SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-9
SOLICITATION/RECOMMENDATION STATEMENT
PURSUANT TO SECTION 14(d)(4) OF THE
SECURITIES EXCHANGE ACT OF 1934

CHATEAU PROPERTIES, INC.
(NAME OF SUBJECT COMPANY)
CHATEAU PROPERTIES, INC.
(NAME OF PERSON(S) FILING STATEMENT)

COMMON STOCK, $.01 PAR VALUE PER SHARE
(TITLE OF CLASS OF SECURITIES)

161739 10
(CUSIP NUMBER OF CLASS SECURITIES)

C. G. Kellogg
President and Chief Executive Officer
Chateau Properties, Inc.
19500 Hall Road
Clinton Township, MI 48038

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED
TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF THE
PERSON(S) FILING STATEMENT)

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ITEM 1. SECURITY AND SUBJECT COMPANY.

The subject company is Chateau Properties, Inc., a Maryland corporation (the "Company"). The address of the principal executive offices of the Company is 19500 Hall Road, Clinton Township, MI 48038. The title of the class of equity securities to which this Statement relates is the common stock, $.01 par value per share (the "Shares"), of the Company.

ITEM 2. TENDER OFFER OF MHC OP AND MHC.

This Statement relates to the tender offer previously announced by MHC Operating Limited Partnership, a limited partnership formed under the laws of the State of Illinois ("MHC OP"), the sole general partner of which is Manufactured Home Communities, Inc., a Maryland corporation ("MHC"), to purchase all outstanding Shares at a price per Share of $26.00, net to the seller in cash, without interest (the "MHC Offer").

The address of the principal executive offices of MHC OP and MHC is Suite 800, Two North Riverside Plaza, Chicago, Illinois 60606.

ITEM 3. IDENTITY AND BACKGROUND.

(a) Name and Business Address of Person Filing This Statement.

The name and business address of the Company, which is the person filing this Statement, are set forth in Item 1 above.

(b) (1) Arrangements with Executive Officers, Directors or Affiliates of the Company.

Certain information with respect to certain contracts, agreements, arrangements or understandings between the Company and certain of its executive officers, directors and affiliates is set forth in pages 4-12 of the Company's Notice of Annual Meeting of Shareholders and Proxy Statement dated April 10, 1996 for the Company's 1996 Annual Meeting of Shareholders

held on May 16, 1996 (the "Proxy Statement"). Copies of the foregoing pages are attached as Exhibit 99.3 to this Statement and are incorporated herein by reference.

On September 12, 1996, the Board of Directors of the Company amended the 1993 Long-Term Incentive Stock Plan (the "Plan") to provide that the Plan and all other stock incentive plans the Company may have will be

administered in accordance with the new Rule 16b-3 of the Securities and Exchange Act of 1934, as in effect on August 15, 1996, and that the Plan will be amended in such other ways as the Company's counsel may recommend in order to comply with the requirements of Rule 16b-3. The Plan was also amended to provide that, upon a change in control (as defined in the Plan and which would include the consummation of the MHC Offer), all outstanding options awarded under the Plan not previously exercisable and vested will become fully exercisable and vested, without regard to whether or not a surviving corporation assumes or continues the outstanding awards. In addition, the Plan was amended to provide that outstanding options previously granted to a participant whose employment is terminated prior to a change in control but at the request of a potential acquiror will also become fully exercisable and vested. As of September 15, 1996, options to purchase 619,150 Shares at exercise prices ranging from $19.50 to $24.25 per Share were outstanding, of which options to purchase 148,038 Shares were fully exercisable and vested. If the ROC Merger takes place on or before March 31, 1997 or such later date as approved by the Board of Directors, and prior to a change in control, the options under the Plan will not vest.

On September 16, 1996, the Company entered into severance agreements (the "Severance Agreements"), a form of which is attached as Exhibit 99.5, with each of the following officers of the Company: C. G. Kellogg, Tamara D. Fischer, Lori A. Palazzolo, Darrel D. Swain and Pamela R. Davis. Pursuant to these Severance Agreements, in the event the senior executive is terminated without "cause" or if the officer terminates his or her employment for "good reason," in each case, within two years following a "change in control" (which would include the consummation of the MHC Offer), the officer would be entitled to a lump sum payment of salary and bonus equal to two times, in the case of Mr. Kellogg and Ms. Fischer, and one times, in the case of Ms. Palazzolo, Mr. Swain and Ms. Davis, the officer's annual base salary and bonus and to the continuation of health benefits for two years, in the case of Mr. Kellogg and Ms. Fischer, and one year, in the case of Ms. Palazzolo, Mr. Swain and Ms. Davis. All amounts payable as a result of a change in control would be subject to a cap so that all payments to the officers would be reduced so that no excise tax would be imposed on any of the payments and the amounts payable would be fully deductible to the Company under Section 280b of the Internal Revenue Code of 1986, as amended (the "Code"). If the ROC Merger takes place on or before March 31, 1997 or such later date as approved by the Board of Directors, and prior to a change in control, the Severance Agreements will terminate immediately. In addition, the Company amended the Employment Agreement dated October 27, 1993 between the Company and Mr. Kellogg (the "Kellogg Employment Agreement") to provide that in the event of a change in control followed by a termination of employment of Mr. Kellogg, such that the benefits under his Severance Agreement become applicable, the Kellogg Employment Agreement will terminate and no longer be in full force or effect.

On September 16, 1996, the Board of Directors of the Company amended the Annual Bonus Plan (the "Bonus Plan") to provide that, upon a change in control, each Bonus Plan participant who remains employed through the end of the performance period during which a "change in control" (which would include the consummation of the MHC Offer) occurs will receive a bonus for that year equal to the bonus received in the previous fiscal year. The Bonus Plan was amended further to provide that a participant whose employment is terminated after a change in control but prior to the end of the applicable performance period will receive a pro-rated bonus (calculated in accordance with the preceding sentence). Finally, the Bonus Plan was amended to provide that a participant whose employment is terminated prior to a change in control but at the request of a potential acquiror will likewise receive a prorated bonus, as calculated above. If the ROC Merger takes place on or before March 31, 1997 or such later date as approved by the Board of Directors and prior to a change in control, the amendments to the Bonus Plan will not be applicable.

(b) (2) Arrangements with MHC OP, MHC and their Respective Executive Officers, Directors or Affiliates.

There are no contracts, agreements, arrangements or understandings or actual or potential conflicts of interest between the Company, its directors, executive officers, and affiliates, on the one hand, and MHC OP or MHC and their respective executive officers, directors and affiliates, on the other hand.

ITEM 4. THE SOLICITATION OR RECOMMENDATION.

(a) Background and Recommendation.

On July 19, 1996, the Company and ROC Communities, Inc. ("ROC") issued a press release announcing their agreement to merge (the "Old ROC Merger") both companies into a new company to be called Chateau Communities, Inc. ("Chateau Communities") through a tax-free exchange of stock. Pursuant to the terms of the Old ROC Merger, ROC shareholders were to receive 1.042 shares of the new company's common stock for every share they held in ROC and Company shareholders were to receive one share of the new company's common stock for every share they held in the Company. The exchange ratio was derived from the average of the ratios of the daily closing stock prices of the two companies during the second quarter of 1996.

Concurrently with the execution and delivery of the merger agreement between the Company and ROC relating to the Old ROC Merger (the "Old ROC Merger Agreement"), the Company entered into a Stock Option Agreement (the "Company Option Agreement") with ROC whereby the Company granted to ROC an option to purchase up to 420,000 Shares, exercisable by ROC, in whole or in part, at any time or from time to time after the Old ROC Merger Agreement becomes terminable by ROC under circumstances which could entitle ROC to receive certain break-up expenses or fees pursuant to the Old ROC Merger Agreement, regardless of whether the Old ROC Merger Agreement is actually terminated (any such event by which the Old ROC Merger Agreement becomes so terminable by ROC being referred to herein as a "ROC Trigger Event"). The exercise price of the option under the Company Option Agreement is equal to $22.25 per Share, the closing price of the Shares on the date prior to the announcement of the Old ROC Merger (i.e., July 17, 1996). The right of ROC to exercise its option will terminate on the date which is 365 days after the date that the Company shall notify ROC in writing of the occurrence of any ROC Trigger Event. ROC also entered into a Stock Option Agreement (the "ROC Option Agreement") with CP Limited Partnership ("CP") , whereby ROC granted CP an option to purchase up to 420,000 shares of ROC common stock, exercisable by CP, in whole or in part, at any time or from time to time after the Old ROC Merger Agreement becomes terminable by the Company under circumstances which could entitle CP to receive certain break-up expenses or fees pursuant to the Old ROC Merger Agreement, regardless of whether the Old ROC Merger Agreement is actually terminated (any such event by which the Old ROC Merger Agreement becomes so terminable by the Company being referred to as a "Company Trigger Event"). The exercise price of the option under the ROC Option Agreement is equal to $22.00 per share, the closing price of ROC common stock on the date prior to the announcement of the Old ROC Merger (i.e., July 17, 1996). The right of CP to exercise its option terminates on the date which is 365 days after the date that ROC notifies CP in writing of the occurrence of any Company Trigger Event.

On August 14, 1996, Samuel Zell, Chairman of the Board of MHC, and David Helfand, President and Chief Executive Officer of MHC, telephoned John Boll, Chairman of the Board of the Company, and suggested that they meet.

On August 16, 1996, Messrs. Zell, Helfand and Boll met in Detroit, Michigan. Also in attendance at such meeting were representatives of the Company's legal and financial advisors. At the meeting, Mr. Zell communicated MHC's offer to acquire the Company for $26.00 per Share in cash, MHC common shares at a ratio of 1.15 MHC common shares for each Share or a combination of cash at $26.00 per Share and MHC common shares at such ratio. Mr. Boll asked a number of questions regarding MHC's offer and indicated that MHC's offer would be considered by the Company's Board of Directors.

On August 17, 1996, MHC delivered to Mr. Boll and the members of the Board of Directors of the Company a letter setting forth a formal proposal of the terms Mr. Zell communicated at the August 16th meeting.

MHC publicly announced its proposal in a press release dated August 19, 1996. Also on August 19, 1996, the Company responded to MHC's proposal by issuing a press release, which stated in part:

> CHATEAU PROPERTIES ANNOUNCES AN UNSOLICITED PROPOSAL FOR A TWO-TIER OFFER FROM MANUFACTURED HOME COMMUNITIES, INC.
>
> Chateau Properties, Inc. (NYSE: CPJ), a real estate investment trust operating in the manufactured housing community industry, announced today it had received an unsolicited proposal from Manufactured Home Communities, Inc. (NYSE: MHC) in which MHC indicated it was prepared to offer $26.00 in an all-cash transaction and/or 1.15 shares of MHC's common stock for each CPJ share outstanding, and was prepared to make the same offer to holders of limited partnership interests in Chateau's operating partnership, CP Limited Partnership. Based an the closing price of MHC common stock on August 16, 1996 of $18-1/8, the indicated value of the MHC shares offered for Chateau shares was $20.84, compared to the closing price of Chateau stock of $23-1/4 on August 16, 1996.
>
> Chateau Properties is a party to a definitive Agreement and Plan of Merger with ROC Communities, Inc. (NYSE: ROC) which provides for the strategic combination of Chateau and ROC Communities. John Boll, Chairman of Chateau Properties, Inc., reiterated that the motivation for the merger with ROC Communities was based on the unique and substantial opportunities presented by the combination of Chateau and ROC. Chateau further noted that its Articles of Incorporation prohibit a person from beneficially owning in excess of 7% of its outstanding shares of common stock without Board approval.

On the same date, August 19, 1996, ROC issued a press release, which stated in part:

CHAIRMAN OF ROC COMMUNITIES, INC.,
MCDANIEL, RESPONDS TO INQUIRIES ABOUT MERGER
WITH CHATEAU PROPERTIES

In response to inquiries this morning regarding ROC Communities, Inc.'s (NYSE: RCI) pending merger with Chateau Properties, Inc. (NYSE: CPJ), Chairman and President of ROC Communities, Gary P. McDaniel stated, "The pending transaction between Chateau Properties and ROC Communities is a merger of equals and a strategic business combination which will create the substantial long term benefits we have previously discussed. Neither company has been or is for sale. We remain fully committed to completing the merger, which we strongly believe is in the best interests of the shareholders of both companies."

On August 21, 1996, the Company issued a press release announcing an unsolicited stock for stock offer for the Company (the "Sun Offer") from Sun Communities, Inc. ("Sun"), which stated in part:

> CHATEAU PROPERTIES ANNOUNCED AN UNSOLICITED PROPOSAL FOR
> STOCK FOR STOCK OFFER FROM SUN COMMUNITIES, INC.
>
> Chateau Properties, Inc. (NYSE: CPJ), a real estate investment trust operating in the manufactured housing community industry, announced today it had received an unsolicited proposal from Sun Communities, Inc. (NYSE: SUN) in which SUN indicated it was prepared to offer .892 shares of SUN's common stock for each CPJ share outstanding, and was prepared to make the same offer to holders of limited partnership interests in Chateau's operating partnership, CP Limited Partnership.
>
> Chateau Properties in a party to a definitive Agreement and Plan of Merger with ROC Communities, Inc. (NYSE: RCI) which provides for the strategic combination of Chateau and ROC Communities.
>
> Chateau stated that the SUN proposal, as well an the unsolicited proposal previously received from Manufactured Home Communities, Inc., will begin to be reviewed at the regularly scheduled Board Meeting to be held August 22, 1996.

After Sun's announcement, MHC issued a press release on August 23, 1996 in which it reiterated its commitment to consummating a transaction with the Company.

Also on August 23, 1996, the Company announced that its Board of Directors, at a regularly scheduled meeting on August 22, 1996, "had begun to consider the unsolicited proposals recently received from Sun Communities, Inc. (NYSE: SUI) and Manufactured Home Communities, Inc. (NYSE: MHC) and will continue that review."

On August 27, 1996, John Boll sent a letter to Samuel Zell stating that the Company and its advisors had not had an opportunity to fully evaluate the proposals of MHC and Sun and would complete their assessment of the proposals in the coming days.

On September 4, 1996, MHC issued a press release announcing the commencement of the MHC Offer.

Also on September 4, 1996, MHC sent a letter to John Boll and the members of the Board of Directors of the Company advising them of the MHC Offer and requesting that they take actions to facilitate the MHC Offer as described in MHC's Offer to Purchase dated September 4, 1996.

On September 4, 1996, Purchaser commenced the MHC Offer. MHC stated in its Offer to Purchase dated September 4, 1996 that the purpose of the MHC Offer is to acquire control of, and the entire equity interest in, the Company and that MHC intended, as soon as practicable after and substantially concurrent with, the consummation of the MHC Offer, to propose and seek to have the Company consummate a merger or similar business combination with MHC or a direct or indirect wholly owned subsidiary of MHC (the "Proposed MHC Merger"), pursuant to which each outstanding Share (other than Shares owned by MHC OP or MHC and Shares held by shareholders who perfect any available appraisal rights under the Maryland General Corporation Law) would be converted into the right to receive an amount in cash equal to the price per Share paid pursuant to the MHC Offer.

On September 10, 1996, the Company received a letter from Sun in which Sun reiterated its commitment to consummating a merger of the Company and Sun. In its letter, Sun indicated that it was prepared to offer a cash alternative, to the extent desired by the Company's shareholders, to its previously announced stock proposal, which Sun believed would compare favorably with the current offer of MHC. Additionally, Sun stated that such cash alternative would not be subject to a financing contingency.

On September 17, 1996, the Company issued the following press release with respect to the terms of a revised merger with ROC (the "ROC Merger") pursuant to a revised merger agreement (the "ROC Merger Agreement"),

the terms of a dividend of 3.16% of the outstanding Shares to be declared by the Board and paid to holders of Shares (except for certain holders ("OP Unitholders") of limited partnership interests ("OP Units") in CP participating in the OP Unit Exchange discussed below) prior to the ROC Merger (the "Stock Dividend"), an agreement by OP Unitholders to assign and transfer their OP Units to the Company for Shares and to assign to existing shareholders of the Company the OP Unitholders' rights to the Stock Dividend (the "OP Unit Exchange") and a Share repurchase program (the "Share Repurchase Program") to be commenced by the Company and ROC prior to the consummation of the ROC Merger:

CHATEAU BOARD APPROVES REVISED MERGER AGREEMENT WITH ROC
AS BEST ALTERNATIVE FOR CHATEAU STOCKHOLDERS

--Revised Agreement Improves Exchange Ratio For Chateau Holders--

--Chateau Plans to Repurchase Up To 1.45 Million Of Its Shares--

--Rejects Proposals by MHC and Sun Communities--

CLINTON TOWNSHIP, MICHIGAN, SEPTEMBER 18, 1996 -- Chateau Properties, Inc. (NYSE:CPJ), a real estate investment trust operating in the manufactured housing community industry, today announced that its Board of Directors has unanimously approved a revised merger agreement with ROC Communities, Inc. (NYSE:RCI). In reaching its decision, the Board determined, after thorough analyses and in consultation with its independent financial and legal advisors, that the revised merger agreement with ROC is the best alternative for Chateau stockholders and represents the opportunity for both superior long-term value and strategic and operational benefits. The Board also rejected proposals to merge Chateau with Sun Communities, Inc. (NYSE: SUI) and Manufactured Home Communities, Inc. (NYSE: MHC).

Under the revised merger agreement each outstanding share of Chateau common stock will represent 1.0316 shares of the combined entity, rather than one share as contemplated under the original agreement. This improvement in the exchange ratio results from a payment by Chateau of a stock and OP Unit dividend equal to 3.16% of the outstanding Chateau common stock and OP Units prior to the effective date of the merger, but contingent upon the merger having been approved by a majority of Chateau stockholders. A further economic

benefit may be realized if OP Unitholders elect to exchange into common stock. Assuming that 70% of the OP Units were exchanged, for example, the effective exchange ratio for Chateau stockholders would be approximately 1.06. The exchange ratio for ROC stockholders remains unchanged at 1.042.

In connection with the ROC merger, the Board also unanimously approved a number of new initiatives designed to provide a balanced package of long-term and short-term value that responds to stockholders with different investment objectives and more accurately reflects the Company's worth.

These initiatives include:

- A program to repurchase, either through open market purchases, negotiated purchases, or a tender offer, up to 1.45 million of the approximately 6.1 million shares of the Company's common stock currently outstanding.

- In addition, ROC has indicated its intent to purchase, from time to time, up to 350,000 shares of Chateau common stock prior to the merger and Chateau has waived the restrictions of its standstill agreement with ROC with respect to these purchases.

- An opportunity for each holder of limited partnership interests (OP Units) in the Company's operating partnership, CP Limited Partnership, to exercise their existing right to exchange, on a tax-efficient basis, their OP Units for one share of the Company's common stock to be effected prior to the merger. In recognition of this opportunity to exchange on a tax-efficient basis, each OP Unit holder will be required to waive its right to the OP Unit dividend, thus reallocating such dividend to the existing Chateau common stockholders. Certain holders have indicated their intention to exchange up to approximately 6 million OP Units into Chateau common stock, which as described above will have the effect of transferring the benefit of their OP Unit dividend to Chateau common stockholders. If 70% of the approximately 8.8 million outstanding OP Units were exchanged, the effective exchange ratio to Chateau common stockholders would be increased to approximately 1.06. In connection with the exchange, exchanging OP Unitholders will be given the opportunity to purchase common stock from Chateau and/or ROC at fair market value.

The Company said the share repurchase program will provide immediate liquidity to those holders who wish to sell some or all of their shares, while enabling continuing holders to benefit from the ongoing growth of the Company after the merger.

The revised ROC merger will require the affirmative vote of a majority of the Chateau common stock voting (provided that the total vote cast represents over 50% in interest of the outstanding Chateau common stock) and the affirmative vote of two-thirds of the outstanding ROC common stock. Under the revised agreement, ROC will merge with a subsidiary of Chateau.

Procedurally, the ROC common stockholders will vote on the merger first and, if the ROC common stockholders approve the merger, holders of Chateau's OP Units will have the opportunity to exchange and transfer their OP Units for an equal number of shares of Chateau common stock to participate in the Chateau stockholder vote on the merger. OP Unitholders including Messrs. John A. Boll, C.G. Kellogg, and Edward R. Allen, a director of Chateau, and J. Peter Ministrelli have indicated that they intend to exchange up to 6 million OP Units for Chateau common stock. There are approximately 2.8 million additional OP Units that will also have the opportunity to exchange their OP Units.

The revised merger agreement, like the original merger agreement, provides for a strategic "merger of equals" between ROC and Chateau and not for an acquisition by Chateau of ROC or by ROC of Chateau. As in the original merger agreement, the revised merger agreement provides that the management teams of the two companies will be combined following the merger. The Chairman of the combined company will be John A. Boll, the current Chairman of Chateau. The Chief Executive Officer of the combined company will be Gary P. McDaniel, the current Chairman and CEO of ROC. The President of the combined company will be C. G. "Jeff" Kellogg, the current CEO and President of Chateau. The Chief Financial Officer of the combined company will be Tamara D. Fischer, the current CFO of Chateau. The Chief Operating Officer of the combined company will be James B. Grange and the Executive Vice President of Acquisitions for the combined company will be Rees F. Davis, who both currently hold like positions with ROC. It is expected that the combined company will be renamed Chateau Communities, Inc., following the merger and will be headquartered at ROC's current offices in Englewood, Colorado. The Board of Directors of the combined company will consist of five representatives from the current Board of Chateau and five representatives from the current Board of ROC. An eleventh Board member will be nominated by the Board and elected at the first annual meeting of shareholders of the combined company.

John A. Boll, Chairman of Chateau Properties, said: "The revised merger agreement with ROC offers attractive financial and operational benefits to the stockholders of both companies and represents the best path to long-term enterprise value through a strategic combination of Chateau and ROC, two companies whose business plans and management philosophies are highly complementary. The merger will significantly increase the geographic diversity of the properties owned by Chateau and reduce the Company's exposure to fluctuations in local economic cycles.

"While the terms of the revised merger agreement are fairly complex, we think those who take the time to understand them will recognize the significant benefits this transaction offers to all of our constituencies. We will now move ahead to consummate this mutually beneficial strategic merger and urge all interested parties to respect the Board's decision."

In connection with its decision to proceed with the revised merger with ROC, the Chateau Board of Directors, after consultation with its financial advisors, Goldman Sachs and Merrill Lynch, rejected the unsolicited offer of MHC Operating Limited Partnership, the sole general partner of Manufactured Home Communities, Inc. (NYSE:MHC), as inadequate and reaffirmed its intent to pursue a strategic merger that enables stockholders to continue to benefit from an equity participation in the combined enterprise. A more complete statement of the Board's position with respect to the MHC offer is set forth in Chateau's Schedule 14D-9, which is being distributed to all Chateau stockholders. THE CHATEAU BOARD OF DIRECTORS STRONGLY URGES ITS STOCKHOLDERS NOT TENDER THEIR SHARES INTO THE MHC TENDER OFFER.

Additionally, in reaching its determination to proceed with the ROC merger, the Board also carefully considered, with the assistance of its financial and legal advisors, the offer of Sun Communities, Inc. (NYSE:SUN). The Board determined that the long-term benefits of a combination with ROC were superior to a combination with Sun. This conclusion was based on several factors, including a judgment concerning Sun's property portfolio, the nature and compatibility of the combined management teams, and the different acquisition practices of the two companies.

In connection with the MHC tender offer, Chateau filed suit on September 17, 1996, in the United States District Court for the District of Maryland against MHC. In its complaint, Chateau alleges that (i) the MHC offer has been made in violation of the federal securities laws because it contains untrue statements of material fact and fails to state material facts and (ii) MHC has begun a proxy solicitation in opposition to Chateau's merger with ROC and has made material misstatements of facts and failed to disclose other material facts as part of that solicitation effort in violation of applicable federal law, and seeks a declaratory judgement that: (i) the purchase of Chateau common stock pursuant to the MHC offer would violate Article VI of Chateau's articles of incorporation relating to share ownership limitations; (ii) the second step merger proposed in MHC's offer would be subject to the restrictions contained in the Maryland business combination statute; and (iii) Chateau's Board of Directors is not required to exempt the purchase of Chateau common stock pursuant to the MHC offer from the ownership limitation contained in Chateau's articles of incorporation or from the Maryland business combination statute.

Separately, the company said a class action suit was filed on September 12, 1996, in the Circuit Court for Montgomery County, Maryland, against Chateau, alleging that Chateau's directors have violated their fiduciary duties to stockholders by agreeing to a business combination with ROC and refusing to endorse the MHC offer and seeks injunctive relief and unspecified monetary damages. Chateau believes the allegations are entirely lacking in merit and intends to defend against this action.

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE COMPANY'S SHAREHOLDERS REJECT THE OFFER AND NOT TENDER THEIR SHARES PURSUANT TO THE OFFER.

A copy of a letter to shareholders communicating the Board's recommendation is filed as Exhibit 99.1 and is incorporated by reference.

(b) Reasons for the Recommendation.

In reaching the conclusion that shareholders should reject the MHC Offer, the Board of Directors considered numerous factors, including but not limited to the following:

(i) The belief of the Board of Directors that the interests of the Company's shareholders will best be served by a strategy of continued growth in the size and number of properties owned by the Company, management of the Company by a team with superior talent, depth and experience which shares the Board's strategic vision, and maintaining the Company's shareholders' ongoing equity interest in the Company in order to permit them to share fully in the anticipated benefits of this strategic plan. In that connection, the Board noted:

- The MHC Offer contemplates that the Company's shareholders will lose all their right to participate in the financial benefits of the Company's businesses and to share in the management of the Company through their rights as the holders of voting securities.

- The ROC Merger is a superior strategic alternative as compared to the MHC Offer based on the factors described in (ii) below;

(ii) The expected benefits of the ROC Merger, including:

- The improved economic terms for the Company's shareholders, as compared to the original transaction, which will result from the Stock Dividend and effectively reduce the exchange ratio from 1.042 to no greater than approximately 1.01 Share for each share of ROC common stock.

- The ROC Merger would significantly increase the geographic diversity of the properties owned by the Company compared to the properties currently owned by the Company. This increased diversification would reduce exposure to the vagaries of local economic cycles.

- The ROC Merger would significantly increase the market capitalization of the Company compared with the current market capitalization of the Company and would result in the Company having the largest market capitalization of any REIT specializing in owning and operating manufactured home communities. The Board believed that the increased market capitalization of the Company after the ROC Merger would enhance liquidity through increased trading volumes and encourage investment in the Company by institutional investors (which tend to favor companies with larger market capitalizations). In addition, the Board believed that increased

institutional investor participation could lead to an increase in the trading multiples and share price of the Company compared to the current trading multiple and share price of the Company.

- The Merger would effectively combine the senior management teams of Chateau and ROC and create a company with enhanced management depth and experience and an ability to capitalize on the complementary expertise of each other's management.

- After the ROC Merger, the Company would have improved access to capital markets compared to the Company's current access. The Board believed, based in part on discussions with management and its advisors, that the Company should maintain its investment grade credit rating.

- The Company would realize the benefit of significant synergies and on-going operational cost savings, including general and administrative cost savings as a result of consolidated operating and property management functions and the elimination of duplicative expenses. The Board believed that the Company's shareholders would benefit from the aforementioned synergies and cost savings and that these benefits should inure to the Company's shareholders rather than to MHC.

- General industry, economic and market conditions, both current and projected, the interests of the Company's shareholders and the potential impact of the ROC Merger upon the interests of the Company's employees, suppliers, creditors and residents as well as the possible impacts on the communities in which the Company has operations.

(iii) The opinion of Goldman, Sachs & Co. ("Goldman Sachs") that, as of September 17, 1996, the exchange ratio pursuant to the ROC Merger Agreement is fair to the Company. A copy of the written opinion dated September 17, 1996 of Goldman Sachs delivered to the Board which sets forth the assumptions made, procedures followed, matters considered and limits on its review is attached as Annex A to this Schedule 14D-9 and is incorporated by reference. THE FULL TEXT OF SUCH OPINION SHOULD BE READ IN CONJUNCTION WITH THIS STATEMENT;

(iv) The opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") that, as of September 17, 1996, the proposed consideration to be paid by the Company in the ROC Merger is fair to the Company and its shareholders (other than ROC and its affiliates) from a financial point of view. A copy of the written opinion dated September 17, 1996 of Merrill Lynch delivered to the Board which sets forth the assumptions made, procedures followed, matters considered and limits on its review is attached as Annex B to this Schedule 14D-9 and is incorporated by reference. THE FULL TEXT OF SUCH OPINION SHOULD BE READ IN CONJUNCTION WITH THIS STATEMENT;

(v) The conclusion of the Board of Directors that the terms of the MHC Offer are inadequate from a financial point of view based on a review of the Company's business, financial condition, properties and prospects with the Company's management and financial advisors;

(vi) (a) The oral opinion of Goldman Sachs, co-financial advisor to the Company, after reviewing with the Board of Directors certain financial criteria customarily used in assessing an offer, that the MHC Offer is inadequate; and (b) the oral opinion of Merrill Lynch, co-financial advisor to the Company, after reviewing with the Board of Directors certain financial criteria customarily used in assessing an offer, that the MHC Offer is inadequate from a financial point of view;

(vii) Based on the factors noted in (ii) above, the Board's conclusion that the ROC Merger provides both immediate and long-term benefits to the Company's shareholders;

(viii) As part of the ROC Merger and pursuant to the OP Unit Exchange, OP Unitholders will have the opportunity, on two occasions, to assign and transfer their OP Units to the Company in exchange for Shares on a substantially tax-free basis as opposed to a taxable basis pursuant to the structure of the MHC Offer and the Proposed MHC Merger. The Board observed that, in order to participate in the OP Unit Exchange, an OP Unitholder would have to assign to existing common shareholders of the Company the Stock Dividend otherwise payable to them, thereby transferring value to the Company's existing common shareholders. Since it is expected that the first OP Unit Exchange will occur prior to the record date for determining holders of Shares entitled to vote on the ROC Merger, OP Unitholders exchanging at such time will be entitled to vote on the ROC Merger. If the holders of OP Units exchange their OP Units for Shares, they are expected to have sufficient voting power to assure shareholder approval of the ROC Merger, which merger, as described above, the Board believes is in the best interests of the Company and its shareholders. (It is also expected that OP Unitholders receiving Shares in the initial OP Unit Exchange will vote in favor of the ROC Merger and thereby facilitate the ROC Merger because of the negative tax consequences that would arise if the merger does not occur after the exchange.) The Board believed that the OP Unit Exchange is appropriate, in light of its fiduciary responsibility both to the Company's shareholders and to the OP Unitholders as general partner of CP, and took into account the fact that the OP Unitholders own approximately 60% of the Company's equity on a fully diluted basis and the OP Unitholders currently have the right to exchange their OP Units for Shares. The Board also took into account the fact that, although certain OP Unitholders had indicated their intention to exchange their OP Units for Shares in connection with the ROC Merger and the OP Unit Exchange, there is no commitment that they do so, except that it is a condition to ROC's obligation to consummate the ROC Merger that OP Unitholders (who, in the Company's judgment, will exchange a sufficient number of OP Units to cause the OP Unit Exchange and the ROC Merger to satisfy the requirements of Section 351 of the Code) commit to ROC (prior to the later of 60 days after the execution of the ROC Merger Agreement or 10 days after the clearance of the joint proxy statement relating to the Company and ROC shareholder votes by the Securities and Exchange Commission) to exchange their OP Units for Shares. In connection with the OP Unit Exchange and the ROC Merger, Section 351 of the Code provides tax-efficient treatment if OP Unitholders and ROC shareholders, taken together, hold 80% of the voting shares of the Company after the ROC Merger, the OP Unit Exchange and the Share Repurchase Program. The Board further took into account the possible impact of the shifting of unrecognized gain from the OP Unitholders to the Company (including the probability and the possible timing of any such gain), the relinquishment of the Stock Dividend by the exchanging OP Unitholders and the fact that the OP Unit Exchange facilitates the OP Unitholders achieving voting rights on a tax-efficient basis.

(ix) The Board of Directors' belief that the Share Repurchase Program will provide investors who desire to obtain liquidity for their investment in the Company with an opportunity to sell all or a portion of their investment in the Company, will stabilize the Company's shareholder base and will enable long-term shareholders to increase their proportionate interest in the Company.

(x) The Board of Directors took into account the conditional nature of the MHC Offer, in that the MHC Offer is conditioned on a condition the Board does not believe can be

satisfied: MHC OP being satisfied, in its sole judgment, that after consummation of the MHC Offer none of the Shares purchased by MHC OP will be deemed Excess Stock (as defined in Article VI of the Company's Articles of Amendment and Restatement (the "Articles")). In this regard, the Company has commenced litigation seeking a declaratory judgment as to the applicability to the MHC Offer of the provisions of the Articles relating to Excess Stock (See Item 8);

(xi) The fact that the ROC Merger will be tax-free to the Company's shareholders (except to the extent of any cash received in lieu of fractional shares and except to the extent shareholders sell their Shares in the Share Repurchase Program) while the MHC Offer and Proposed MHC Merger would be taxable to the Company's shareholders. The Board also noted that the MHC Offer contained no provision for the OP Unitholders.

(xii) The possible additional economic benefit to the holders of Shares resulting from the transfer of the benefit of the Stock Dividend from OP Unitholders exchanging their OP Units to the holders of Shares; and

(xiii) The confidence in the Company's strategic plan, including the ROC Merger, demonstrated by the indicated willingness of John Boll, Edward R. Allen, C. G. Kellogg and Joseph P. Ministrelli to exchange all or a substantial portion of their OP Units at a discount (by virtue of their giving up the benefit of the Stock Dividend).

The Board did not assign relative weights to the factors. The Board based its determination and recommendation on the totality of the information presented to and considered by it. Additionally, different directors may have had different views on the foregoing factors and different reasons for the Board's recommendation set forth in Item 4(a) above.

In light of all the above factors, the Board determined that its fiduciary duties require that it not take steps to facilitate the MHC Offer and the Proposed MHC Merger and not waive the provisions of the Maryland Business Combination Law (as defined in Item 8 hereof), the Ownership Limit (as defined in Item 8 hereof) or the Excess Stock provisions of the Articles with respect to the MHC Offer or the Proposed MHC Merger.

In reaching its determination to proceed with the ROC Merger, the Board of Directors also carefully considered, with the assistance of its legal and financial advisers, the Sun Offer. The Board reached a conclusion, based on several factors, including, among other things, a judgment concerning the quality and location of Sun's property portfolio, the quality and compatibility of the combined management teams, and the different development and acquisition practices of the two companies, that consummating the ROC Merger was a superior alternative to the Sun Offer.

ITEM 5. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

Pursuant to a letter agreement dated as of July 11, 1996, as amended on September 11, 1996, Chateau has agreed to pay Merrill Lynch & Co. ("Merrill Lynch") (i) a retainer fee of $150,000 and a $500,000 fee for delivery of its fairness opinion in connection with the Old ROC Merger (the "Earned Fee"), with such amounts due and payable as set forth below, (ii) a financial advisory fee of (a) $150,000 per month, commencing with the month of September 1996 through and including the earlier of (1) the month in which a merger or similar transaction is consummated and (2) June 1997 and (b) in the event no merger or similar transaction is consummated on or before December 31, 1997, an additional financial advisory fee of $300,000 (the "Advisory Fee") and (ii) if during the period Merrill Lynch is retained by the Company or within two years thereafter (a) a merger or similar transaction is consummated or (b) the Company enters into an agreement with any person ("Merger Candidate") which subsequently results in a merger or similar transaction which the Company's Board of Directors has not recommended against, a transaction fee (the "Transaction Fee") equal to 0.38% of the aggregate value (with value defined as cash and/or shares paid for the Company's equity plus all liabilities of the Company on the date such merger or similar transaction closes) of such merger or similar transaction. However, if a merger or similar transaction is not consummated and no agreement to consummate a merger or similar transaction is entered into by the Company during the period Merrill Lynch is retained by the Company, the Earned Fee of $650,000 will be paid upon termination of Merrill Lynch's engagement if such termination occurs on or prior to December 31, 1997. The $650,000 will be credited against a Transaction Fee that subsequently becomes payable.

Notwithstanding the foregoing, the aggregate amount of the Advisory Fee and the Transaction Fee payable to Merrill Lynch will be no less than the fee payable to any other financial advisor. In addition, the aggregate amount of the Advisory Fee and the Transaction Fee payable to Merrill Lynch will not exceed $3,000,000 unless the fee payable to any other financial advisor is in excess of $3,000,000, in which event the Transaction Fee payable to Merrill Lynch will be no less than such fee.

In addition, the Company has agreed to reimburse Merrill Lynch for its reasonable out-of-pocket expenses and to indemnify Merrill Lynch and certain related persons against liabilities arising out of or in conjunction with its rendering of services under its engagement, including certain liabilities under the federal securities laws.

Pursuant to a letter agreement dated August 21, 1996, the Company has retained Goldman, Sachs & Co. ("Goldman Sachs") as financial advisor with respect to the MHC Offer, the Sun Offer and certain other possible transactions. Pursuant to the letter agreement, the Company has agreed to pay to Goldman Sachs:

(a) a fee of $375,000 payable on the date of the letter agreement;

(b) if at least 20% or more of the outstanding Shares of the Company is acquired by any person or group (except by ROC as provided for in subparagraph (d) below or by the Company or current shareholders of the Company or OP Unitholders in furtherance of a transaction with ROC), including the Company, in one or a series of transactions, or if all or substantially all of the assets of the Company are transferred, in one or a series of transactions, a fee equal to 0.50% of the aggregate consideration paid in respect of Shares and OP Units; less any fees paid pursuant to subparagraph (a) above or (c), (d) or (e) below. This fee is payable only for transactions that the Board is not recommending shareholders oppose. If at least 50% of the outstanding Shares is acquired by any person or group (except by ROC as provided for in subparagraph (d) below), including the Company, the aggregate value shall be determined as if such acquisition were of 100% of the Shares (including all contingently issuable shares);

(c) in the event the Company acquires securities or assets of another company and no fee is payable with respect to such transaction pursuant to subparagraph (b) above or (d) below, a fee of either 1.50% or 2.00% depending on the size of the transaction, but in no event more than the amounts payable under subparagraph (b) or (d) and less any fees paid pursuant to subparagraph (a) or (e);

(d) in the event that the Company consummates a transaction with ROC involving a stock or asset sale, tender offer, merger or other business combination, a fee of $1 million if the transaction is consummated on or before December 31, 1996 and 0.50% of aggregate consideration if consummated after December 31, 1996, in either case, less any fees paid or payable pursuant to subparagraph (a), (b) or (c) above and (e) below;

(e) in the event no transaction of the type described in subparagraphs (b) or (d) is consummated on or before January 1, 1997, a financial advisory fee in cash of $375,000 on January 1, 1997, and an additional $375,000 on each subsequent April 1, 1997, July 1, 1997, October 1, 1997, and January 1, 1998; and

(f) in the event that any party initiates a solicitation of the Company's shareholders, by way of solicitation of proxies, written consents, the initiation of a tender offer, exchange offer or otherwise, and a transaction is consummated either with a party other than ROC or is consummated after December 31, 1996 then the fees payable in subparagraphs (b) and (d) above will be 0.70% of aggregate consideration.

The Company has also agreed to reimburse Goldman Sachs periodically for its reasonable out-of-pocket expenses, including the fees and disbursements of its attorneys, plus any sales, use or similar taxes arising in connection with any matter referred to in the letter agreement. In addition, the Company has agreed to indemnify Goldman Sachs against certain liabilities, including liabilities under the federal securities laws.

The Company also has retained Kekst & Company as public relations advisor and D.F. King & Co., Inc. to assist in shareholder and related services in connection with the MHC Offer. The Company will pay

Kekst & Company and D.F. King & Co., Inc. reasonable and customary fees for their services, reimburse them for their reasonable expenses and provide customary indemnification.

Except as described above, neither the Company nor any person acting on its behalf has retained any other person to make solicitations or recommendations to security holders on its behalf concerning the MHC Offer.

ITEM 6. RECENT TRANSACTIONS AND INTENT WITH RESPECT TO SECURITIES.

(a) There have been no transactions in the Shares during the past 60 days by the Company or, to the best of the Company's knowledge, by any executive officer, director, affiliate or subsidiary of the Company.

(b) To the best of the Company's knowledge, none of its executive officers, directors, affiliates or subsidiaries currently intends to tender, pursuant to the MHC Offer, any Shares beneficially owned by such persons or to sell any such Shares.

ITEM 7. CERTAIN NEGOTIATIONS AND TRANSACTIONS BY THE SUBJECT COMPANY.

(a) - (b) For the reasons discussed in Item 4 above, the Board of Directors of the Company has concluded that the MHC Offer is inadequate and not in the best interests of the Company and its shareholders and that the interests of the Company's shareholders will be best served by the Company consummating the ROC Merger. Except with respect to the ROC Merger, the OP Unit Exchange, the Stock Dividend and the Share Repurchase Program, the Company is not now engaged in any negotiations in response to the MHC Offer that relate to or could result in one or more of the following or a combination thereof: (i) an extraordinary transaction, such as a merger or reorganization, involving the Company or any of its subsidiaries; (ii) a purchase, sale or transfer of a material amount of assets by the Company or any of its subsidiaries (other than the previously announced Oakwood acquisition); (iii) a tender offer for or other acquisition of securities by or of the Company; or (iv) any material change in the present capitalization or dividend policy of the Company.

The Board of Directors may in the future engage in negotiations in response to the MHC Offer that could have one of the effects specified in the preceding paragraph and it has determined that disclosure with respect to the parties to, and the possible terms of, any transactions or proposals of the type referred to in the preceding paragraph might jeopardize any discussions or negotiations that the Company may conduct. Accordingly, the Board of Directors has adopted a resolution instructing management not to disclose the possible terms of any such transactions or proposals, or the

parties thereto, unless and until an agreement in principle relating thereto has been reached or, upon the advice of counsel, as may otherwise be required by law.

ITEM 8. ADDITIONAL INFORMATION TO BE FURNISHED.

Excess Share Provisions Under the Company's Articles

Section 2 of Article VI ("Article VI") of the Company's Articles provides that no "Person" (which is defined to include individuals, corporations and partnerships) may Beneficially Own (as defined) Shares in excess of the Ownership Limit (as defined in Article VI (currently 7%)). As defined in the Company's Articles, "Beneficial Ownership" means ownership of Shares by a Person who would be treated as an owner of such Shares under Section 542(a)(2) of the Code, either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. If there is a proposed transfer that would result in any Person Beneficially Owning Shares in excess of the Ownership Limit, then these Shares will constitute "Excess Stock" and be subject to the provisions of the Company's Articles applicable to Excess Stock.

Under the Company's Articles, any transfer of Shares that, if effective, would result in any Person Beneficially Owning Shares in excess of the Ownership Limit will be void ab initio as to the transfer of Shares that would otherwise be Beneficially Owned by such Person in excess of the Ownership Limit.

Upon any purported transfer of Shares that results in Excess Stock, the Excess Stock will be deemed to have been transferred to a trustee (the "Trustee") of a trust for the exclusive benefit of one or more organizations described in Sections 170(b)(1)(A) and 170(C) of the Code (the "Beneficiary") (currently the Beneficiary is the United Foundation, a charitable organization). The intended transferee will have no rights in such Excess Stock as described below. While the Excess Stock is held in trust, the intended transferee will not be entitled to any dividends or other distributions (except upon liquidation) or voting rights with respect to the Excess Stock. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holder of Excess Stock will be entitled to the lesser of (i) the price per Share which such intended transferee paid for such Excess Stock and (ii) the amount per Share received by the Trustee in respect of the Excess Stock in such liquidation, dissolution or winding up. The Trustee may transfer shares of Excess Stock if the shares of Excess Stock would not be Excess Stock in the hands of the transferee. If such a transfer is made, the proceeds of the sale will be payable to the intended transferee and the Beneficiary. The intended transferee will receive the lesser of (i) the price per Share which the intended transferee paid for the Excess Stock and (ii) the amount per Share received by the Trustee from the sale of such Excess Stock. In addition, the Excess Stock is subject to purchase by the Company at a purchase price equal to the lesser of (i) the price paid for the Shares by the intended transferee and (ii) the last reported sales price reported on the New York Stock Exchange on the trading day immediately preceding the date the Company agrees to purchase such Shares.

Pursuant to Section 4 of Article VI, if the Company's Board of Directors at any time determines in good faith that a transfer of Shares has taken place in violation of Section 2 of Article VI or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution) or Beneficial Ownership of any Shares in violation of Section 2 of Article VI, the Board will take such action as it deems advisable to refuse to give effect to or prevent this transfer including refusing to give effect to this transfer on the books of the Company. Pursuant to Section 8 of Article VI, in the case of any ambiguity in the application of Article VI, the Board of Directors has the power (subject to certain exceptions relating to the effect on transactions effected by or through the New York Stock Exchange) to conclusively determine the application of the provisions of Article VI.

The Company's Board of Directors, upon receipt of a ruling from the IRS and upon such other conditions as the Company's Board of Directors may determine, may exempt a proposed transferee from the Ownership Limit. For the reasons discussed in Item 4 above, the Board of Directors of the Company has determined not to exempt MHC OP and/or MHC from the Ownership Limit.

Maryland Business Combination Law

Under Subtitle 6 of Title 3 of the Maryland General Corporation Law (the "Maryland Business Combination Law"), certain "business combinations" (including a merger, consolidation, share exchange, or, in certain circumstances an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any person who beneficially owns 10% or more of the voting power of the corporation's shares or an affiliate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation (an "Interested Shareholder") or an affiliate thereof are prohibited for five years after the most recent date on which the Interested Shareholder became an Interested Shareholder. Thereafter, any "business combination" must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of the outstanding voting shares of the corporation and (b) 66-2/3% of the votes entitled to be cast by holders of outstanding voting shares of the corporation other than shares held by the Interested Shareholder with whom the business combination is to be effected, unless, among other conditions, the corporation's shareholders receive a minimum price (as defined under the Maryland Business Combination Law) for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Shareholder for its shares. The provisions of the Maryland Business Combination Law do not apply, however, to business combinations that are (i) with respect to specifically identified or unidentified existing or future Interested Share-holders, approved or exempted by the board of directors of the corporation prior to the time that the Interested Shareholder becomes an Interested

Shareholder, or (ii) if the original articles of incorporation of the corporation contain a provision expressly electing not to be governed by Section 602 of the Maryland Business Combination Law or the shareholders of the corporation adopt a charter amendment by a vote of at least 80% of the voted entitled to be cast by outstanding shares of voting stock of the corporation, voting together in a single group, and 66-2/3% of the votes entitled to be cast by persons (if any) who are not Interested Shareholders. The Board of Directors has exempted from the provisions of the Maryland Business Combination Law, any business combination involving John Boll, Chairman of the Board of the Company, Joseph P. Ministrelli, InterCoastal Communities, Inc., a Florida corporation, and its affiliates and the Mass manufactured home group, a group of Michigan partnerships affiliated with Leonard Mass, each of which received OP Units in connection with the contribution of properties to CP. For the reasons discussed in Item 4 above, the Board of Directors of the Company has determined not to exempt MHC OP and/or MHC from the Maryland Business Combination Law. The Company has instituted litigation seeking a declaratory judgment that the Company's Board of Directors need not exempt the MHC Offer from the Maryland Business Combination Law (See "Litigation" below).

Litigation

On September 17, 1996, the Company filed suit in the United States District Court for the District of Maryland against MHC OP and MHC. In its complaint, the Company alleges that (i) the MHC Offer has been made in violation of the federal securities laws because it contains untrue statements of material fact and omits to state material facts and (ii) MHC has begun a proxy solicitation in opposition to the ROC Merger and has made material misstatements of facts and omitted to disclose other material facts as part of that solicitation effort in violation of applicable federal law, and seeks injunctive relief and monetary damages in respect thereof. In addition, the complaint seeks a declaratory judgment that (i) the purchase of Shares pursuant to the MHC Offer would violate Article VI, (ii) the second step merger proposed in the MHC Offer would be subject to the restrictions contained in the Maryland Business Combination Law, and (iii) the Company's Board of Directors is not required to exempt the purchase of Shares pursuant to the MHC Offer from the Ownership Limit or from the Maryland Business Combination Law. A copy of the complaint is attached as Exhibit 99.7.

On September 12, 1996, a complaint was filed in the Circuit Court for Montgomery County, Maryland by a shareholder of the Company purportedly on behalf of itself and all other shareholders against the Company and its directors. The complaint alleges, among other things, that the Company's directors have violated their fiduciary duties to shareholders by agreeing to a business combination with ROC and refusing to endorse the MHC Offer and seeks, among other things, injunctive relief and unspecified monetary damages. The Company believes the allegations are entirely lacking in merit and intends to vigorously defend against this action.

ITEM 9. MATERIALS TO BE FILED AS EXHIBITS.

Exhibit 99.1	Letter to Shareholders of the Company dated September 17, 1996*
Exhibit 99.2	Text of Press Release dated September 17, 1996 issued by the Company (See Item 4(a))
Exhibit 99.3	Pages 4-12 of the Notice of Annual Meeting of Shareholders and Proxy Statement dated April 10, 1996
Exhibit 99.4	Employment Agreement, dated October 27, 1993, between the Company and C. G. Kellogg, as amended**
Exhibit 99.5	Form of Severance Agreement
Exhibit 99.6	Amended and Restated Merger Agreement dated September 17, 1996 among the Company, R Acquisition Sub, Inc. and ROC**
Exhibit 99.7	Complaint in Chateau Properties, Inc. v. Manufactured Home Communities, Inc. and MHC Operating Limited Partnership

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* Included in copies mailed to shareholders

** To be filed by amendment

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: /s/ C. G. Kellogg

Name: C. G. Kellogg
Title: President and Chief Executive Officer

Dated: September 17, 1996

Annex A

PERSONAL AND CONFIDENTIAL

September 17, 1996

Board of Directors
Chateau Properties, Inc.
19500 Hall Road
Clinton Township, MI 48038

Gentlemen:

You have requested our opinion as to the fairness to Chateau Properties, Inc. (the "Company") of the Exchange Ratio (as hereafter defined) pursuant to the Amended and Restated Agreement and Plan of Merger dated as of September 17, 1996 (the "Restated Agreement"), among the Company, ROC Communities, Inc.("ROC") and R Acquisition Sub, Inc. ("R Sub"), a wholly-owned subsidiary of the Company. Pursuant to the Restated Agreement, ROC will be merged with R Sub (the "Merger") and each outstanding share of common stock, par value $0.01 per share, of ROC (the "ROC Shares") will be converted into the right to receive 1.042 shares of common stock, par value $0.01 per share, of the Company (such shares are herein referred to as the "Shares" and such exchange ratio is herein referred to as the "Exchange Ratio"). The Restated Agreement permits the Company to declare a special 3.16% stock dividend to holders of Shares of record on any date on or prior to the record date for the meeting of holders of Shares to approve the issuance of Shares pursuant to the Merger, and we have assumed for purposes of rendering our opinion, with your consent, that such special dividend will, in fact, be declared and paid and that no shares of capital stock of ROC will be issued in a cash transaction as permitted by section 4.1(b)(iv) of the Restated Agreement.

Goldman, Sachs & Co., as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. We are familiar with the Company having acted as its financial advisor in connection with, and having participated in certain negotiations leading to, the Restated Agreement.

In connection with this opinion, we have reviewed, among other things, the Restated Agreement; Annual Reports to Stockholders and Annual Reports on Form 10-K for the three years ended December 31, 1995 of the Company and ROC, certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company and ROC, certain other communications from the Company and ROC to their respective stockholders and certain internal financial analyses and forecasts for the Company and ROC prepared by the respective managements of the Company and ROC, including analyses and forecasts of certain cost synergies and revenue enhancements expected to be achieved as a result of the Merger jointly prepared by the managements of the Company and ROC. We also have held discussions with members of the senior management of the Company and ROC regarding the past and current business operations, financial condition and future prospects of their respective companies, including the future prospects of the combined company after the Merger. In addition, we have reviewed the reported price and trading activity for the Shares and ROC Shares, compared certain financial and stock market information for the Company and ROC with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations among real estate investment trusts, and performed such other studies and analyses as we considered appropriate.

We have relied without independent verification upon the accuracy and completeness of all of the financial and other information reviewed by us for purposes of this opinion. In that regard, we have assumed, with your consent, that the forecasts referred to in the preceding paragraph have been reasonably prepared on a basis reflecting the best currently available judgments and estimates of the managements of the Company and ROC, as the case may be, and that such forecasts will be realized in the amounts and at the times contemplated thereby. Also in that regard, you have instructed us to assume, and we have assumed, that the tax effects to the Company and the holders of Shares, if any, resulting from the transactions contemplated by the Restated Agreement are immaterial. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities of the Company or ROC or any of their respective subsidiaries, and we have not been furnished with any such evaluation or appraisal. Our opinion does not address the relative merits of the Merger as compared to any alternative business transactions that might be available to the Company. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the transactions contemplated by the Restated Agreement and does not constitute a recommendation to any stockholder as to how such stockholder should vote on the issuance of Shares pursuant to the proposed Merger.

Based upon and subject to the foregoing and based upon such other matters as we consider relevant, it is our opinion that as of the date hereof the Exchange Ratio pursuant to the Restated Agreement is fair to the Company.

Very truly yours,

GOLDMAN, SACHS & CO.

Annex B

[Letterhead of Merrill Lynch]

Investment Banking

Corporate and Institutional
Client Group

World Financial Center
North Tower
New York, New York 10281-1330

[Merrill Lynch Logotype]

September 17, 1996

Board of Directors
Chateau Properties, Inc.
19500 Hall Road
Clinton Township, MI 48038

Gentlemen:

We understand that Chateau Properties, Inc. (the "Company"), ROC Communities, Inc. (the "Partner") and R Acquisition Sub, Inc., a wholly owned subsidiary of the Company (the "ROC Purchaser"), propose to amend and restate the agreement and plan of merger (the "Original Agreement") among the Company, the Partner, the ROC Purchaser and a company formed by the Company and the Partner originally entered into on July 17, 1996 (as so amended and restated, the "Restated Agreement"). Pursuant to the Restated Agreement, the Partner will be merged with and into the ROC Purchaser in a transaction (the "Merger") in which each share of the Partner's common stock, par value $0.01 per share (the "Partner Shares") will be converted into the right to receive 1.042 shares of the Company's common stock, par value $.01 per share (the "Shares"). We further understand that the Restated Agreement provides that the Company may, and for purposes of preparing our opinion below we have assumed with your consent that the Company will, declare a special 3.16% common stock dividend payable in Shares to shareholders of record on any date on or prior to the record date established for the meeting of the Company's shareholders to approve the issuance of the Shares pursuant to the Merger, which dividend shall be payable subject to approval of the issuance of the Shares pursuant to the Merger by the Company's shareholders. We have also assumed with your consent that no shares of capital stock of the Partner will be issued in a cash transaction as permitted by section 4.1(b)(iv) of the Restated Agreement. The issuance of the Shares pursuant to the Merger and the Merger are subject to the approval of the Company's and the Partner's shareholders, respectively.

You have asked us whether, in our opinion, the proposed consideration to be paid by the Company in the Merger is fair to the Company and its shareholders from a financial point of view. We understand you have made this request after having received letters from Sun Communities, Inc. ("Sun") proposing a merger in which each Share would be exchanged for 0.892 shares of Sun common stock and letters from Manufactured Home Communities, Inc. ("MHC") proposing a merger in which each outstanding Share would be exchanged for $26.00 in cash or, in the alternative, 1.15 shares of MHC common stock, or some combination of the foregoing. As you are also aware, an affiliate of MHC commenced a tender offer on September 4, 1996 for all outstanding Shares at a price of $26.00 in cash.

In arriving at the opinion set forth below, we have, among other things:

(1) Reviewed the Company's Annual Reports, Forms 10-K and related financial information for the three fiscal years ended December 31, 1995 and the Company's Forms 10-Q and the related unaudited financial information for the quarterly periods ending March 31, 1996 and June 30, 1996;

(2) Reviewed the Partner's Annual Reports, Forms 10-K and related financial information for the three fiscal years ended December 31, 1995 and the Partner's Forms 10-Q and the related unaudited financial information for the quarterly periods ending March 31, 1996 and June 30, 1996;

(3) Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets and prospects of the Company and the Partner, furnished to us by the Company and the Partner, respectively;

(4) Conducted discussions with members of senior management of the Company and the Partner concerning their respective businesses and prospects;

(5) Reviewed the historical market prices and trading activity for the Shares and the Partner Shares and compared them with that of certain publicly traded companies which we deemed to be reasonably similar to the Company and the Partner, respectively;

(6) Compared the results of operations of the Company and the Partner with that of certain companies which we deemed to be reasonably similar to the Company and the Partner, respectively;

(7) Reviewed a draft of the Restated Agreement dated September 17, 1996; and

(8) Reviewed such other financial studies and analyses and performed such other investigations and took into account such other matters as we deemed necessary.

In preparing our opinion, we have relied on the accuracy and completeness of all information supplied or otherwise made available to us by the Company and the Partner, and we have not independently verified such information or undertaken an independent appraisal or evaluation of the assets or liabilities of the Company or the Partner. With respect to the financial forecasts furnished by the Company and the Partner, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgment of the Company's or the Partner's management as to the expected future financial performance of the Company or the Partner, as the case may be.

While we reviewed the financial terms of certain transactions involving the purchase and sale of residential properties, we did not identify any mergers or acquisitions that we deemed to be relevant for the purpose of our analysis and, accordingly, did not undertake any analysis comparing the financial terms of the Merger with other mergers or acquisitions.

In connection with the Merger, we have not been authorized to, and did not, solicit indications of interest from third parties to purchase the outstanding Shares or otherwise enter into a business combination with the Company. Our opinion expressed herein as to the fairness to the Company and its shareholders from a financial point of view of the consideration to be paid by the Company in the Merger addresses the ownership position in the combined company to be received by the Company's shareholders pursuant to the Merger on the terms set forth in the Restated Agreement based upon the relative contributions of the Company and the Partner to the combined company and we express no opinion as to prices at which the Shares will trade following the consummation of the Merger or prices which could be obtained for the Shares in a sale of the Company following the consummation of the Merger. In addition, our opinion does not address the relative merits of the Merger and alternative business combinations with third parties, including Sun or MHC.

This opinion is addressed to the Board of Directors of the Company and does not constitute a recommendation to any shareholder as to how such shareholder should vote on the issuance of Shares pursuant to the proposed Merger.

We have, in the past, provided financial advisory and financing services to the Company and have received fees for the rendering of such services. In the ordinary course of our business, we may actively trade in the Shares and the Partner Shares for our own account and for the account of our customers and, accordingly, may at any time hold a long or short position in such securities.

On the basis of, and subject to the foregoing, we are of the opinion that the proposed consideration to be paid by the Company in the Merger is fair to the Company and its shareholders (other than the Partner and its affiliates) from a financial point of view.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

EXHIBIT INDEX

Exhibit 99.1	Letter to Shareholders of the Company dated September 17, 1996*
Exhibit 99.2	Text of Press Release dated September 17, 1996 issued by the Company (See Item 4(a))
Exhibit 99.3	Pages 4-12 of the Notice of Annual Meeting of Shareholders and Proxy Statement dated April 10, 1996
Exhibit 99.4	Employment Agreement, dated October 27, 1993, between the Company and C. G. Kellogg, as amended**
Exhibit 99.5	Form of Severance Agreement
Exhibit 99.6	Amended and Restated Merger Agreement dated September 17, 1996 among the Company, R Acquisition Sub, Inc. and ROC**
Exhibit 99.7	Complaint in Chateau Properties, Inc. v. Manufactured Home Communities, Inc. and MHC Operating Limited Partnership

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* Included in copies mailed to shareholders

** To be filed by amendment

Exhibit 99.1

[COMPANY LOGO]

September 17, 1996

Dear Stockholders:

After careful consideration and extensive consultation with its independent financial and legal advisors, Chateau's Board of Directors has unanimously voted to approve a revised merger agreement with ROC Communities, Inc. under an improved exchange ratio and to reject the unsolicited tender offer by MHC Operating Limited Partnership.

The effect of the revised merger agreement is that each outstanding share of Chateau common stock will represent 1.0316 shares of the combined entity, rather than one share as contemplated under the original agreement. This improvement in the exchange ratio results from a payment by Chateau of a stock and OP Unit dividend equal to 3.16% of the outstanding Chateau common stock and units prior to the effective date of the merger, but contingent upon the merger having been approved by a majority of Chateau stockholders. A further economic benefit may be realized if OP Unitholders elect to exchange into common stock. Assuming that 70% of the OP Units were exchanged, for example, the effective exchange ratio for Chateau stockholders would be approximately 1.06. The exchange ratio for ROC stockholders remains unchanged at 1.042.

In connection with the ROC merger, the Board also unanimously approved a number of new initiatives designed to provide a balanced package of long-term and short-term value that responds to stockholders with different investment objectives and more accurately reflects the Company's worth.

These initiatives include:

- A program to repurchase, either through open market purchases, negotiated purchases, or a tender offer, up to 1.45 million of the approximately 6.1 million shares of the Company's common stock currently outstanding.

- In addition, ROC has indicated its intent to purchase, from time to time, up to 350,000 shares of Chateau common stock prior to the merger and Chateau has waived the restrictions of its standstill agreement with ROC with respect to these purchases.

- An opportunity for each holder of limited partnership interests (OP Units) in the Company's operating partnership, CP Limited Partnership, to exercise their existing right to exchange, on a tax-efficient basis, their OP Units for one share of the Company's common stock to be effected prior to the merger. In recognition of this opportunity to exchange on a tax-efficient basis, each OP Unitholder will be required to waive its right to the OP Unit dividend, thus reallocating such dividend to the existing Chateau common stockholders. Certain holders have indicated their intention to exchange up to approximately 6 million OP Units into Chateau common stock, which as described above will have the effect of transferring the benefit of their OP Unit dividend to Chateau common stockholders. If 70% of the approximately 8.8 million outstanding OP Units were exchanged, the effective exchange ratio to Chateau common stockholders would be increased to approximately 1.06. In connection with the exchange, exchanging OP Unitholders will be given the opportunity to purchase common stock from Chateau and/or ROC at fair market value.

Importantly, the share repurchase program will provide immediate liquidity to those holders who wish to sell some or all of their shares, while enabling continuing holders to benefit from the ongoing growth of the Company after the ROC merger.

In reaching its decision, the Board determined that the revised merger agreement with ROC offers attractive financial and operational benefits and represents the best alternative for Chateau stockholders.

We believe that the merger with ROC Communities will significantly increase the geographic diversity of the properties owned by the Company and reduce exposure to fluctuation in local economic cycles.

In connection with its decision to proceed with the revised ROC merger, the Company's Board of Directors, after consultation with its financial advisors, Goldman Sachs and Merrill Lynch, rejected the MHC offer as inadequate and reaffirmed its intent to pursue a strategic merger that enables stockholders to continue to benefit from an equity participation in the combined enterprise.

The Company's directors and officers do not intend to sell any shares in connection with the repurchase program or to tender into the MHC offer. YOUR BOARD OF DIRECTORS STRONGLY RECOMMENDS THAT STOCKHOLDERS NOT TENDER THEIR SHARES INTO THE MHC TENDER OFFER.

Additionally, in reaching its determination to proceed with the ROC merger, the Board of Directors also carefully considered, with the assistance of its legal and financial advisors, the offer of Sun Communities, Inc. The Board determined that the long-term benefits of a combination with ROC were superior to a combination with Sun. This conclusion was based on several factors, including a judgment concerning Sun's property portfolio, the nature and compatibility of the combined management teams and the acquisition practices of the two companies.

We believe the steps we are announcing today, combined with the continued implementation of our long-term strategic plan, will best protect and enhance value for our stockholders and serve the interests of all of our constituencies.

The enclosed Schedule 14D-9 describes your Board's decision to reject the MHC offer and contains other important information relating to its decision. We urge you to read it carefully.

Your Board of Directors and I greatly appreciate your continued support and encouragement.

Sincerely,

John A. Boll
Chairman of the Board

Exhibit 99.3

CLASS II. DIRECTORS

Edward R. Allen was, for the five years preceding the formation of the Company, Chairman and Chief Executive Officer of InterCoastal Communities, Inc., a Florida corporation which was engaged in operating seven manufactured home communities in Florida. Mr. Allen is a graduate of Cornell University.

C.G. "Jeff" Kellogg has been President and Chief Executive Officer and a Director of the Company since its incorporation. For the five years preceding the formation of the Company, Mr. Kellogg was President and Chief Operating Officer of Chateau Estates. He is a past President of the Michigan Manufactured Housing Association and served on the Manufactured Housing Institute's Community Operations Committee. Mr. Kellogg is a graduate of Michigan Technological University with a B. S. degree in Civil Engineering.

BOARD MEETINGS

The Board of Directors held five meetings during fiscal 1995.

COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee. The Audit Committee of the Board of Directors, consisting of Messrs. Lane, Myers and Rudolph, held two meetings during fiscal 1995. The Audit Committee reviews and acts or reports to the Board with respect to various auditing and accounting matters, including the selection and fees of the Company's independent auditors, the scope of audit procedures, the nature of services to be performed for the Company by the independent auditors, and the accounting practices of the Company.

Executive Committee. The Executive Committee of the Board of Directors, consisting of Messrs. Boll and Kellogg, which may act on certain matters between board meetings, held two meetings during fiscal 1995.

Executive Compensation Committee. The Executive Compensation Committee of the Board of Directors, consisting of Messrs. Anton, Lane and Allen, held five meetings during fiscal 1995. The Executive Compensation Committee administers the Company's 1993 Long-Term Incentive Stock Plan, as amended. See "Compensation Committee Report on Executive Compensation".

The Board of Directors has not established a separate committee of its members to nominate candidates for election as directors of the Company.

DIRECTOR COMPENSATION

Each director is reimbursed for travel and other expenses related to attendance at Board and committee meetings and, other than Mr. Kellogg who is an officer of the Company, receives an annual director's fee of $12,000. Beginning in 1996, the annual director's fee will be $14,000, plus a fee of $500 for each Audit Committee and Executive Compensation Committee meeting attended, up to two meetings per year. The directors also receive an annual grant of 5,000 options to purchase the Company's Common Stock. On May 18, 1995 each of the Directors of the Company, other than Mr. Kellogg, received an option on 5,000 shares of common stock at an exercise price of $21.63 per share. On August 23, 1995 Mr. Rudolph received an option on 5,000 shares of common stock at an exercise price of $21.75 per share. Mr. Rudolph was elected to the Board after the other members of the Board had received an option on 5,000 shares at an exercise price of $20.00 per share. The options expire after 10 years and become exercisable at a rate of 25 percent per year.

EXECUTIVE COMPENSATION

The following table sets forth the summary compensation for the period since the Company's public offering for the Chief Executive Officer and the other Executive Officers of the Company whose salary and bonus compensation for the year ended December 31, 1995 exceeded $100,000:

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		LONG TERM COMPENSATION AWARDS	
		SALARY	BONUS	STOCK OPTIONS	ALL OTHER COMPENSATION
C.G. Kellogg	1995	$164,712	$160,000	90,000(1)	$12,760(2)
President and Chief Executive Officer	1994	$147,135	$120,000	--	$18,499(2)

	1993(3)	$ 16,733	--	36,000	$31,920(4)
Tamara D. Fischer.......................	1995	$109,887	$ 62,000	45,000(1)	$12,760(2)
Executive Vice President, Treasurer &	1994	$ 99,987	$ 60,000	--	$12,619(2)
Chief Financial Officer	1993(3)	$ 10,600	--	24,000	$15,040(4)
Lori A. Palazzolo.......................	1995	$ 87,864	$ 17,000	15,000(1)	$ 6,673(2)
Vice President Controller(5)	1994	--	--	--	--
	1993	--	--	--	--
Darrel D. Swain.........................	1995	$ 74,907	$ 29,000	20,000(1)	$ 7,741(2)
Regional Vice President	1994	$ 67,593	$ 25,000	--	$ 8,542(2)
	1993(3)	$ 10,448	--	12,000	$10,989(4)
Michael V. Campbell.....................	1995	$112,335	--	24,000	--
Executive Vice President -- Florida	1994	$128,184	$ 30,000	--	--
Operations(6)	1993(3)	$ 14,576		18,000	$15,040(4)

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(1) On February 28, 1996, options on 45,000, 23,000, 10,000 and 10,000 additional shares were granted to Mr. Kellogg, Ms. Fischer, Ms. Palazzolo and Mr. Swain, respectively, as part of their 1995 compensation review.

(2) Amount represents a contribution under the Company's 401(K)/Profit Sharing Plan.

(3) Represents salary paid during the partial year following the Company's public offering. No bonuses with respect to 1993 were paid.

(4) Amount represents a contribution of $2,200 and $949 under the Company's profit sharing plan with respect to Mr. Kellogg and Mr. Swain, respectively, and $29,720, $15,040, $10,040 and $15,040 for Mr. Kellogg, Ms. Fischer, Mr. Swain and Mr. Campbell, respectively, in value of limited partnership interests allocated to these officers by persons forming the Company.

(5) Ms. Palazzolo commenced employment with the Company during 1994 and was elected Vice President -- Controller of the Company in May 1995.

(6) Mr. Campbell resigned from the Company effective September 29, 1995.

OPTION/SAR GRANTS DURING 1995

The following table sets forth information with respect to options granted during 1995 to the Executive Officers named in the Summary Compensation Table.

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
(A)	(B)	(C)	(D)	(E)	(F)	(G)
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED (#)	% OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN 1995	EXERCISE OR BASE PRICE ($/SH)	EXPIRATION DATE	5% ($)	10% ($)
C.G. Kellogg...............	90,000	32%	$ 19.50	02/23/05	$1,103,706	$2,797,018
Tamara D. Fischer..........	45,000	16%	$ 19.50	02/23/05	$ 551,853	$1,398,509
Lori A. Palazzolo..........	15,000	5%	$ 19.50	02/23/05	$ 183,951	$ 466,170
Darrel D. Swain............	20,000	7%	$ 19.50	02/23/05	$ 245,268	$ 621,560
Michael V. Campbell(1).....	24,000	8%	$ 19.50	02/23/05	(1)	(1)

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(1) Mr. Campbell resigned from the Company effective September 29, 1995. In connection with Mr. Campbell's resignation from the Company, these options were forfeited.

AGGREGATED OPTION/SAR EXERCISES DURING 1995 AND OPTION/SAR VALUES AT DECEMBER 31, 1995

The following table provides information with respect to the option exercises during 1995 and the unexercised options held as of December 31, 1995 by the Executive Officers named in the Summary Compensation Table.

			NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 31, 1995		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/ SARS AT DECEMBER 31, 1995	
NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
C.G. Kellogg.............	--	--	18,000	108,000	$45,000	$ 315,000
Tamara D. Fischer........	--	--	12,000	57,000	$30,000	$ 165,000
Lori A. Palazzolo........	--	--	--	15,000	--	$ 45,000
Darrel D. Swain..........	--	--	6,000	26,000	$15,000	$ 75,000
Michael V. Campbell(1)...	4,500	$9,000	--	--	--	--

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(1) Mr. Campbell resigned from the Company effective September 29, 1995. In connection with Mr. Campbell's resignation from the Company, his unexercised options were forfeited.

Indebtedness of Management. The following table sets forth the Executive Officers of the Company to whom loans in excess of $60,000 were made for purchase of shares of the common stock of the Company, which were evidenced by separate promissory notes in the amount of the purchase price for such shares. These notes provide for interest, payable quarterly, at a rate of 7%, with the principal balance payable on the earlier of the termination of the officer's employment with the Company, other than by reason of death or disability,

or November 16, 2003. These notes are recourse to the respective officers and collateralized by a pledge of the shares of common stock purchased.

NAME	NUMBER OF SHARES PURCHASED	HIGHEST LOAN BALANCE DURING 1995	BALANCE AT MARCH 31, 1996
C.G. Kellogg... President and Chief Executive Officer	13,750	$273,134	$267,575
Tamara D. Fischer.. Executive Vice President, Treasurer and CFO	6,875	$136,452	$133,841
Darrel D. Swain.. Regional Vice President	4,500	$ 89,449	$ 87,733
Raymond R. Seigneurie.................................... Regional Vice President	4,500	$ 89,449	$ 87,733
Michael V. Campbell...................................... Executive Vice President -- Florida Operations	6,875	$136,674	--(1)

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(1) Mr. Campbell paid the entire balance of his loan in 1995 following his resignation.

Employment and Consulting Agreements. Mr. Kellogg has an employment agreement with the Company pursuant to which he serves as President and Chief Executive Officer. The initial term of the agreement extends until November 30, 1996 and is automatically extended thereafter on a year to year basis (unless notice of non-renewal is given by either the Company or Mr. Kellogg), subject to termination by the Board of Directors for cause as defined in the agreement.

Mr. Newman, Executive Vice President -- North Central Operations, beneficially owns approximately sixty percent of the shares in Newman, Herfurth and Durand, Inc., which has a Consulting Agreement with the Company until November 1997 pursuant to which it will be paid approximately $234,000 per year in consulting fees for 1996 and thereafter may earn up to 120,000 OP units depending on how many additional sites the Company acquires during the term in a specific area of responsibility. This Consulting Agreement was entered into at the time of the Company's acquisition of seven communities from partnerships of which Mr. Newman was a general partner. During 1995 the Company paid approximately $310,000 in consulting fees to Newman, Herfurth and Durand, Inc.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Executive Compensation Committee was formed in February 1995 by broadening the responsibilities of the existing Incentive Stock Committee, which is comprised of directors who are not employees of the Company. The Committee annually reviews and approves recommendations from senior management and makes recommendations to the Board of Directors, other than with respect to the Company's Incentive Stock Plan (which the Committee administers directly), regarding the policies and procedures that govern the various compensation programs for the CEO and executives of the Company. It is the philosophy of the Committee that the executive compensation program should align the financial interests of the Company's executives with the long term interests of the Company and its shareholders. The Committee believes that a material portion of the Executive Officers' pay should be linked to the Company's stated and pre-determined goals. The Committee also believes that the Company should have a sound and competitive compensation program to attract and retain key executives to lead the Company toward the fulfillment of its goals. The key elements of the Company's current program include a base salary, a bonus plan linked to the individual and Company's financial performance and equity participation through stock options.

Although the Company does not believe compensation of any Executive Officer will exceed $1,000,000 in any year, should it appear likely that this compensation amount would be exceeded, the Company would seek shareholder approval and/or a restructuring of the compensation in order to preserve the deductibility of this compensation under new provisions of Internal Revenue Code Section 162(m).

BASE SALARY

The Committee's policy with respect to salaries is to establish base compensation levels for executives which are competitive in relation to other companies of similar size within the Company's industry. The Committee will also take into consideration the executive's responsibilities, experience level, and individual performance. To ensure that base salary is competitive, the Company's salary structure is periodically benchmarked against other salaries for key positions in other companies of similar size in the Company's industry. Salaries normally are increased annually, based on market conditions and individual and company performance factors. Salaries of the Executive Officers were increased on January 1, 1996.

BONUS

In 1995, the Company initiated an annual bonus program for key executives with the objective of providing a more direct link between executive compensation and the individual and Company's overall performance. Eligible executives were those determined to have a material effect on the Company's performance. The bonus program has been designed so that an executive's share of the bonus pool will be based on that executive's performance measured against specific objectives such as per share growth in the Company's Funds from Operations, growth in net operating income for a given area of responsibility, acquisitions of properties, or a combination of these objectives. Each executives' performance relative to those specific objectives is evaluated by the Committee. The Committee reserves the right to award only a portion of the total bonus pool should individual objectives not be met. The bonuses for 1995 reflected in the Cash Compensation Table were awarded on February 28, 1996.

STOCK OPTIONS

Under the Company's Long-Term Incentive Stock Plan, the Committee may grant options to purchase Common Stock to employees of the Company (including executive officers). Option grants become exercisable over a period of time determined by the Committee and generally have an exercise price equal to the fair market value of the Common Stock on the grant date, creating long term incentives to enhance the value of the Company's Common Stock. All of the executive officers received grants in December 1993, February 1995 and February 1996. No grants were made in 1994 to executive officers. The 1995 and 1996 option grants were awarded as part of the annual compensation review for 1994 and 1995, respectively. The awards were determined based on the executive officer's performance of specific individual and Company objectives. The Committee also considered the equity ownership by Executive Officers of similar companies. The levels of these awards reflected the Committee's belief that increasing management equity ownership will create long term incentives to enhance the value of the Company's Common Stock.

THE CHIEF EXECUTIVE OFFICER'S 1995 COMPENSATION

The Committee's approach to Mr. Kellogg's compensation is consistent with the Committee's approach to all other executive officers. Mr. Kellogg receives a base salary based upon his responsibilities and experience and which the Committee believes is somewhat lower than the base salaries of other chief executive officers at similar companies based on a survey performed for the Committee by an independent compensation consultant. Accordingly, the Committee increased Mr. Kellogg's base salary by approximately 10 percent in 1995 in an effort to bridge the gap between Mr. Kellogg's base salary and the average base

salary for CEO's in comparable companies in the industry. Mr. Kellogg is eligible for the Company's 1996 bonus and stock option programs. Mr. Kellogg's bonus is primarily tied to per share growth in the Company's funds from operations. He is eligible to receive a bonus of up to 80 percent of the average base salary for his position, as described above. Mr. Kellogg's 1995 bonus was paid in 1996. Given the Company's strong financial performance and its accomplishments in 1995, the Committee believes the compensation package for Mr. Kellogg is appropriate and consistent with pay practices in the industry.

The Committee believes that the above elements assist the Company in meeting its short-term and long-term objectives and appropriately relate executive compensation to the Company's performance.

CHATEAU PROPERTIES, INC. EXECUTIVE COMPENSATION COMMITTEE

James M. Lane
Gebran S. Anton, Jr.
Edward R. Allen

PERFORMANCE GRAPH

Set forth below is a line graph comparing the cumulative total shareholder return on Company Common Stock with the cumulative total return of the S&P 500 Stock Index and the NAREIT Equity REIT Total Return Index for the period commencing November 16, 1993 (the date the Company completed its public offering of common stock) and ending December 31, 1995. The NAREIT Equity REIT Total Return Index included 178 companies with a total market capitalization of $49.9 billion. The graph assumes that a shareholder invested $100 on November 16, 1993 in the Company Common Stock, the S&P Stock Index and the NAREIT Equity REIT Total Return Index, and reinvestment of dividends.

Measurement Period (Fiscal Year Covered)	Chateau	S&P 500	NAREIT EQUITY Index
Nov. 16, 1993	100.00	100.00	100.00
Dec. 31, 1993	109.38	99.94	99.83
Dec. 31, 1994	117.34	101.56	103.00
Dec. 31, 1995	129.73	140.31	118.72

The table below sets forth the value as of each of the dates indicated of $100 investments made on November 16, 1993 in the Company Common Stock, the S&P Stock Index and the NAREIT Equity REIT Total Return Index, assuming reinvestment of dividends.

Measurement Period (Fiscal Year Covered)	Chateau Properties, Inc.	S&P 500	NAREIT EQUITY Index
November 16, 1993	100.00	100.00	100.00
December 31, 1993	109.38	99.94	99.83
December 31, 1994	117.34	101.56	103.00
December 31, 1995	129.73	140.31	118.72

HOLDERS OF COMMON STOCK

The following table sets forth certain information, with respect to the beneficial ownership of shares of the Company's Common Stock as of March 31, 1996 by each person or entity known to the Company to be the beneficial owner of more than 5% of the Common Stock. See the information presented in the table under the heading "Election of Directors" with respect to the beneficial ownership of shares by the Company's Directors and Executive Officers.

NAME AND ADDRESS OF BENEFICIAL OWNERS	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF OUTSTANDING COMMON STOCK AT MARCH 31, 1996
John A. Boll 19500 Hall Road Clinton Township, MI 48038	1,027,018(1)	14.42%
Edward R. Allen 1760 S.E. 10th Street Fort Lauderdale, FL 33316	766,076(2)	11.16%
J. Peter Ministrelli 50445 Mountain Shadow Road LaQuinta, CA 92253	490,846(1)	7.45%
Richard O. Kearns 2540 Del Lago Drive Fort Lauderdale, FL 33316	759,826(2)	11.08%
LaSalle Advisors Limited Partnership ("LaSalle") ABKB/LaSalle Securities Limited Partnership ("ABKB LaSalle") 11 S. LaSalle Street Chicago, IL 60603	662,742(3)	10.87%

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(1) 1,019,958 of Mr. Boll's shares of Common Stock and all of Mr. Ministrelli's shares of Common Stock shown as beneficially owned are OP Units which became exchangeable for shares of Common Stock on December 1, 1994. Not included in this number for Mr. Boll are 2,358,948 OP Units and for Mr. Ministrelli 1,870,073 OP Units ("Non-exchangeable OP Units") which are beneficially owned by Messrs. Boll and Ministrelli respectively, but which will become exchangeable for shares of Common Stock of Chateau only upon the receipt by Chateau of a favorable ruling by the Internal Revenue Service that such right to exchange will not affect Chateau's REIT election. Chateau requested such a ruling on June 17, 1994. Upon receipt of a favorable ruling from the Internal Revenue Service, the Non-Exchangeable OP Units will only be exchangeable pursuant to a formula which would not allow the deemed ownership percentage of Mr. Boll and Mr. Ministrelli in Chateau to increase beyond the present level. Also included as shares of Common Stock beneficially owned by Mr. Boll are 6,250 shares pursuant to options which are currently exercisable or which become exercisable in the next sixty days. These shares, although not outstanding, have been treated as outstanding for purposes of calculating the ownership percentages set forth in the table for each of these individuals. By virtue of his significant beneficial ownership of common stock and position as a director and chairman of the Board, Mr. Boll may be deemed to be a controlling person of the Company.

(2) Includes 551,047 shares beneficially owned by certain affiliates of these stockholders by virtue of their ownership of the same number of OP Units and deemed beneficially owned by each of Mr. Allen and

Mr. Kearns. All shares shown as beneficially owned by Mr. Kearns and 759,826 shares shown as beneficially owned by Mr. Allen are OP Units which became exchangeable for shares of Common Stock on December 1, 1994. These shares, although not outstanding, have been treated as outstanding for purposes of calculating the ownership percentages set forth in the table for each of these individuals. Also included as shares of common stock beneficially owned by Mr. Allen are 6,250 shares pursuant to options which are currently exercisable or which become exercisable in the next sixty days.

(3) Based on the combined Form 13G, filed by LaSalle and ABKB LaSalle, LaSalle has sole voting and investment power over 195,200 shares, shared voting power over 86,042 shares and shared investment power over 210,542 shares. ABKB LaSalle has sole voting and investment power over 46,500 shares, shared voting power over 115,250 shares and shared investment power over 210,500 shares. LaSalle is the limited partner of ABKB LaSalle and the stockholder of the general partner of ABKB LaSalle. LaSalle and ABKB LaSalle, investment advisors, disclaim any beneficial interest in these shares.

CERTAIN TRANSACTIONS

The Company leases its executive offices from a partnership of which Messrs. Boll, J. Peter Ministrelli and Kellogg, among others, are partners. These offices consist of approximately 6,200 square feet in a building in Clinton Township, Michigan. The Company paid rent of $107,000 and $93,000 for the years ended December 31, 1995 and December 31, 1994, respectively. This lease continues for a current term ending November 2001 and may continue beyond that date pursuant to available options or negotiated extensions. The terms of this lease will be approved by Chateau's independent directors prior to renewal or extension. Although not negotiated at arms-length, Chateau believes that the terms and conditions of the lease were substantially the same as those then available in this market.

Certain operations conducted by predecessors of the Company have not been conducted by the Company since the IPO but the real estate constituting these operations has been leased to GC Properties Inc. ("GCI"), a corporation wholly owned by Mr. Boll, in order to permit Chateau's qualification as a REIT under the Code. Prior to the IPO, these operations were made available to the tenants of certain of the Properties, as well as to other persons, directly by such predecessors. These operations include the following amenities and facilities: four golf courses and one marina (the "Sports Facilities"). Following the IPO and the acquisitions of certain communities in 1994, the Sports Facilities were leased in accordance with separate ground leases between GCI and the Company. Rent to the Company under these ground leases for 1995 was approximately $695,000. For 1995, GCI bore all costs associated with the management and operation of the Sports Facilities.

As a result of the acquisition of seven manufactured home communities on November 1, 1994, from certain partnerships affiliated with Mr. Graydon K. Newman, Jr., these partnerships were indebted to the Company during 1995. The maximum amount of such indebtedness during 1995 was approximately $168,000, which amount was repaid in 1995. No interest was paid or charged on this indebtedness in 1995. The Company, through the operating partnership, reacquired and retired 43,333 OP Units at approximately $20 per unit pursuant to the terms of certain acquisition agreements entered into in 1994 (which was the same price at which these OP units were issued). Following this acquisition, Mr. Newman was elected an executive officer of the Company.

SECTION 16(A) COMPLIANCE

Directors and Executive Officers of the Company and beneficial owners of more than 10% of its Common Stock are required to file initial reports of ownership and reports of changes in ownership of Company securities pursuant to Section 16(a) of the Securities Exchange Act of 1934 and to provide the Company with copies of such reports. The Company has reviewed all such report copies as it has received from persons

Exhibit 99.5

[FORM OF SEVERANCE PROTECTION AGREEMENT]

THIS AGREEMENT made as of the day of September, 1996, by and between Chateau Properties, Inc. (the "Company") and ____________ (the "Executive").

WHEREAS, the Board of Directors of the Company (the "Board") recognizes that the possibility of a Change in Control (as hereinafter defined) exists and that the threat or the occurrence of a Change in Control can result in significant distractions of its key management personnel because of the uncertainties inherent in such a situation;

WHEREAS, the Board has determined that it is essential and in the best interest of the Company and its stockholders to retain the services of the Executive in the event of a threat or occurrence of a Change in Control and to ensure his continued dedication and efforts in such event without undue concern for his personal financial and employment security; and

WHEREAS, in order to induce the Executive to remain in the employ of the Company, particularly in the event of a threat or the occurrence of a Change in Control, the Company desires to enter into this Agreement with the Executive to provide the Executive with certain benefits in the event his employment is terminated as a result of, or in connection with, a Change in Control and to provide the Executive with certain other benefits whether or not the Executive's employment is terminated.

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Term of Agreement. This Agreement shall commence as of the date hereof and shall continue in effect until December 31, 1998; provided, however, that on December 31, 1997 and on each anniversary thereof, the term of this Agreement shall automatically be extended for one year unless either the Company or the Executive shall have given written notice to the other prior thereto that the term of this Agreement shall not be so extended; and provided, further, however, that notwithstanding any such notice by the Company not to extend, the term of this Agreement shall not expire prior to the expiration of 24 months after the occurrence of a Change in Control.

2. Definitions.

2.1. Accrued Compensation. For purposes of this Agreement, "Accrued Compensation" shall mean an amount which shall include all amounts earned or accrued through the "Termination Date" (as hereinafter defined) but not paid as of the Termination Date including (i) base salary, (ii) reimbursement for reasonable and necessary expenses incurred by the Executive on behalf of the Company during the period ending on the Termination Date, (iii) vacation and sick leave pay (to the extent provided by Company policy or applicable law), and (iv) bonuses and incentive compensation (other than the "Pro Rata Bonus" (as hereinafter defined)).

2.2. Base Amount. For purposes of this Agreement, "Base Amount" shall mean the greater of (a) the Executive's annual base salary at the rate in effect immediately prior to the Change in Control and (b) the Executive's annual base salary at the rate in effect on the Termination Date, and shall include all amounts of his base salary that are deferred under the qualified and non-qualified employee benefit plans of the Company or any other agreement or arrangement.

2.3. Bonus Amount. For purposes of this Agreement, "Bonus Amount" shall mean the Executive's annual bonus for the fiscal year prior to which a Change in Control has occurred.

2.4. Cause. For purposes of this Agreement, a termination of employment is for "Cause" if the Executive has been convicted of a felony involving moral turpitude or the termination is evidenced by a resolution adopted in good faith by two-thirds of the Board that the Executive (a) intentionally and continually failed substantially to perform his reasonably assigned duties with the Company (other than a failure resulting from the Executive's incapacity due to physical or mental illness or from the Executive's assignment of duties that would constitute "Good Reason" as hereinafter defined) which failure continued for a period of at least thirty days after a written notice of demand for substantial performance has been delivered to the Executive specifying the manner in which the Executive has failed substantially to perform, or (b) intentionally engaged in conduct which is demonstrably and materially injurious to the Company; provided, however, that no termination of the Executive's employment shall be for Cause as set forth in clause (b) above until (x) there shall have been delivered to the Executive a copy of a written notice setting forth that the Executive was guilty of the conduct set forth in clause (b) and specifying the particulars thereof in detail,

and (y) the Executive shall have been provided an opportunity to be heard in person by the Board (with the assistance of the Executive's counsel if the Executive so desires). Neither an act nor a failure to act, on the Executive's part shall be considered "intentional" unless the Executive has acted or failed to act with a lack of good faith and with a lack of reasonable belief that the Executive's action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Agreement to the contrary, no failure to perform by the Executive after a Notice of Termination is given by the Executive shall constitute Cause for purposes of this Agreement.

2.5. Change in Control. For purposes of this Agreement, a "Change in Control" shall mean any of the following events:

(a) An acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of thirty percent or more of the combined voting power of the Company's then outstanding Voting Securities; provided, however, that in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A "Non-Control Acquisition" shall mean an acquisition by (1) an employee benefit plan (or a trust forming a part thereof) maintained by (x) the Company or (y) any corporation or other Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company (a "Subsidiary"), (2) the Company or any Subsidiary, or (3) any Person in connection with a "Non-Control Transaction."

(b) The individuals who, as of the date hereof, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the then Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; provided, further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the 1934 Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(c) Approval by stockholders of the Company of:

(1) A merger, consolidation or reorganization involving the Company, unless

(A) the stockholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly, immediately following such merger, consolidation or reorganization, at least seventy percent of the combined voting power of the outstanding Voting Securities of the corporation resulting from such merger or consolidation or reorganization (the "Surviving Corporation") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization, and

(B) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Corporation or a corporation beneficially owning, directly or indirectly, a majority of the Voting Securities of the Surviving Corporation, and

(C) no Person (other than the Company, any Subsidiary, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation or any Subsidiary, or any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of fifteen percent or more of the then outstanding Voting Securities) owns, directly or indirectly, fifteen percent or more of the combined voting power of the Surviving Corporation's then outstanding voting securities, or

(D) an agreement with ROC Communities, Inc. is consummated on or before March 31, 1997 or such later date as approved by the Board of Directors, and prior to a Change in Control; and

(E) a transaction described in clauses (A) through (D) shall herein be referred to as a "Non-Control Transaction";

(2) A complete liquidation or dissolution of the Company; or

(3) An agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Subsidiary).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by the Subject Person, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(d) Notwithstanding anything contained in this Agreement to the contrary, if the Executive's employment is terminated prior to a Change in Control and the Executive reasonably demonstrates that such termination (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control and who effectuates a Change in Control (a "Third Party") or (ii) otherwise occurred in connection with, or in anticipation of, a Change in Control which actually occurs, then for all purposes of this Agreement, the date of a Change in Control with respect to the Executive shall mean the date immediately prior to the date of such termination of the Executive's employment.

2.6. Company. For purposes of this Agreement, the "Company" shall include the Company's "Successors and Assigns" (as hereinafter defined).

2.7. Disability. For purposes of this Agreement, "Disability" shall mean a physical or mental infirmity which impairs the Executive's ability to substantially perform his duties with the Company for a period of one hundred eighty consecutive days and the Executive has not returned to his full time employment prior to the Termination Date as stated in the "Notice of Termination" (as hereinafter defined).

2.8. Good Reason. (a) For purposes of this Agreement, "Good Reason" shall mean the occurrence after a Change in Control of any of the events or conditions described in subsections (1) through (8) hereof:

(1) a change in the Executive's status, title, position or responsibilities (including reporting responsibilities) which, in the Executive's reasonable judgment, represents an adverse change from his status, title, position or responsibilities as in effect at any time within ninety days preceding the date of a Change in Control or at any time thereafter; the assignment to the Executive of any duties or responsibilities which, in the Executive's reasonable judgment, are inconsistent with his status, title, position or responsibilities as in effect at any time within ninety days preceding the date of a Change in Control or at any time thereafter; or any removal of the Executive from or failure to reappoint or reelect him to any of such offices or positions, except in connection with the termination of his employment for Disability, Cause, as a result of his death or by the Executive other than for Good Reason;

(2) a reduction in the Executive's base salary or any failure to pay the Executive any compensation or benefits to which he is entitled within five days of notice thereof;

(3) the Company's requiring the Executive to be based at any place outside a 30-mile radius from Clinton Township, Michigan, except for reasonably required travel on the Company's business which is not materially greater than such travel requirements prior to the Change in Control;

(4) the failure by the Company to provide the Executive with compensation and benefits, in the aggregate, at least equal (in terms of benefit levels and/or reward opportunities) to those provided for under each other employee benefit plan, program and practice in which the Executive was participating at any time within ninety days preceding the date of a Change in Control or at any time thereafter;

(5) the insolvency or the filing (by any party, including the Company) of a petition for bankruptcy of the Company, which petition is not dismissed within sixty days;

(6) any material breach by the Company of any provision of this Agreement;

(7) any purported termination of the Executive's employment for Cause by the Company which does not comply with the terms of Section 2.4; or

(8) the failure of the Company to obtain an agreement, satisfactory to the Executive, from any Successors and Assigns to assume and agree to perform this Agreement, as contemplated in Section 7 hereof.

(b) Any event or condition described in Section 2.8(a)(1) through (8) which occurs prior to a Change in Control but which the Executive reasonably demonstrates (1) was at the request of a Third Party, or (2) otherwise arose in connection with, or in anticipation of, a Change in Control which actually occurs, shall constitute Good Reason for purposes of this Agreement notwithstanding that it occurred prior to the Change in Control.

(c) The Executive's right to terminate his employment pursuant to this Section 2.8 shall not be affected by his incapacity due to a Disability

2.9. Notice of Termination. For purposes of this Agreement, following a Change in Control, "Notice of Termination" shall mean a written notice of termination from the Company of the Executive's employment which indicates the specific termination provision in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

2.10. Pro Rata Bonus. For purposes of this Agreement, "Pro Rata Bonus" shall mean an amount equal to the Bonus Amount multiplied by a fraction, the numerator of which is the number of days in the Company's fiscal year in which Executive's employment terminates through the Termination Date and the denominator of which is 365.

2.11. Successors and Assigns. For purposes of this Agreement, "Successors and Assigns" shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company whether by operation of law or otherwise, and any affiliate of such Successors and Assigns.

2.12. Termination Date. For purposes of this Agreement, "Termination Date" shall mean (a) in the case of the Executive's death, his date of death, (b) in the case of Good Reason, the last day of his employment, and (b) in all other cases, the date specified in the Notice of Termination; provided, however, that if the Executive's employment is terminated by the Company for Cause or due to Disability, the date specified in the Notice of Termination shall be at least 30 days from the date the Notice of Termination is given to the Executive, provided that in the case of Disability the Executive shall not have returned to the full-time performance of his duties during such period of at least 30 days.

3. Termination of Employment. If, during the term of this Agreement, the Executive's employment with the Company shall be terminated within twenty-four months following a Change in Control, the Executive shall be entitled to the following compensation and benefits:

(a) If the Executive's employment with the Company shall be terminated (1) by the Company for Cause or Disability, (2) by reason of the Executive's death, or (3) by the Executive other than for Good Reason, the Company shall pay to the Executive the Accrued Compensation and, if such termination is other than by the Company for Cause, the Pro Rata Bonus.

(b) If the Executive's employment with the Company shall be terminated for any reason other than as specified in Section 3.1(a), the Executive shall be entitled to the following:

(1) the Company shall pay the Executive all Accrued Compensation and a Pro-Rata Bonus;

(2) the Company shall pay the Executive as severance pay and in lieu of any further compensation for periods subsequent to the Termination Date, in a single payment an amount in cash equal to [one][two] times the sum of (A) the Base Amount and (B) the Bonus Amount.

(3) for a number of months equal to [12][24] (the "Continuation Period"), the Company shall at its expense continue on behalf of the Executive and his dependents and beneficiaries the medical, dental and hospitalization benefits provided (x) to the Executive at any time during the 90-day period prior to the

Change in Control or at any time thereafter or (y) to other similarly situated executives who continue in the employ of the Company during the Continuation Period. The coverage and benefits (including deductibles and costs) provided in this Section 3.1(b)(iii) during the Continuation Period shall be no less favorable to the Executive and his dependents and beneficiaries, than the most favorable of such coverages and benefits during any of the periods referred to in clauses (x) and (y) above. The Company's obligation hereunder with respect to the foregoing benefits shall be limited to the extent that the Executive obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce the coverage of any benefits it is required to provide the Executive hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Executive than the coverages and benefits required to be provided hereunder. This subsection (iii) shall not be interpreted so as to limit any benefits to which the Executive, his dependents or beneficiaries may be entitled under any of the Company's employee benefit plans, programs or practices following the Executive's termination of employment, including without limitation, retiree medical and life insurance benefits;

(c) The amounts provided for in Sections 3.1(a) and 3.1(b)(i), (ii) and (iv) shall be paid in a single lump sum cash payment within five (5) days after the Executive's Termination Date (or earlier, if required by applicable law).

(d) The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to the Executive in any subsequent employment except as provided in Section 3.1(b)(iii).

(e) (1) The severance pay and benefits provided for in this Section 3 shall be reduced by the amount of any other severance or termination pay to which the Executive may be entitled under any agreement with the Company or any of its Affiliates.

(2) The Executive's entitlement to any other compensation or benefits or any indemnification shall be determined in accordance with the Company's employee benefit plans and other applicable programs, policies and practices or any indemnification agreement then in effect.

4. Notice of Termination. Following a Change in Control, any purported termination of the Executive's employment by the Company shall be communicated by Notice of Termination to the Executive. For purposes of this Agreement, no such purported termination shall be effective without such Notice of Termination.

5. Excise Tax Limitation. (a) Notwithstanding anything contained in this Agreement to the contrary, to the extent that the payments and benefits provided under this Agreement and benefits provided to, or for the benefit of, the Executive under any other Company plan or agreement (such payments or benefits are collectively referred to as the "Payments") would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Payments shall be reduced (but not below zero) if and to the extent necessary so that no Payment to be made or benefit to be provided to the Executive shall be subject to the Excise Tax (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). Unless the Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Payments, by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the Determination (as hereinafter defined). Any notice given by the Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing the Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Payments shall be reduced to the Limited Payment Amount pursuant to this Agreement and the amount of such Limited Payment Amount shall be made, at the Company's expense, by an accounting firm selected by the Company from among the six largest accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and the Executive within ten days of the Termination Date, if applicable, or at such other time as requested by the Company or by the Executive (provided the Executive reasonably believes that any of the Payments may be subject to the Excise Tax) and if the Accounting Firm determines that no Excise Tax is payable by the Executive with respect to the Payments, it shall furnish the Executive with an opinion reasonably acceptable to the Executive that no Excise Tax will be imposed with respect to any such Payments. The Determination shall be binding, final and conclusive upon the Company and the Executive.

6. Successors; Binding Agreement.

6.1. This Agreement shall be binding upon and shall inure to the benefit of the Company, its Successors and Assigns, and the Company shall require any Successors and Assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place.

6.2. Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Executive, his beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal personal representative.

7. Fees and Expenses. The Company shall pay all legal fees and related expenses (including the costs of experts, evidence and counsel) incurred by the Executive as they become due as a result of (a) the Executive seeking to obtain or enforce any right or benefit provided by this Agreement (including, but not limited to, any such fees and expenses incurred in connection with the Dispute, and (b) the Executive's hearing before the Board as contemplated in Section 2.4 of this Agreement; provided, however, that the circumstances set forth in clause (a) (other than as a result of the Executive's termination of employment under circumstances described in Section 2.5(d)) occurred on or after a Change in Control.

8. Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, by overnight courier or by facsimile, addressed to the respective addresses and facsimile numbers last given by each party to the other, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

9. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company (except for any severance or termination policies, plans, programs or practices) and for which the Executive may qualify, nor shall anything herein limit or reduce such rights as the Executive may have under any other agreements with the Company (except for any severance or termination agreement). Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan or program of the Company shall be payable in accordance with such plan or program, except as explicitly modified by this Agreement.

10. No Guaranteed Employment. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and may be terminated by either the Executive or the Company at any time.

11. Settlement of Claims. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without

limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others.

12. Mutual Non-Disparagement. The Company, its affiliates and subsidiaries agree and the Company shall use its best efforts to cause their respective executive officers and directors to agree, that they will not make or publish any statement critical of the Executive, or in any way adversely affecting or otherwise maligning the Executive's reputation. The Executive agrees that it will not make or publish any statement critical of the Company, its affiliates and their respective executive officers and directors, or in any way adversely affecting or otherwise maligning the business or reputation of any member of the Company, its affiliates and subsidiaries and their respective officers, directors and employees.

13. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

14. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Michigan without giving effect to the conflict of laws principles thereof. Any action brought by any party to this Agreement shall be brought and maintained in a court of competent jurisdiction in Macomb County in the State of Michigan.

15. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

16. Entire Agreement/ROC Communities, Inc. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof other than any agreements with ROC Communities, Inc. If the proposed merger between the Company and ROC Communities, Inc. takes place on or before March 31, 1997, or such later date as approved by the Board of Directors, and prior to a Change in Control, this Agreement shall terminate immediately.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Executive has executed this Agreement as of the day and year first above written.

CHATEAU PROPERTIES, INC.

ATTEST:

By: ______________________________
Name:
Title:

By: ______________________________
Executive

Exhibit 99.7

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
(Northern Division)

CHATEAU PROPERTIES, INC. 32 South Street Baltimore, Maryland 21202	*	
Plaintiff,	*	
v.	*	Civil Action No. _________
MANUFACTURED HOME COMMUNITIES, INC. 11 East Chase Street Baltimore, Maryland 21202	*	
and	*	
MHC OPERATING LIMITED PARTNERSHIP 2 Riverside Plaza Chicago, Illinois 60606	*	
Defendants.	*	

* * * * * * * * * * *

COMPLAINT

Plaintiff Chateau Properties, Inc. ("Chateau" or the "Company"), by its undersigned attorneys, as and for its complaint against Manufactured Home Communities, Inc. ("MHC") and MHC Operating Limited Partnership ("MHCOLP"), alleges upon knowledge as to itself and its own acts, and upon information and belief as to all other matters as follows:

1. Chateau brings this action for injunctive, declaratory and monetary relief against MHC and MHCOLP (collectively "Defendants") because Defendants have violated the federal securities laws by, among other things, (i) commencing an illusory

and deceptive tender offer for Chateau's common stock that they have no ability to complete and (ii) attempting to pre-condition Chateau's equity holders to favor its unsolicited offer over Chateau's agreement of merger with ROC Communities, Inc. ("ROC") through unlawful and misleading proxy solicitations. Chateau and its shareholders will be irreparably harmed unless Defendants' violations are stopped. Chateau also seeks injunctive relief against MHC's tender offer for all of Chateau's common stock since such an acquisition would be in direct contravention of Chateau's charter which prohibits the acquisition by any person, partnership or corporation of more than 7% of Chateau's outstanding common stock. Chateau also seeks a declaration (1) that Defendants' offer is illusory since two of its conditions - -- (a) that the Maryland Business Combination Law be deemed not to apply to MHC's proposed transaction and (b) that the 7% ownership limitation in Chateau's Charter is inapplicable to MHC's Offer -- cannot be satisfied; and (2) that Chateau's Board of Directors is not required to adopt a resolution (a) exempting MHC's Offer from the 7% ownership limitation in Chateau's Charter or (b) exempting a subsequent business combination between MHC's and Chateau from the Maryland Business Combination Law.

PARTIES

2. Plaintiff Chateau is a Maryland corporation with its principal place of business in Michigan. Chateau has approximately 6.1 million common shares outstanding. In addition, there are currently outstanding approximately 8.7 million partnership interests ("OP Units") in CP Limited Partnership ("CPLP"), a Maryland limited partnership, which is the operating partnership of Chateau and of which Chateau is the corporate general partner. Approximately 4.5 million OP Units are currently exchangeable into Chateau common shares on a one-for-one-basis. Chateau is in the business of operating manufactured home communities through CPLP. Such communities resemble suburban single-family developments and often include recreational amenities such as clubhouses, swimming pools, tennis courts, and golf courses.

3. Defendant MHC is a Maryland corporation with its principal place of business in Illinois. MHC is a direct competitor of Chateau.

4. Defendant MHCOLP is a limited partnership formed under the laws of the State of Illinois, the sole general partner of which is Defendant MHC.

JURISDICTION AND VENUE

5. This court has jurisdiction over this suit under Section 27 of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. 78aa and 28 U.S.C. ss. 1331, because Counts I through IV arise under Sections 14(a), 14(d) and 14(e) of the Exchange Act and regulations promulgated thereunder, specifically Rules 14a-3, 14a-6, and 14a-9, while jurisdiction over Counts V through IX is proper by virtue of 28 U.S.C. ss. 1367 and the principles of pendent jurisdiction.

6. Venue is proper pursuant to 15 U.S.C. ss. 78aa and under 28 U.S.C. ss. 1391(b). Acts complained of herein have occurred, are occurring and unless enjoined will continue to occur in this District.

BACKGROUND

7. Chateau operates as a self-administered and self-managed real estate investment trust ("REIT"). The common stock of Chateau is listed and traded on the New York Stock Exchange.

8. Non-party ROC Communities, Inc. ("ROC") is a Maryland corporation with its principal place of business in Colorado. Like Chateau, ROC owns and operates manufactured housing communities. As of June 30, 1996, ROC owned and operated 70 manufactured housing communities in 23 states.

9. Chateau, ROC, and MHC are three of the country's four leading, publicly held, owners and operators of manufactured housing communities.

10. It has been Chateau's long-term corporate strategy selectively to acquire well-located manufactured home communities which show the potential for increased revenues and cash flows, to develop new communities in attractive locations, and expand certain of its existing communities. Upon acquiring or building properties, Chateau institutes improved management practices to increase operating margins, coupling rent and occupancy increases with expense controls. Chateau properties are continuously maintained and upgraded, and on-site managers help foster a sense of community for residents.

11. In the spring of 1995, Chateau's Chief Executive Officer, in furtherance of Chateau's long-term corporate strategy, held informal discussions with the Chief Executive Officer of ROC regarding a potential business combination between their companies. Though the companies had complementary business philosophies and property portfolios, these negotiations did not advance beyond the conceptual stage.

12. In the spring of 1996, these negotiations were reinitiated. Senior management of ROC and Chateau met many times during the next four months, and the potential business combination advanced from the conceptual stage to a signed agreement between the companies.

13. Even at the initial stage of these negotiations, Chateau made plain that it was not interested in a transaction which would eliminate Chateau shareholders' interest in the enterprise. Rather, both companies recognized that a merger transaction would have unique long-term benefits for their shareholders because of the synergies and opportunities for revenue enhancement which it would create. Such a merger would combine Chateau's outstanding development and expansion expertise with ROC's industry-leading property management, administration, and acquisition skills. The

company resulting from the merger would unquestionably be the leader in the industry, would hold the largest portfolio of manufactured home communities in the country, and would have lower costs of capital than its competitors.

14. By the middle of June 1996, Chateau and ROC had settled upon the basic structure of the transaction and had agreed to an outline of how the companies would be valued.

15. During the negotiations, Chateau's board of directors was informed about the progress of the discussions, met to consider the proposed transaction and its alternatives, and was advised by counsel and financial advisers. The Company's financial advisor, Merrill Lynch, opined that the proposed merger with ROC would be fair to Chateau's shareholders.

16. The negotiations culminated in a July 1996 agreement designed to accomplish a merger of equals (the "Merger Of Equals"). Under the terms of this agreement, shareholders of Chateau and ROC would receive shares in the combined company in exchange for their current holdings, and the managements of ROC and Chateau would be combined. The Merger Of Equals was publicly announced on July 18, 1996.

17. The Merger Of Equals fulfills Chateau's business plan and objectives to increase long-term shareholder value for the following reasons, among many others:

18. First, Chateau and ROC have complementary management capabilities, business philosophies, and strategic visions. The record of ROC's management demonstrates that it would be an asset to Chateau. For instance, ROC's management has consistently won industry awards for the excellence of its communities, such as four consecutive "Operator of the Year" awards from the National Manufactured Housing Industry Association.

19. Second, ROC and Chateau have complementary asset portfolios. ROC and Chateau properties are located in different, but not overly dispersed geographic areas.

20. Third, the resulting company would be the largest in the industry and would have lower costs of capital than either Chateau or ROC standing alone.

MHC Announces An Unsolicited
Bid To Purchase Chateau

21. On August 16, 1996, MHC, which is a business rival of both Chateau and ROC, announced that it intended to purchase Chateau outright (the "MHC Proposal") and sought to defeat the Merger Of Equals. MHC had not sought any business combination with Chateau until after the Merger Of Equals was announced, and, upon information and belief, the MHC Offer was largely motivated by a desire to block the Merger Of Equals, which would create a more formidable business rival to MHC than either Chateau or ROC standing alone. Indeed, the MHC proposal was contingent on numerous conditions being met; most significantly that Chateau's publicly announced Merger Of Equals with ROC be abandoned.

Defendants' Statements To Analysts And Written
Representations Are Solicitations Designed To
Obtain Shareholder Votes Against The Merger Of Equals

22. Even though they did not publicly announce until September 4, 1996, their plan to "seek through a proxy contest proxies in opposition to the proposed [Chateau]/ROC merger," (and have never filed the required proxy disclosure documents with the Securities and Exchange Commission), Defendants began their proxy solicitation well in advance. As part of their effort to condition the market to favor the MHC Proposal over the previously announced Merger Of Equals between Chateau and ROC, and as one link in the chain leading up to a solicitation of proxies from Chateau's

shareholders, Defendants organized a meeting with securities analysts held on August 20, 1996.

23. At this meeting, Defendants attempted to sway shareholder opinion in favor of their proposal and against the Merger Of Equals. Among other things, Defendants told the analysts that their proposal was "superior" to the Merger Of Equals and would "maximize" growth potential (the "Statements To Analysts"). As part of this presentation and solicitation effort, Defendants set forth an inaccurate, misleading and materially omissive comparison of their proposal to the Merger Of Equals.

24. In addition, Defendants gave those attending the meeting a written outline setting forth the purported benefits of the MHC Proposal and why it was supposedly superior to the Merger Of Equals (the "Written Representations").

25. Defendants have continued their proxy solicitation efforts, including making a presentation to analysts and others at a meeting held in late August in Baltimore, Maryland. In addition, Defendants have solicited various of Chateau's OP Unit holders to induce them to oppose the Merger of Equals with ROC.

Defendants' Statements To Analysts And
Written Representations Are False And Misleading

26. Rule 14a-9 of the Securities and Exchange Act prohibits false and misleading solicitations such as the Statements To Analysts and Written Representations (collectively the "Representations").

27. The Representations are false and misleading for several reasons:

28. First, the Representations falsely assert that MHC can buy more than seven percent of Chateau's common stock when, by its terms, Chateau's Articles of Amendment and Restatement ("Chateau's Charter") does not, except under enumerated exceptions not applicable here, allow a person, corporation or partnership to own more than seven percent of Chateau's common stock.

29. Second, Defendants' Statements to Analysts contained false financial information by choosing misleading time periods for the comparison of the MHC Proposal to the Merger Of Equals and omitting to disclose other critical and material information. For example, in its Written Representations, Defendants state that MHC's "return on investment" ("ROI") since its March 1993 initial public offering ("IPO") has been 10% and compares this to ROC's ROI of 3%. This presentation is materially misleading and omissive since it fails to also disclose that MHC's ROI since its secondary offering in the fall of 1993 would show that the return for these MHC investors has not only been below that achieved by ROC, but indeed would show that these investors have lost money. In addition, Defendants' written representations falsely state that MHC is "recognized for [its] high quality portfolio" (when MHC actually has many lower quality properties) and that MHC and Chateau have "complementary information systems" (when the systems are totally different).

Chateau's Initial Consideration Of The MHC Proposal

30. On August 22, 1996, Chateau's board of directors met to consider, among other things, MHC's proposal and to determine what action, if any, it wanted to take in response to MHC's Proposal. At this board meeting the directors discussed MHC's acquisition proposal, as well as another acquisition proposal that had been made by Sun Communities, Inc. ("Sun"). At that meeting, and following a detailed discussion of the acquisition proposals, the board determined to reconvene on September 5, 1996 to further consider MHC's proposal (as well as Sun's proposal and the Merger Of Equals with ROC).

MHC's Misleading and Illusory Tender Offer

31. One day before Chateau's scheduled board meeting, on September 4, 1996, MHC commenced an unsolicited tender offer for Chateau's common shares ("MHC's Offer" or the "Offer"). Pursuant to the Offer, MHC,

through MHCOLP, has offered to purchase all the outstanding common shares at a price of $26.00 per share. MHC's Offer is misleading and materially omissive. For example, while MHC's balance sheet does not indicate the ability to pay for the Offer, the Offer fails to disclose the source or terms of the financing for the Offer. Moreover, while the Offer indicates that MHC plans to effectuate a merger or other business combination with Chateau if its tender offer is successful, it does not indicate how it intends to treat Chateau's OP Unit holders in any such merger or business combination.

32. Besides being misleading, MHC's Offer is also illusory. The MHC Offer is conditioned upon, among other things, MHC "being satisfied in its sole judgment" that (i) the restrictions contained in the Maryland Business Combination Law will not apply to a proposed merger that MHC plans to consummate with Chateau following its tender offer and (ii) that the provisions of Article VI of Chateau's Articles of Amendment and Restatement ("Chateau's Charter") prohibiting any corporation or partnership from acquiring more than 7% of Chateau's common stock will not apply to MHC's Offer. Since neither of these conditions can be satisfied, MHC's Offer is illusory and cannot be consummated. Indeed, upon information and belief, the true purpose of MHC's Offer is to disrupt and derail the previously announced Merger Of Equals between Chateau and ROC.

Chateau's Consideration Of The MHC Offer

33. As planned at the August 22, 1996 board meeting, the Chateau Board of Directors met again on September 5, 1996 to further consider the Merger of Equals, the Sun proposal, as well as the MHC Offer made the prior day. Following a lengthy meeting, the board adjourned without taking any formal action with respect to the MHC Offer, the Sun proposal, or the Merger of Equals and agreed to reconvene again on September 16, 1996.

34. On September 16 and 17, 1996, the Chateau board met once again to consider the Merger of Equals with ROC, the Sun proposal, and the MHC Offer. At this meeting, and following extensive deliberations and presentations by the Company's advisors, the Chateau board, among other things, unanimously took the following actions: (1) determined that it was in the best interests of Chateau and its shareholders to go forward with the previously announced Merger of Equals (as modified and improved so as to further benefit Chateau's shareholders), (2) rejected the MHC Offer as inadequate and not in the long-term interest of Chateau, its shareholders, and CPLP and its Unit holders, to whom Chateau, as a corporate general partner, owes a fiduciary duty, (3) determined that the MHC Offer constituted an intention to acquire beneficial ownership of Chateau common stock in violation of Chateau's Charter and, to prevent such unlawful action, authorized the Company to institute proceedings to enjoin such unlawful action as provided in Article VI, Section 4 of Chateau's Charter, and (4) determined to reject the Sun proposal since the long term benefits to Chateau and its shareholders from the Merger of Equals with ROC were superior to the Sun proposal.

The Irreparable Harm To Chateau

35. Chateau is being irreparably harmed by Defendants' illusory tender offer and illegal proxy solicitation which are polluting the market place with false and misleading information, in that, among other things, Chateau's shareholders are being forced, on a daily basis, to make investment decisions on the basis of false and misleading statements and without the benefit of Congressionally mandated disclosures. This harm is particularly acute here given that the volume of trading in Chateau shares over the past month is over 2 million shares -- more than 500% of the normal volume. So long as this deceptive and illusory tender offer is permitted to pollute the investment market for Chateau's shares, Chateau's shareholders will be unable to make rational and informed business decisions. MHC's illusory offer is further causing irreparable harm by interfering with and

disrupting Chateau's management from completing its agreed to Merger Of Equals with ROC -- a transaction that the board of directors has determined is advisable and in the best long term interests of Chateau and its shareholders. In addition, MHC's illusory offer is causing irreparable harm to Chateau and its relationships with its employees, customers, shareholders, suppliers and others. In particular, Chateau is being hampered in its efforts to make acquisitions of properties that are in the best interest of the Company.

36. In order to protect Chateau, its shareholders, and the investing public, Defendants must be enjoined temporarily, preliminarily and permanently from continuing to pursue their deceptive and illusory offer and from making any additional false and misleading solicitations in furtherance of MHC's Offer and against the Merger of Equals.

COUNT I
(Injunctive Relief Against Violations of Sections 14(d) and 14(e) of the Securities Exchange Act of 1934)

37. Plaintiff repeats and realleges the allegations of paragraphs 1 through 36 as if fully restated herein.

38. Section 14(d) of the Exchange Act and the regulations promulgated thereunder provide that any person who proposes to make a tender offer for more than five percent of any equity security of a company shall, at the time copies of the tender offer are first published or sent to security holders, file with the SEC a Schedule 14D-1 (which includes the Offer to Purchase) setting forth, among other things, the background and identity of all persons in the bidding group, their past contacts or transactions with the target company, the source and amount of funds to be used in the tender offer, the purpose or purposes of the tender offer, and plans or proposals with respect to the target company, as well as information with regard to any

contracts, arrangements or understanding with any person with respect to any securities of the target company. In addition, such person is required to set forth in the Schedule 14D-1 any additional information which may be necessary to make the required statements, in light of the circumstances under which they are made, not materially misleading.

39. Section 14(e) of the Exchange Act prohibits any person from making any untrue statement of material fact or omitting to state any material fact necessary in order to make the statements not misleading or from engaging in any fraudulent, deceptive or manipulative acts in connection with any tender offer. In pertinent part, Section 14(e) of the Exchange Act provides:

> It shall be unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or to engage in any fraudulent, deceptive, or manipulative acts or practices, in connection with any tender offer or request or invitation for tenders, or any solicitation of security holders in opposition to or in favor of any such offer, request or invitation.

40. MHC has violated Sections 14(d) and 14(e) of the Exchange Act, in that, as specified in this Complaint, its offer fails to make disclosures required by law, contains untrue statements of material fact, and omits to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. In particular, the offer is deceptive and manipulative in that it fails to state that it is entirely illusory, since the conditions concerning Chateau's Charter and the Maryland Business Combination Law cannot be satisfied. In addition, the Offer fails to disclose, among other things, (i) MHC's plans for completing its second step "merger or similar business combination," (ii) how

MHC plans on treating Chateau's OP Unitholders in any such second step merger, and (iii) MHC's sources and terms of financing for the Offer.

41. Plaintiff has no adequate remedy of law.

COUNT II
(Injunctive Relief Against Violations of Section 14(a) of the Securities Exchange Act of 1934 and Rules 14a-3 and 14a-6)

42. Plaintiff repeats and realleges the allegations of paragraphs 1 through 41 as if fully restated herein.

43. Chateau's shares are securities registered under Section 12 of the Exchange Act.

44. The Representations made by MHC and MHCOLP were communications to Shareholders reasonably calculated to result in the procurement of a proxy. Consequently, the Representations constituted solicitations within the meaning of Section 14(a) of the Securities and Exchange Act and Rule 14a-1 promulgated thereunder.

45. Because the Representations were solicitations, Defendants were required to meet the requirements of Rules 14a-3 and 14a-6. Defendants did not provide Shareholders with a proxy statement and consequently have violated Rules 14a-3 and 14a-6.

46. Plaintiff seeks injunctive relief against the Defendants' unlawful solicitation, pursuant to Sections 14a-3 and 14a-6 of the Securities and Exchange Act of 1934.

47. Plaintiff has no adequate remedy at law.

COUNT III

(Injunctive Relief Against Violations of Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9)

48. Plaintiff repeats and realleges the allegations of paragraphs 1 through 47 as if fully restated herein.

49. The Representations constitute solicitations within the meaning of Section 14(a) of the Securities and Exchange Act of 1934 and Rule 14a- 1(1).

50. The Representations constitute false and misleading statements regarding material facts relating to MHC's proposal and the Merger Of Equals.

51. The Defendants knew that the Representations were false and misleading at the time that they were issued, recklessly disregarded the falsity of such statements, or were negligent in failing to investigate and discover that the statements were false and misleading.

52. By virtue of its conduct detailed above, the Defendants have violated Section 14a of the Securities and Exchange Act and Rule 14a-9 promulgated thereunder.

53. Plaintiff seeks injunctive relief against the Defendants' violation of Section 14a-9 of the Securities and Exchange Act.

54. Plaintiff has no adequate remedy at law.

COUNT IV

(Damages For Violations of Section 14(a) of the Securities Exchange Act of 1934 and Rules 14a-3, 14a-6 and 14a-9)

55. Plaintiff repeats and realleges the allegations of paragraphs 1 through 54 as if fully restated herein.

56. As a result of Defendants' unlawful solicitations, which violate Section 14(a) of the Securities and Exchange Act and Rules 14a-3, 14a-6 and 14a-9 promulgated thereunder, Plaintiff has suffered damages in an amount to be determined at trial.

COUNT V

(Declaratory Judgment That MHC's Purchase Of Common Shares Would Violate Article VI Of Chateau's Charter)

57. Plaintiff repeats and alleges the allegations of paragraphs 1 through 56 as if fully sets forth herein.

58. As set forth in the Offer, MHC (through MHCOLP) has proposed to purchase 100% of Chateau's outstanding common shares. Should it consummate its offer, MHC would be the owner of all outstanding common shares of Chateau common stock. Such a transaction is expressly prohibited by Article IV of Chateau's Articles of Amendment And Restatement, as amended (the "Charter") which provides that no person, partnership or corporation can beneficially own more than 7% of the common stock of Chateau.

59. Article VI, Section 2(i) of Chateau's Charter provides, in relevant part, that "No Person (other than an Existing Holder with respect to Common Stock) shall beneficially own shares of Common Stock . . . in excess of the applicable Ownership Limit."

60. Article VI, Section 1 of Chateau's Charter defines "Ownership Limit" to "mean, in the case of Common Stock, seven (7.0%) percent in number of shares or value, of the outstanding common stock."

61. "Person" is defined in Article VI, Section 1 of Chateau's Charter to mean, inter alia, an individual, corporation, [or] partnership. Since MHC is a corporation and MHCOLP is a partnership both are deemed to be a Person for purposes of Article VI of Chateau's Charter. In addition, neither MHC nor MHCOLP is an Existing Holder as that term is defined in Chateau's Charter.

62. As the direct owner of Chateau's stock, MHCOLP would be a "beneficial owner" of Chateau's stock. Accordingly MHCOLP (which is Person under Article VI by virtue of being a partnership) would, should it purchase common shares of Chateau in accordance with its announced Offer, be the beneficial owner of those shares for purposes of Article VI of Chateau's Charter.

63. Accordingly, should MHCOLP purchase more than 7% of Chateau's outstanding common stock, much less the 100% it has offered to purchase, such purchases would be in direct contravention of Chateau's Charter.

64. Pursuant to Article VI, Section 2(ii) of Chateau's Charter, any purchases of Chateau common stock above the 7% threshold would be "void ab initio" and MHCOLP would "acquire no rights in such shares of common stock".

65. Article VI, Section 4 of Chateau's Charter provides that "[i]f the Board of Directors or its designees shall at any time determine in good faith that . . . a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution) or Beneficial Ownership of Stock of the Corporation in violation of Section 2 of this Article, the Board of Directors or its designees shall . . . take such action as it deems advisable to refuse to give effect to or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer of the books of the corporation or instituting proceedings to enjoin such transfer." Pursuant to this Charter Provision the Board of Directors has determined in its good faith judgment that MHC's Offer and the other actions undertaken by MHC (e.g. its efforts to solicit support for its proposal) constitute an "intent to acquire" beneficial ownership of more than 7% of the common shares of Chateau in direct violation and contravention of Article VI of Chateau's Charter. The instant action is designed to prevent the announced and intended violation of Chateau's Charter by MHC and MHCOLP.

66. In light of the Offer and Defendants intention to attempt to violate the provisions of Article VI at Chateau's Charter there exists an actual controversy between the parties. To avoid the unlawful acquisition of its common stock and the attendant harm to Chateau and its shareholders, Chateau seeks a declaration that MHC's Offer is unlawful and cannot be legally accomplished to the extent MHC or MHCOLP attempts to acquire more than 7% of Chateau's outstanding shares of common stock.

67. Chateau has no adequate remedy at law.

COUNT VI
(Injunctive Relief For Violation Of Chateau's Charter)

68. Plaintiff repeats and realleges the allegations of paragraphs 1 through 67 as it fully restated herein.

69. MHC's Offer to acquire more than 7% of Chateau's outstanding common shares is in direct violation of Chateau's Charter.

70. MHC's stated intention to violate Chateau's Charter is causing, and unless enjoined or otherwise declared to be unlawful, will continue to cause irreparable harm to Chateau and its shareholders. MHC's actions have caused unwarranted confusion and disruption to the trading in Chateau's common stock by wrongfully leading Chateau's shareholders and the investing public into believing that an actual offer, instead of an illusory offer -- which cannot be consummated -- has been made. MHC's Offer is further causing irreparable harm in that it is disrupting Chateau's previously announced Merger Of Equals with ROC which was entered into to further Chateau's long-standing business plan to enhance long-term shareholder value for all of Chateau's shareholders. Moreover, Chateau shareholders may be induced into transferring their shares to MHC in a transaction that will be void ab initio. In addition, the diversion of corporate resources (both of management time and attention, and money) caused by MHC's illegal and

illusory offer has disrupted, and unless enjoined or declared unlawful, will continue to disrupt Chateau's relationships with ROC as embodied in the Merger Of Equals, as well as with its shareholders, customers, employees, suppliers, and others. In particular, MHC's illusory offer has disrupted Chateau's ability to consummate acquisitions for properties that would be in the best interest of the Company.

71. Chateau has no adequate remedy at law.

COUNT VII
(Declaratory Judgment That Chateau's Board Of Directors Is Not Required To Adopt A Resolution Exempting The Offer From Article VI Of Chateau's Charter)

72. Plaintiff repeats and realleges the allegations of paragraphs 1 through 71 as if fully restated herein.

73. MHC's Offer is conditioned upon, among other things, MHC being satisfied, in its sole discretion, that the 7% common share ownership limitation contained in Article VI of Chateau's Charter not be deemed applicable to MHC's Offer. In its offering document, MHC states that it has "requested [Chateau's] Board of Directors to adopt a resolution agreeing with [MHCOLP's] and MHC's interpretation" that the limitation in Chateau's Charter does not apply to MHC's Offer.

74. Article VI, Section at 12 of Chateau's Charter states:

> Section 12. Exemptions by Board. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service satisfactory to the Board of Directors and upon at least 15 days written notice from a Transferee prior to the proposed Transfer which, if consummated, would result in the intended Transferee owning shares in excess of the applicable Ownership Limit or Existing Holder Limit, as the case may be, and upon such other conditions at the Board of Directors may direct, may, subject to the provisions contained in Section 21 of this Article VI, exempt a Person from the Ownership Limit or the Existing Holder Limit, as the case may be.

75. As the text of Section 12 makes plain, the board of directors cannot even consider such a request until it has received the requisite ruling from the Internal Revenue Service, which has not been provided by MHC. Moreover, Section 12 is wholly discretionary, providing that the board of directors, upon such "conditions as the board of directors may direct, may . . . exempt a Person from the Ownership Limit . . ." Accordingly, the decision as to whether to adopt the resolution requested by MHC is a matter for the business judgment of the directors.

76. Chateau seeks a declaration that no resolution relating to Chateau's Charter of the nature requested by MHC is required to be adopted by the Chateau Board of Directors.

77. Chateau has no adequate remedy of law.

COUNT VIII
(Declaratory Judgment That MHC's Offer And Proposed
Merger Would Violate The Maryland Business Combination Act)

78. Plaintiff repeats and realleges the allegations in paragraphs 1 through 77 as if fully set forth herein.

79. As set forth in the Offer, Defendants have proposed to purchase 100% of Chateau's outstanding common shares. MHC has stated in its offer that "it intends, as soon as practicable after, and substantially concurrent with, the consummation of" its offer, to propose and seek to have Chateau "consummate a merger or similar business combination with MHC" (the "Second-Step Merger"). MHC further states that its offer is conditioned upon MHC "being satisfied in its sole discretion" that the restrictions in the Maryland Business Combination Act "will not apply to the [Second-Step Merger]." This condition can not be satisfied because the proposed Second-Step

Merger would violate the Maryland Business Combination Statue (Md. Corp. & Assn. Code Ann. ss. 3-602).

80. ss. 3-602 of the Maryland Business Combination Statute provides in pertinent part:

> a corporation may not engage in any business combination with any interested stockholder or any affiliate of the interested stockholder for a period of 5 years following the most recent date on which the interested stockholder becomes an interested stockholder.

81. ss. 3-603 provides that the Business Combination Statute does not apply to

> business combinations that . . . have been approved or exempted therefrom, in whole or in part, by resolution of the board of directors of the corporation . . . (ii) if involving transactions with a particular interested stockholder or its existing future affiliates, at any time prior to the determination date.

The "determination date" is the "most recent date on which the interested stockholder became an interested stockholder."

82. Chateau's board of directors has not approved the Offer.

83. Pursuant to ss. 3-601(e) of the Business Combination Statute, a "business combination" means, among other things:

> (1) Unless the merger, consolidation, or share exchange does not alter the contract rights of the stock as expressly set forth in the charter or change or convert in whole or in part the outstanding shares of stock of the corporation, any merger, consolidation, or share exchange of the corporation or any subsidiary with (i) any interested stockholder or (ii) any other corporation (whether or not itself an interested

stockholder) which is, or after the merger, consolidation, or share exchange would be, an affiliate of an interested stockholder that was an interested stockholder prior to the transaction; [or]

(3) The issuance or transfer by the corporation, or any subsidiary, in one transaction or a series of transactions, of any equity securities of the corporation or any subsidiary which have an aggregate market value of 5 percent or more of the total market value of the outstanding stock of the corporation to any interested stockholder or any affiliate of any interested stockholder.

The Second-Step Merger would constitute a "business combination" under this statute.

84. ss. 3-601(j) provides that an "interested stockholder" means any person . . . that: "Is the beneficial owner, directly or indirectly, of 10 percent or more of the voting power of the outstanding voting stock of the corporation." MHC, which is a "corporation" under the Business Combination Statute, would become an interested stockholder under this statute by virtue of its Offer.

85. The proposed Second-Step Merger described in MHC's Offer falls within the prohibition of ss. 3-602 of the Maryland Business Combination Statute since (1) the Second-Step Merger is a "business combination" as defined in ss. 3-601(e); (2) MHC would become an "interested stockholder " as defined in ss. 3- 601(j); and (3) Chateau's board of directors has not approved MHC's Offer. The Second-Step Merger is precisely the type of the "combination" contemplated by the statute and thus, may not be accomplished for a period of five years following the date MHC becomes an "interested stockholder."

86. Accordingly, should MHC purchase more than 10% of Chateau's outstanding common stock, much less than the 100% it has offered to purchase, its planned Second Step Merger would be in direct contravention of the Maryland Business Combination Statute.

87. In light of MHC's Offer and its intention to attempt to violate the Maryland Business Combination Statute, there exists an actual controversy between the parties. To avoid the unlawful acquisition of its common stock and the resulting harm to Chateau and its shareholders, Chateau seeks a declaration that MHC's Offer cannot be legally accomplished because the condition relating to the Maryland Business Combination Law can not be met.

88. Chateau has no adequate remedy at law.

COUNT IX
(Declaratory Judgment That Chateau's Board Of Directors Is Not Required To Adopt A Resolution Exempting MHC's Offer From The Maryland Business Combination Act)

89. Plaintiff repeats and realleges the allegations of paragraphs 1 through 88 as if fully set forth herein.

90. MHC's Offer is conditioned upon, among other things, MHC being satisfied, in its sole discretion, that "the provisions of the Maryland Business Combination Law are . . . inapplicable to the acquisition of shares pursuant to the Offer and the [Second-step] Merger."

91. In its Offer, MHC states that it has "requested that the Company's Board of Directors adopt a resolution . . . exempting from the Maryland Business Combination Law a [Second-step Merger] between [Chateau] and [MHCOLP] or any of its affiliates."

92. The decision as to whether to adopt such a resolution is a matter for the business judgment of the directors.

93. Chateau seeks a declaration that no resolution relating to the Maryland Business Combination Law of the nature requested by MHC is required to be adopted by the Chateau board of directors.

94. Chateau has no adequate remedy of law.

WHEREFORE, Plaintiff hereby requests judgment in its favor:

a. temporarily, preliminarily and permanently restraining and enjoining Defendants from consummating and taking any actions in furtherance of their deceptive and illusory tender offer;

b. temporarily, preliminarily and permanently restraining and enjoining Defendants from issuing any solicitations with respect to the MHC Offer or with respect to the Merger of Equals prior to providing Shareholders with a proxy statement in accordance with Rules 14a-3 and 14a-6;

c. temporarily, preliminarily and permanently restraining and enjoining Defendants from issuing any false and misleading solicitations in violation of Rule 14a-9;

d. temporarily, preliminarily and permanently restraining and enjoining Defendants from taking any further actions designed to acquire more than 7% of Chateau's common stock in violation of Chateau's Charter;

e. declaring that Defendants' offer is in violation of Chateau's Charter and cannot be consummated;

f. declaring that Defendants' Proposed Merger -- to be consummated following the tender offer -- would be subject to the restrictions of the Maryland Business Combination Law;

g. declaring that the Chateau Board of Directors is not required to adopt resolutions exempting MHC's Offer from Article VI of Chateau's Charter or MHC's proposed Second-Step Merger from the Maryland Business Combination Law.

h. awarding Plaintiff compensatory damages in an amount to be determined at trial;

i. awarding Plaintiff the costs and expenses of this action, including reasonable attorneys' fees; and

j. awarding Plaintiff such other and further relief as the Court deems just and proper.

Dated: September 17, 1996

Respectfully submitted,

MILES & STOCKBRIDGE
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