the Exclusive Dealing Period (the "Standstill Period"), the Company will not, directly or indirectly, and will not permit any of its affiliates or associates (as defined in the 1934 Act) to solicit, initiate, knowingly encourage or enter into any agreement with respect to or participate in discussions or negotiations with, provide any confidential information to (including, without limitation, information relating to the fact that discussions or negotiations have taken place between the Company and MHC and as to the status of such discussions or negotiations), enter into any agreement with or otherwise cooperate in any way in connection with, any Third Party (as hereinafter defined) concerning any Competing Transaction (as hereinafter defined). For purposes of this agreement, the term "Third Party" shall mean any individual, group (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "1934 Act")), corporation, partnership, or other entity other than MHC or its representatives, and the term "Competing Transaction" shall mean any of the following involving the Company: (i) any merger, consolidation, business combination, or other similar transaction with or involving a Third Party, (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of any of the Properties, or (iii) any tender offer or exchange offer for any portion of the outstanding common shares of the Company. To the extent that the Company receives an offer during the Standstill Period for a Competing Transaction that the Company will consider, the Company hereby grants MHC a right of first refusal with respect to any such Competing Transaction for a period of ninety (90) days following MHC's receipt of written notice from the Company of such Competing Transaction. The Company agrees to give MHC written notice of the receipt of any offer for a Competing Transaction within five (5) days of the Company's receipt thereof. The Company shall also inform MHC in such notice whether or not the Company will consider such offer.

4. CONDUCT OF BUSINESS

During the period from the Signing Date until the Termination Date, the Company shall cause the Selling Companies to operate their business in the ordinary course and to refrain from any extraordinary transactions.

5. ENTIRE AGREEMENT

The Binding Provisions constitute the entire agreement between the Parties, and supersede all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealing between the Parties on the subject matter hereof. Except as otherwise provided herein, the Binding Provisions may be amended or modified only by a writing executed by MHC and the Company.

6. GOVERNING LAW

The Binding Provisions will be governed by and construed under the laws of the State of Illinois without regard to conflicts of laws principles.

7. JURISDICTION; SERVICE OF PROCESS

Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this letter may be brought against any of the Parties in the courts of the State of Illinois, County of Cook, or, if it has or can acquire jurisdiction, in the United States District Court for the Northern District of Illinois, and each of the Parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any Party anywhere in the world.

8. SURVIVAL OF BINDING PROVISIONS

The Binding Provisions will survive for a period of two (2) years after the Termination Date provided, however, that the termination of the Binding Provisions at any time will not affect the liability of a Party for breach of any of the Binding Provisions prior to the termination; and provided further, however, that if a Competing Transaction occurs after two (2) years after the Termination Date, MHC has the right to enforce this letter agreement if MHC demonstrates that such Competing Transaction resulted from activities that pursuant to Paragraphs 2 or 3 of the Binding Provisions would have resulted in a right of first refusal for MHC. Upon termination of the Binding Provisions, the Parties will have no further obligations hereunder, except as stated in Paragraphs 2, 3, 5, 6, 7, 8, 9, 10, and 11 of this Part Two, which will survive any such termination.

9. COUNTERPARTS

This letter may be executed in one or more counterparts, each of which will be deemed to be an original copy of this letter and all of which, when taken together, will be deemed to constitute one and the same agreement.

10. NO LIABILITY

The paragraphs and provisions of Part One of this letter do not constitute and will not give rise to any legally binding obligation on the part of any of the Parties or any of the Selling Companies. Moreover, except as expressly provided in the Binding Provisions (or as expressly provided in any binding written agreement that the Parties may enter into in the future), no past or future action, course of conduct, or failure to act relating to the Acquisition, or relating to the negotiation of the terms of the Acquisition or any Definitive Agreement, will give rise to or serve as a basis for any obligation or other liability on the part of the Parties or any of the Selling Companies.

11. NOTICES

All notices, requests, demands or other communications required or permitted under this letter shall be in writing and delivered personally (including delivery by overnight courier such as Federal Express, by messenger or by facsimile to the numbers set forth below) or by certified mail, return receipt requested, postage prepaid, addressed as follows:

(i) If to the Company:

c/o Chateau Communities, Inc.
6160 South Syracuse Way
Greenwood Village, CO 80111
Telephone: _____
Facsimile: _____
Attention: Steven J. Sherwood

(ii) If to MHC:

c/o Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, IL 60606
Telephone: 312-279-1400
Telecopy: 312-279-1715
Attention: Chief Executive Officer

With a copy to:

Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, IL 60606
Telephone: 312-279-1400
Telecopy: 312-279-1715
Attention: General Counsel

All notices given in accordance with the terms hereof shall be deemed received forty-eight (48) hours after posting, or when delivered personally by messenger, overnight courier or facsimile. Either Party hereto may change its address for receiving notices, requests, demands or other communications by notice sent in accordance with the terms of this paragraph.

If you are in agreement with the foregoing, please sign and return one copy of this letter, which thereupon will constitute our agreement with respect to its subject matter.

If we do not receive a reply to this letter within seven days of the date hereof, we will assume that you are not interested in pursuing the foregoing, and in such case, we will consider other available options.

Very truly yours,
MANUFACTURED HOME COMMUNITIES, INC.

/S/ Howard Walker

Howard Walker
Chief Executive Officer

Accepted and Agreed to on May __, 2003, with the undersigned expressly representing and acknowledging the binding effect and enforceability of the Binding Provisions.

CHATEAU COMMUNITIES, INC.

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EXHIBIT A
 PROPERTIES TO BE SOLD

COMMUNITY -----	LOCATION (CLOSEST MAJOR CITY) -----	STATE -----	TOTAL SITES -----
100 Oaks	Fultondale	AL	235
Algoma Estates	Grand Rapids	MI	343
Anchor Bay	Detroit	MI	1,384
Anchor North	Tampa	FL	93
Apache East	Phoenix	AZ	123
Arlington Lakeside	Dallas	TX	233
Audubon	Orlando	FL	280
Autumn Forest	Greensboro	NC	299
Avon	Detroit	MI	617
Beacon Hill Colony	Tampa	FL	201
Beacon Terrace	Tampa	FL	297
Bermuda Palms	Palm Springs	CA	185
Berryman's Branch	Philadelphia	NJ	257
Broadmore	South Bend	MI	370
Buena Vista	Fargo	ND	400
Butler Creek	Augusta	GA	376
Camden Point	Kingsland	GA	268
Canterbury Estates	Grand Rapids	MI	290
Carnes Crossing	Summerville	SC	604
Castlewood Estates	Atlanta	GA	334
Casual Estates	Syracuse	NY	961
Cedar Grove	New Haven	CT	60
Cedar Knolls	Minneapolis	MN	458
Chesterfield	Detroit	MI	345
Cimmaron	St. Paul	MN	505
Clinton	Detroit	MI	1,000
Coach Royale	Boise	ID	91
Colonial Acres	Kalamazoo	MI	612
Riverdale (Colonial Coach)	Atlanta	GA	481
Colonial Manor	Kalamazoo	MI	195
Colony Cove	Sarasota	FL	2,210
Columbia Heights	Grand Forks	ND	302
Conway Plantation	Myrtle Beach	SC	299
Country Estates	Grand Rapids	MI	254
Cranberry	Pontiac	MI	328
Creekside	Dallas	TX	583
Crestview	Stillwater	OK	238

COMMUNITY -----	LOCATION (CLOSEST MAJOR CITY) -----	STATE -----	TOTAL SITES -----
Crystal Lake Club	Tampa	FL	599
Crystal Lakes	Tampa	FL	330
CV-Denver	Denver	CO	345
CV-Jacksonville	Jacksonville	FL	643
CV-Longmont	Longmont	CO	310
Del Tura	Fort Myers	FL	1,344
Denali Park	Phoenix	AZ	162
Eagle Creek	Tyler	TX	194
Eagle Point	Seattle	WA	230
Eastridge	San Jose	CA	187
Eldorado Estates	Daytona Beach	FL	126
Emerald Lake	Fort Myers	FL	201
Evergreen	New Haven	CT	102
Fairways Country Club	Orlando	FL	1,141
Falcon Farms	Davenport	IL	215
Ferrand Estates	Grand Rapids	MI	420
Forest Creek	South Bend	IN	167
Forest Lake Estates	Grand Rapids	MI	221
Fountainvue	Marion	MI	120
Four Seasons	Atlanta	GA	214
Foxhall Village	Raleigh	NC	315
Foxwood Farms	Orlando	FL	375
Friendly Village	Greeley	CO	226
Friendly Village	Atlanta	GA	203
Grand Blanc	Flint	MI	478
Grand Place	Dallas	TX	334
Green Acres	New Haven	CT	64
Green Park South	Montgomery	AL	421
Green River	Los Angeles	CA	333
Greenbriar Village	Allentown	PA	319
Haselton Village	Orlando	FL	292
Hickory Knoll	Indianapolis	IN	325
Hidden Valley	Orlando	FL	303
Highland	New Haven	CT	50
Hillcrest	Boston	MA	83
Holiday Estates	Grand Rapids	MI	204
Hoosier Estates	Indianapolis	IN	288
Howell	Lansing	MI	455
Hunter Ridge	Atlanta	GA	828
Hunter's Chase	Lima	OH	135
Huron Estates	Flint	MI	111

COMMUNITY -----	LOCATION (CLOSEST MAJOR CITY) -----	STATE -----	TOTAL SITES -----
Indian Rocks	Clearwater	FL	148
Jurupa Hills Cascade	Los Angeles	CA	322
La Quinta Ridge	Palm Springs	CA	151
Lake in the Hills	Detroit	MI	238
Lakeland Harbor	Tampa	FL	504
Lakeland Junction	Tampa	FL	191
Lakes at Leesburg	Orlando	FL	640
Lakeside Terrace	Orlando	FL	241
Lakewood	Montgomery	AL	396
Lakewood Estates	Davenport	IA	180
Lamplighter Village	Atlanta	GA	431
Land O' Lakes	Orlando	FL	173
Landmark	Atlanta	GA	524
Leisurewoods Rockland	Boston	MA	394
Leisurewoods Taunton	Boston	MA	222
Leonard Gardens	Grand Rapids	MI	319
Longview	Longmont	CO	400
Los Ranchos	Los Angeles	CA	389
Macomb	Detroit	MI	1,427
Maple Grove Estates	Boise	ID	270
Maple Valley/Maple Ridge	Chicago	IL	276
Mariwood	Indianapolis	IN	296
Marnelle	Atlanta	GA	205
Meadow Park	Fargo	ND	117
Midway Estates	Vero Beach	FL	204
Misty Winds	Corpus Christi	TX	354
Mountain View	Las Vegas	NV	349
North Bluff Estates	Austin	TX	274
Northwood	Dallas	TX	451
Norton Shores	Grand Rapids	MI	656
Novi	Detroit	MI	725
Oak Ridge	South Bend	IN	204
Oakhill	Flint	MI	504
Oakwood Forest	Greensboro	NC	482
Old Orchard	Flint	MI	200
Orange Lake	Orlando	FL	242
Palm Beach Colony	West Palm Beach	FL	285
Palm Valley	Orlando	FL	790
Parkwood Communities	Orlando	FL	695
Pedaler's Pond	Orlando	FL	214
Pine Lakes Ranch	Denver	CO	762

COMMUNITY -----	LOCATION (CLOSEST MAJOR CITY) -----	STATE -----	TOTAL SITES -----
Pinecrest Village	Shreveport	LA	446
Pinelake Gardens	Vero Beach	FL	532
Pinewood	Columbus	MI	380
Pleasant Ridge	Lansing	MI	305
President's Park	Grand Forks	ND	174
Redwood Estates	Denver	CO	754
Regency Lakes	Winchester	VA	384
Rosemount	Minneapolis/St. Paul	MN	182
Royal Estates	Kalamazoo	MI	183
Saddlebrook	Charleston	SC	425
Science City	Midland	MI	171
Shadow Hills	Orlando	FL	670
Shadowood	Atlanta	GA	506
Shady Lane	Clearwater	FL	108
Shady Oak	Clearwater	FL	250
Shady Village	Clearwater	FL	156
Shenandoah Estates	Boise	ID	154
Shenandoah Village	Philadelphia	NJ	359
Sherwood	Marion	MI	134
Skyway	Indianapolis	IN	156
Smoke Creek	Atlanta	GA	264
South Oaks	Atlanta	GA	294
Southwind Village	Naples	FL	337
Springbrook	Utica	MI	398
Springfield Farms	Springfield	MO	290
Starlight Ranch	Orlando	FL	783
Stone Mountain	Atlanta	GA	354
Stonegate Austin	Austin	TX	359
Stonegate Pines	Dallas	TX	160
Stonegate, LA	Shreveport	LA	157
Suburban Woods	Atlanta	GA	216
Sunny South Estates	West Palm Beach	FL	319
Swan Creek	Ann Arbor	MI	294
Tara Woods	Tampa	FL	531
Tarpon Glen	Clearwater	FL	170
Terrace Heights	Dubuque	IA	317
The Colony	Palm Springs	CA	220
The Glen	Boston	MA	36
The Highlands	Flint	MI	682
The Orchard	San Francisco	CA	233
Tierra West	Albuquerque	NM	653

COMMUNITY -----	LOCATION (CLOSEST MAJOR CITY) -----	STATE -----	TOTAL SITES -----
Timber Heights	Flint	MI	221
Torrey Hills	Flint	MI	377
Twenty-Nine Pines	St. Paul	MN	152
Twin Pines	Goshen	IN	238
University Village	Orlando	FL	480
Valley Vista	Grand Rapids	MI	137
Villa	Flint	MI	319
Village Green	Vero Beach	FL	780
Westbrook	Detroit	MI	388
Westpark	Phoenix	AZ	183
Whispering Pines	Clearwater	FL	392
Winter Haven Oaks	Orlando	FL	343
Woodlake	Greensboro	NC	308
Woodlands of Kennesaw	Atlanta	GA	273
Yankee Spring	Grand Rapids	MI	284
Yorktowne	Cincinnati	OH	354

EXHIBIT B
DEVELOPMENT ASSETS AND ASSETS HELD FOR SALE

DEVELOPMENT ASSETS

COMMUNITY -----	LOCATION (CLOSEST MAJOR CITY) -----	STATE -----	TOTAL SITES -----
Prairie Greens	Denver	CO	139
Antelope Ridge	Colorado Springs	CO	246
Wolf Creek	Des Moines	IA	80
Deerfield Manor (aka Allendale)	Allendale	MI	96
Glenmoor	Leroy Township	MI	41
Holly Hills	Holly	MI	174
Maple Run	Clio	MI	146
Pine Lakes	Lapeer	MI	136
Oakley Point	Moncks Corner	SC	91
Harston Woods	Dallas	TX	106
Onion Creek	Austin	TX	350

ASSETS HELD FOR SALE

COMMUNITY -----	LOCATION (CLOSEST MAJOR CITY) -----	STATE -----	TOTAL SITES -----
Jade Isle	Orlando	FL	101
Arbor Village	Jackson	MI	266
Breazeale	Laramie	WY	117
Crystal Lake	St. Petersburg	FL	166
Golden Valley	Atlanta	GA	131
Knoll Terrace	Salem	OR	212
Mosby's Point	Cincinnati	KY	150
Orion	Detroit	MI	423
Pinellas Cascades	Clearwater	FL	238
Riverview	Portland	OR	133
Vance	Columbus	OH	113
Pooles Manor	Atlanta	GA	194
Atlanta Meadows aka Chateau Jonesboro	Atlanta	GA	75

[LETTERHEAD OF CHATEAU COMMUNITIES]

May 5, 2003

Mr. Howard Walker
Chief Executive Officer
Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, IL 60606

Dear Mr. Walker:

We are in receipt of your letter dated May 1, 2003 in which you express a preliminary interest in pursuing a transaction with our company. We expect our Board of Directors will consider and respond to your letter.

Pending our Board's consideration of your letter, we do wish to note that your letter includes a requirement to provide your company, as part of the process you have outlined, with ongoing access to a wide range of our company's confidential and proprietary information. We presume you require this information in order to allow MHC to present a realistic and definitive proposal to our company. As you are aware from our prior discussions, our company is willing to provide confidential information to MHC for this purpose, subject to our joint execution of a confidentiality and standstill agreement in the form enclosed with this letter.

Accordingly, please sign the agreement and return it to me and I will arrange to have a copy countersigned by our company.

Very truly yours,

CHATEAU COMMUNITIES, INC.

/s/ Steven J. Sherwood

Steven J. Sherwood
Chairman of the Board

May 5, 2003

Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Attention: Howard Walker

Gentlemen:

Each of the company below which has authored this letter (the "Company") and Manufactured Home Communities, Inc. ("MHC") has requested information regarding the other and regarding the businesses, properties and subsidiaries of the other in connection with our mutual consideration of a business combination or other similar transaction (a "Transaction"). Each of the Company and MHC are sometimes referred to in this agreement as a "party" and together as the "parties".

As a condition to the furnishing of the requested information, the Company and MHC agree that (i) all information furnished, whether prior to or after the date of this agreement, by either of us or by any of our respective Representatives (as hereinafter defined) in connection with your or our consideration of a Transaction (such information, together with all notes, memoranda, summaries, analyses, compilations and other writings relating thereto or based thereon prepared by either of us or our respective Representatives being referred to herein as the "Evaluation Material") will be kept strictly confidential, and (ii) the Evaluation Material will be used solely for the purpose of determining the desirability of a Transaction; provided, however, that Evaluation Material may be disclosed to any of our respective Representatives who need to know such information for the purpose of assisting in evaluating a Transaction (it being understood that the Representatives of each party shall be informed by that party of the confidential nature of such information and shall be directed by the party to treat such information confidentially and that each party shall be responsible for the failure of any of their Representatives to do so). The term "Evaluation Material" does not include information which (i) is already in the receiving party's possession, provided that such information is not known by the receiving party to be subject to another confidentiality agreement with or other obligation of secrecy to the providing party or another party, or (ii) becomes generally available to the public other than as a result of a disclosure by the receiving party or its Representatives, or (iii) becomes available to the receiving party on a non-confidential basis from a source other than the providing party or its Representatives, provided that such source is not known by the receiving party to be bound by a confidentiality agreement with or other obligation of secrecy to the providing party or another party. The "Representatives" of a person are that person's directors, officers, employees, legal and financial advisers, accountants and other agents and representatives. For purposes of this agreement, the term "person" shall be construed broadly and includes natural persons, corporations, ventures, partnership, trusts and all other entities.

If either the Company or MHC is requested in any judicial or administrative proceeding or by any governmental or regulatory authority to disclose any Evaluation Material, provided by or on behalf of the other party, such party will give such other party prompt notice of such request so that such other party may seek an appropriate protective order. Each party will cooperate fully with the other party in obtaining such an order. If in the absence of a protective order a party nonetheless is compelled to disclose Evaluation Material, such party may make such disclosure without liability hereunder, provided that such party gives the other party written notice of the information to be disclosed as far in advance of its disclosure as is practicable and, upon such other party's request and at its expense, use commercially reasonable efforts to obtain reasonable assurances that confidential treatment will be accorded to such information.

As a further condition to the furnishing of the Evaluation Material, the Company and MHC each agree that neither it nor any of its affiliates or associates (as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "1934 Act")) will, and each of the Company and MHC and their respective affiliates and associates will not, nor will any of them assist or encourage others (including by providing financing) to, directly or indirectly, for a period of two years from the date of this agreement, unless specifically requested in writing in advance by the board of directors of the other party: (i) acquire or agree, offer, seek or propose to acquire ownership (including but not limited to beneficial ownership (as defined in Rule 13d-3 under the 1934 Act)) of (x) any of the assets or businesses of the other party or any of its subsidiaries, (y) any securities issued by the other party or any of its subsidiaries or (z) any rights or options to acquire such ownership (including from a person other than such other party), (ii) seek or propose to influence or control the management or policies of the other party or solicit, or participate in the solicitation of, proxies or consents with respect to any securities of the other party or any of its subsidiaries or (iii) enter into any discussions, negotiations, arrangements or understandings with any person with respect to any of the foregoing or (iv) seek or request permission from any other person (including such other party's board of directors) to do any of the foregoing. The restrictions contained in this paragraph shall not be applicable to ordinary brokerage or trading transactions by a securities broker or dealer or purchases by an institutional investor solely for investment purposes aggregating less than 5% of the other party's outstanding voting securities or less than 10% of any class of the other party's outstanding non-voting securities.

Without the prior written consent of the other party, neither the Company nor MHC will, and each of them will cause their respective Representatives not to, make any release to the press or other public disclosure, or make any statement to any employee (other than members of senior management), security holder, competitor, customer, client, tenant or supplier of either of them or of their respective subsidiaries and affiliates with respect to either the fact that discussions or negotiations are taking place concerning a possible Transaction or the existence or contents of this agreement, except for such public disclosure as may be necessary, in the opinion of outside counsel for the party proposing to make the disclosure, for that party not to be in violation of or default under any applicable law, regulation or governmental order. If either party proposes to make

any disclosure based upon such an opinion, such party will deliver a copy of the text of the proposed disclosure, as far in advance of its disclosure as is practicable, and will in good faith consult with and consider the suggestions of the other party concerning the nature and scope of the information it proposes to disclose.

You and we hereby acknowledge that you and we are aware, and that you and we will advise such directors, officers, employees and representatives who are informed as to the matters which are the subject of this letter, that the United States securities laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this letter from purchasing or selling securities of such issuer or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

At any time after termination of discussions by either party with respect to a Transaction, upon the request of either party, the other party will promptly (and in no event later than five business days after such request) redeliver or cause to be redelivered to the other party all copies of the Evaluation Material furnished to such party and its Representatives by the other party and its Representatives and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings relating thereto or based thereon prepared by such party or any of its Representatives. The term "writing" as used in this agreement shall be broadly construed, and shall include all data in computer format.

Each of the Company and MHC intends to use its best efforts to provide all information reasonably requested by the other party and to ensure the accuracy and completeness of such information. Neither party, however, makes any representation or warranty, express or implied, as to the accuracy or completeness of any Evaluation Material provided or to be provided by it or on its behalf. Except as may be expressly provided in any definitive agreement with respect to a Transaction, neither party nor its Representatives will have any liability whatsoever to the other party or its Representatives resulting from use of any Evaluation Material.

The Company and MHC each agree that money damages would not be a sufficient remedy for any breach of any provision of this agreement by the other party, and that in addition to all other remedies which any party may have, each party will be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach. No failure or delay by any party in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

Notwithstanding anything to the contrary provided elsewhere herein, any party to this agreement and any of its respective Representatives may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including tax opinions or other tax analyses)

that are provided to it relating to such tax treatment and tax structure, provided, however, that such disclosure may not be made (i) until the earlier of (x) the date of the public announcement of discussions relating to the Transaction, (y) the date of the public announcement of the Transaction and (z) the date of the execution of an agreement to enter into the Transaction, and (ii) to the extent required to be kept confidential to comply with any applicable Federal or state securities laws.

This agreement contains the sole and entire agreement between the parties with respect to the subject matter hereof. This agreement may be amended, modified or waived only by a separate written instrument duly executed by or on behalf of each party. It is expressly understood that this agreement is not intended to, and does not, constitute an agreement to consummate a Transaction or to enter into a definitive acquisition agreement, and neither the Company nor MHC will have any rights or obligations of any kind whatsoever with respect to such a Transaction by virtue of this agreement or any other written or oral expression by the respective Representatives of each party unless and until a definitive acquisition agreement between the parties is executed and delivered, other than for the matters specifically agreed to herein.

This agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the conflicts of laws principles thereof. Each party consents to the jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York as well as the jurisdiction of any court from which an appeal may be taken from such courts, for the purpose of any litigation, proceeding or other action arising out of such party's obligations under or with respect to this agreement, and expressly waives any and all objections such party may have to venue in such courts.

If the foregoing correctly sets forth our agreement with respect to the matters set forth herein, please so indicate by signing two copies of this agreement and returning one of such signed copies to the undersigned, whereupon this agreement will constitute our binding agreement with respect to the matters set forth herein.

Very truly yours,

CHATEAU COMMUNITIES, INC.

By: -----
Name:
Title:

Accepted and agreed to as of the date first set forth above:

MANUFACTURED HOME COMMUNITIES, INC.

By: -----
Name:
Title: