FORM 10-Q

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

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

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

COMMISSION FILE NUMBER: 1-11718

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

MARYLAND	36-3857664
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS	60606
(Address of principal executive offices)	(Zip Code)

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

22,032,708 shares of Common Stock as of November 4, 2002.

MANUFACTURED HOME COMMUNITIES, INC.

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MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2002 AND DECEMBER 31, 2001
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	SEPTEMBER 30, 2002 (UNAUDITED)	DECEMBER 31, 2001
ASSETS		
Investment in real estate:		
Land	$ 277,546	$ 271,871
Land improvements	875,254	855,296
Buildings and other depreciable property	112,802	110,971
	1,265,602	1,238,138
Accumulated depreciation	(230,512)	(211,878)
Net investment in real estate	1,035,090	1,026,260
Cash and cash equivalents	13,075	1,354
Notes receivable	8,074	1,506
Investment in and advances to affiliates	---	34,387
Investment in joint ventures	22,069	11,853
Rents receivable	1,694	1,966
Deferred financing costs, net	5,165	5,867
Inventory	34,238	---
Prepaid expenses and other assets	17,904	16,770
Total assets	$ 1,137,309	$ 1,099,963
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$ 560,345	$ 590,371
Unsecured term loan	100,000	100,000
Unsecured line of credit	74,250	16,250
Other notes payable	7,085	2,236
Accounts payable and accrued expenses	33,356	23,000
Accrued interest payable	4,892	4,582
Rents received in advance and security deposits	6,556	5,133
Distributions payable	13,091	12,062
Due to affiliates	52	32
Total liabilities	799,627	753,666
Commitments and contingencies		
Minority interest - Common OP Units and other	42,204	46,147
Minority interest - Perpetual Preferred OP Units	125,000	125,000
Stockholders' equity:		
Preferred stock, $.01 par value 10,000,000 shares authorized; none issued	---	---
Common stock, $.01 par value 50,000,000 shares authorized; 22,024,550 and 21,562,343 shares issued and outstanding for 2002 and 2001, respectively	218	215
Paid-in capital	255,534	245,827
Deferred compensation	(3,813)	(4,062)
Employee notes	(2,780)	(3,841)
Distributions in excess of accumulated earnings	(74,405)	(63,478)
Accumulated other comprehensive (loss) income	(4,276)	489
Total stockholders' equity	170,478	175,150
Total liabilities and stockholders' equity	$ 1,137,309	$ 1,099,963

The accompanying notes are an integral part of the financial statements.

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE QUARTERS AND NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	QUARTERS ENDED SEPT. 30,		NINE MONTHS ENDED SEPT. 30,	
	2002	2001	2002	2001
PROPERTY OPERATIONS:				
Base rental income	$ 50,057	$ 48,992	$ 150,638	$ 146,776
RV base rental income	1,771	722	5,426	3,207
Utility and other income	4,801	4,839	15,345	16,118
Property operating revenues	56,629	54,553	171,409	166,101
Property operating and maintenance	16,150	15,434	48,036	46,778
Real estate taxes	4,422	4,185	13,769	13,216
Property management	2,329	2,221	7,003	6,735
Property operating expenses	22,901	21,840	68,808	66,729
Income from property operations	33,728	32,713	102,601	99,372
HOME SALES OPERATIONS:				
Gross revenues and inventory home sales	9,120	---	21,775	---
Cost of inventory home sales	(7,404)	---	(17,059)	---
Gross profit from inventory home sales	1,716	---	4,716	---
Brokered resale revenues, net	348	---	1,234	---
Home selling expenses	(1,934)	---	(6,061)	---
Ancillary services revenues, net	(62)	---	604	---
Income from home sales and other	68	---	493	---
OTHER INCOME AND EXPENSES:				
Interest income	239	164	723	552
Equity in income of affiliates	---	682	---	1,359
Other corporate income	213	137	878	1,274
General and administrative	(1,972)	(1,557)	(5,915)	(5,070)
Interest and related amortization	(13,119)	(12,610)	(38,393)	(38,920)
Depreciation on corporate assets	(320)	(332)	(956)	(945)
Depreciation on real estate assets and other costs	(8,937)	(8,729)	(26,994)	(25,996)
Total other income and expenses	(23,896)	(22,245)	(70,657)	(67,746)
Income from operations	9,900	10,468	32,437	31,626
Gain on sale of Properties and other	1,270	---	1,270	8,093
Income before allocation to Minority Interests	11,170	10,468	33,707	39,719
(Income) allocated to Common OP Units	(1,645)	(1,558)	(5,007)	(6,404)
(Income) allocated to Perpetual Preferred OP Units	(2,813)	(2,813)	(8,439)	(8,439)
NET INCOME	6,712	6,097	20,261	24,876
Net income per Common Share - basic	$ .31	$ .29	$ .94	$ 1.19
Net income per Common Share - diluted	$ .30	$ .28	$ .91	$ 1.16
Distributions declared per Common Share	$ .475	$ .445	$ 1.425	$ 1.335
Weighted average Common Shares outstanding - basic	21,676	21,108	21,558	20,958
Weighted average Common Shares outstanding - diluted (see Note 2)	27,693	27,071	27,622	26,914

The accompanying notes are an integral part of the financial statements.

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	SEPTEMBER 30, 2002	SEPTEMBER 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 20,261	$ 24,876
Adjustments to reconcile net income to cash provided by operating activities:		
Income allocated to Minority Interests	13,447	14,843
Gain on sale of Properties and other	(1,270)	(8,093)
Depreciation and amortization expense	28,342	27,764
Equity in income of affiliates and joint ventures	(763)	(2,216)
Amortization of deferred compensation and other	3,186	1,575
Decrease in inventory	1,288	---
Increase in rents receivable	(204)	(207)
Increase in prepaid expenses and other assets	(3,816)	(3,306)
Increase in accounts payable and accrued expenses	5,407	3,753
Increase in rents received in advance and security deposits	2,273	2,113
Net cash provided by operating activities	68,151	61,102
CASH FLOWS FROM INVESTING ACTIVITIES:		
Contributions to affiliates	---	(5,526)
(Funding) collection of notes receivable	(1,798)	3,478
Investment in joint ventures net of distributions received	502	1,589
Proceeds from restructuring of College Heights joint venture	4,647	---
Proceeds from disposition of rental Properties and other assets	---	16,864
Purchase of Realty Systems, Inc. common stock	(675)	---
Cash received with purchase of Realty Systems, Inc.	839	---
Acquisition of rental Properties	(49,632)	(16,879)
Improvements:		
Improvements - corporate	(324)	(635)
Improvements - rental properties	(10,058)	(8,526)
Site development costs	(7,293)	(6,114)
Net cash used in investing activities	(63,792)	(15,749)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from stock options and employee stock purchase plan	7,469	7,339
Distributions to Common Stockholders, Common OP Unitholders and Perpetual Preferred OP Unitholders	(46,436)	(43,309)
Repurchase of Common Stock or OP Units	---	(33)
Collection of principal payments on employee notes	1,061	315
Line of credit:		
Proceeds	65,500	46,000
Repayments	(7,500)	(86,650)
Refinancing and loan repayments	(3,236)	37,870
Principal payments	(9,001)	(4,084)
Debt issuance costs	(495)	(583)
Net cash used in financing activities	7,362	(43,135)
Net increase in cash and cash equivalents	11,721	2,218
Cash and cash equivalents, beginning of period	1,354	2,847
Cash and cash equivalents, end of period	$ 13,075	$ 5,065
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for interest	$ 34,776	$ 39,011

The accompanying notes are an integral part of the financial statements.

DEFINITION OF TERMS:

Capitalized terms used but not defined herein are as defined in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

PRESENTATION:

These unaudited Consolidated Financial Statements of Manufactured Home Communities, Inc., a Maryland corporation, and its subsidiaries (collectively, the "Company"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto included in the Company's 2001 Annual Report on Form 10-K (the "2001 Form 10-K"). The following Notes to Consolidated Financial Statements highlight significant changes to the Notes included in the 2001 Form 10-K and present interim disclosures as required by the SEC. The accompanying Consolidated Financial Statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. Certain reclassifications have been made to the prior periods' financial statements in order to conform with current period presentation.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

(a) Segments

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131") requires certain disclosures of selected information about operating segments in the annual financial statements and related disclosures about products and services, geographic areas, and major customers. The adoption of SFAS No. 131, in June 1998, did not affect the results of operations or financial position of the Company. The Company manages operations on a property by property basis. Since each property has similar economic and operational characteristics, the Company has one reportable segment, which is the operation of manufactured home communities.

(b) Inventory

Inventory consists of completed new and used homes, is stated at the lower of cost or market and is net of a valuation allowance calculated after consideration of the N.A.D.A. (National Automobile Dealers Association) Manufactured Housing Appraisal Guide and the current market value of the manufactured home inventory. Inventory sales revenues and resale revenues are recognized when the home sale is closed. Resale revenues are stated net of commissions paid to employees of $151,000 and $513,000 for the quarter and nine months ended September 30, 2002, respectively.

(c) Notes Receivable

Notes receivable are stated net of an allowance for doubtful accounts.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Real Estate

Real estate is recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The Company uses a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen-year estimated life for building upgrades and a three-to-seven-year estimated life for furniture, fixtures and equipment. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred and significant renovations and improvements that improve the asset and extend the useful life of the asset are capitalized over their estimated useful life. The determination of useful lives, salvage value, and depreciation method used are in conformity with GAAP. However, the useful lives, salvage value, and customary depreciation method used for land improvements and other significant assets may significantly and materially overstate the depreciation of the underlying assets and therefore understate the Net Income of the Company. In addition, the Financial Accounting Standards Board ("FASB") is currently reviewing the methods of depreciation and cost capitalization for all industries and in June 2001 issued FASB Exposure Drafts, Accounting in Interim and Annual Financial Statements for Certain Costs and Activities Related to Property, Plant and Equipment, the implementation of which, if issued, could also have a material effect on the Company's results of operations.

NOTE 2 - EARNINGS PER COMMON SHARE

Earnings per common share are based on the weighted average number of common shares outstanding during each period. Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS No. 128") defines the calculation of basic and fully diluted earnings per share. Basic and fully diluted earnings per share are based on the weighted average shares outstanding during each period and basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. The conversion of OP Units has been excluded from the basic earnings per share calculation. The conversion of an OP Unit to a share of common stock has no material effect on earnings per common share.

The following table sets forth the computation of basic and diluted earnings per share for the quarters and nine months ended September 30, 2002 and 2001 (amounts in thousands):

	QUARTERS ENDED		NINE MONTHS ENDED	
	SEPT. 30, 2002	SEPT. 30, 2001	SEPT. 30, 2002	SEPT. 30, 2001
NUMERATOR:				
Numerator for basic earnings per share - Net income	$ 6,712	$ 6,097	$20,261	$24,876
Effect of dilutive securities:				
Income allocated to Common OP Units	1,645	1,558	5,007	6,404
Numerator for diluted earnings per share- income available to common shareholders after assumed conversions	$ 8,357	$ 7,655	$25,268	$31,280
DENOMINATOR:				
Denominator for basic earnings per share - Weighted average Common Stock outstanding	21,676	21,108	21,558	20,958
Effect of dilutive securities:				
Weighted average Common OP Units	5,400	5,440	5,414	5,475
Employee stock options	617	523	650	481
Denominator for diluted earnings per share- adjusted weighted average shares and assumed conversions	27,693	27,071	27,622	26,914

NOTE 3 - COMMON STOCK AND RELATED TRANSACTIONS

On April 12, 2002, July 12, 2002, and October 11, 2002, the Company paid a $.475 per share distribution for the quarter ended March 31, 2002, June 30, 2002 and September 30, 2002, respectively, to stockholders of record on March 29, 2002, June 28, 2002 and September 27, 2002, respectively.

On August 6, 2002, the Company's Board of Directors authorized the repurchase of up to one million shares of the Company's common stock. There were no share repurchases during the quarter. The shares may be purchased through open market or privately negotiated transactions.

NOTE 4 - ACQUISITION OF REALTY SYSTEMS, INC.

On January 1, 2002, the Company purchased all of the common stock of Realty Systems, Inc. ("RSI"). The Company previously owned the non-voting preferred stock of RSI and had notes receivable from RSI which were recorded as an investment in affiliate. The Company purchased the common stock of RSI from Equity Group Investments, Inc., controlled by Samuel Zell, Chairman of the Board of Directors of the Company, for approximately $675,000. As a result of this acquisition, the Company owns and controls RSI and consolidates the financial results of RSI with those of the Company. Certain costs included in the acquisition are based on management's estimates and are subject to adjustment within one year of the closing date of January 1, 2002.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	(amounts in thousands)
ASSETS	
Buildings and other depreciable property	$ 6,656
Cash and cash equivalents	844
Notes receivable	4,772
Investment in joint ventures	200
Inventory	35,524
Prepaid expenses and other assets	2,719
Total assets acquired	50,715
LIABILITIES	
Other notes payable	(12,862)
Accounts payable and accrued expenses	(2,718)
Accrued interest payable	(73)
Total liabilities assumed	(15,653)
Conversion of previous investment	(34,387)
Cash paid for common equity interest	$ (675)

NOTE 5 - COLLEGE HEIGHTS JOINT VENTURE RESTRUCTURING

Effective September 1, 2002, the Company restructured its investment in Wolverine Property Investment Limited Partnership (the "College Heights Joint Venture" or the "Venture"), a joint venture with Wolverine Investors, LLP. The Venture included 18 properties with 3,581 sites. The results of operations of the College Heights Joint Venture prior to restructuring were included with the results of the Company due to the Company's voting equity interest and control over the Venture. Pursuant to the restructuring, the Company sold its general partnership interest, sold all of the Company's voting equity interest and reduced the Company's total investment in the College Heights Joint Venture. As consideration for the sale the Company retained sole ownership of Down Yonder, a 361 site community in Clearwater, Florida, received cash of approximately $5.2 million and retained preferred limited partnership interests of approximately $10.3 million. The continuing preferred limited partnership interests will be accounted for using the equity method and reported as an investment in a joint venture.

NOTE 6 - REAL ESTATE

On March 12, 2002, the Company acquired Mt. Hood Village, a recreational vehicle ("RV") community with a total of 450 sites, for approximately $6.8 million. Mt. Hood Village is located in Welches, Oregon and has land available for up to 120 expansion sites. The acquisition was funded by a borrowing on the Company's line of credit.

The Company acquired six Properties with a total of 2,572 sites, for approximately $66.1 million. The acquisition was funded by a borrowing on the Company's line of credit and the assumption of approximately $30 million of debt on five of the Properties. The following table summarizes the Properties purchased and their total sites.

Date Acquired	Property	Location	Total Sites
July 10, 2002	Harbor View Manor	New Port Richey, FL	471
July 31, 2002	Golden Sun	Apache Junction, AZ	330
July 31, 2002	Countryside RV Resort	Apache Junction, AZ	560
July 31, 2002	Holiday Village	Ormond Beach, FL	301
July 31, 2002	Breezy Hill RV Resort	Pompano Beach, FL	762
August 4, 2002	Highland Woods	Pompano Beach, FL	148

On August 7, 2002 the Company acquired Tropic Winds RV Resort, a recreational vehicle ("RV") community with 492 sites for approximately $4.7 million. Tropic Winds RV Resort is located in Harlingen, TX. The acquisition was funded with borrowings on the Company's line of credit.

Third party costs relative to efforts by the Company to effectively change the use and operations of certain Properties subject to California rent control laws are currently recorded in land improvements (see Note 10). To the extent these efforts are successful, such expenditures will be included in the net investment in real estate for the appropriate Properties. To the extent these efforts are not successful, such amounts will be expensed at the time such determination is made.

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

NOTE 7 - NOTES RECEIVABLE

As of September 30, 2002 and December 31, 2001, the Company had approximately $8.1 million and $1.5 million in notes receivable, respectively. The Company has approximately $1.5 million in notes which bear interest at a per annum rate of prime plus 0.5% and mature on December 31, 2011. The notes are collateralized with a combination of Common OP Units and partnership interests in certain joint ventures. The Company has approximately $6.6 million in notes which yield interest at a per annum rate of approximately 11.3% and are collateralized by manufactured homes at certain of the Properties.

NOTE 8 - LONG-TERM BORROWINGS

As of September 30, 2002 and December 31, 2001, the Company had outstanding mortgage indebtedness of approximately $560.3 million and $590.4 million, respectively, encumbering 64 and 60, respectively, of the Company's Properties. As of September 30, 2002 and December 31, 2001, the carrying value of such Properties was approximately $643.4 million and $612.0 million, respectively.

The outstanding mortgage indebtedness consists of:

- A $265.0 million mortgage note (the "$265 Million Mortgage") collateralized by 29 Properties beneficially owned by MHC Financing Limited Partnership. The $265 Million Mortgage has a maturity date of January 2, 2028 and pays interest at a rate of 7.015% per annum. There is no principal amortization until February 1, 2008, after which principal and interest are to be paid from available cash flow and the interest rate will be reset at a rate equal to the then 10-year U.S. Treasury obligations plus 2.0%. The $265 Million Mortgage is recorded net of a hedge of $3.0 million (net of accumulated amortization of $192,000) which is being amortized into interest expense over the life of the loan.

- A $92.5 million mortgage note (the "DeAnza Mortgage") collateralized by 6 Properties beneficially owned by MHC-DeAnza Financing Limited Partnership. The DeAnza Mortgage bears interest at a rate of 7.82% per annum, amortizes beginning August 1, 2000 over 30 years and matures July 1, 2010.

- A $22.2 million mortgage note (the "Bay Indies Mortgage") collateralized by one Property beneficially owned by MHC-Bay Indies Financing Limited Partnership. The Bay Indies Mortgage bears interest at a rate of 7.48% per annum, amortizes beginning August 1, 1994 over 27.5 years and matures July 1, 2004.

- A $15.5 million mortgage note (the "Date Palm Mortgage") collateralized by one Property beneficially owned by MHC Date Palm, L.L.C. The Date Palm Mortgage bears interest at a rate of 7.96% per annum, amortizes beginning August 1, 2000 over 30 years and matures July 1, 2010.

- A $49.5 million mortgage note (the "Stagecoach Mortgage") collateralized by 7 Properties beneficially owned by MHC Stagecoach, L.L.C. The Stagecoach Mortgage bears interest at a rate of 6.98% per annum, amortizes beginning September 1, 2001 over 10 years and matures September 1, 2011.

- Approximately $118.4 million of mortgage debt on 23 other various Properties, which was recorded at fair market value with the related discount or premium being amortized over the life of the loan using the effective interest rate. Scheduled maturities for the outstanding indebtedness are at various dates through November 30, 2020, and fixed interest rates range from 6.5% to 8.92% per annum. In addition, the Company has a $2.4 million loan recorded to account for a direct financing lease entered into in May 1997.

The Company has a $150 million unsecured line of credit with a group of banks (the "Credit Agreement") bearing interest at the London Interbank Offered Rate ("LIBOR") plus 1.125%, which matures on August 9, 2003 and has two one-year extension options. The Company pays a quarterly fee on the average unused amount of such credit equal to 0.15% of such amount. As of September 30, 2002 and December 31, 2001, the Company had $74.3 million and $16.3 million, respectively, outstanding under the Credit Agreement.

The Company has a $100 million unsecured term loan (the "Term Loan") with a group of banks with interest only payable monthly at a rate of LIBOR plus 1.375%. The Term Loan matures on August 9, 2003 and has two one-year extension options.

NOTE 8 - LONG-TERM BORROWINGS (CONTINUED)

On October 29, 2001, the Company entered into an interest rate swap agreement (the "Swap"), fixing LIBOR on $100 million of the Company's floating rate debt at approximately 3.7% for the period October 2001 through August 2004. The terms of the Swap require monthly settlements on the same dates that interest payments are due on the debt. Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") and its amendments, SFAS No. 137 and SFAS No. 138. In accordance with SFAS No. 133, the Swap is reflected at market value. The Company believes the Swap is a perfectly effective cash flow hedge per SFAS No. 133 and there will be no effect on net income as a result of the mark-to-market adjustment. As of September 30, 2002, the hedge represented a liability of approximately $4.3 million and is recorded in accounts payable and accrued expenses. Mark-to-market changes in the value of the swap are included in other comprehensive income.

The Company has a $7.0 million note payable ("Conseco Financing Note"), collateralized by manufactured home inventory. The Conseco Financing Note bears interest at the prime rate and matures at various dates through March 2004 or when the inventory homes are sold. As of April 1, 2002, the Company stopped funding inventory purchases with the Conseco Financing Note and all future purchases of inventory will be funded with the Company's existing line of credit.

The Company has approximately $112,000 of installment notes payable ("MPW Notes"), secured by a letter of credit, with an interest rate of 6.5% per annum, maturing September 1, 2007. The notes pay interest quarterly.

NOTE 9 - STOCK OPTIONS

Pursuant to the Stock Option Plan as discussed in Note 14 to the 2001 Form 10-K, certain officers, directors, employees and consultants have been offered the opportunity to acquire shares of common stock of the Company through stock options ("Options"). During the nine months ended September 30, 2002, Options for 107,531 shares of common stock were exercised.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

DEANZA SANTA CRUZ MOBILE ESTATES

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

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

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

On March 20, 1998, the court of appeal issued the writ of mandate requested by the Company on the grounds that the hearing officer had improperly calculated the amount of the rebate (meaning the Company had correctly calculated the rent credits), but also ruling that the hearing officer was correct when he found that the readiness to serve charge and tax thereon as charged by DeAnza and the Company were an inappropriate rent increase. The decision primarily reflected the court of appeal's view that CPUC Section 2705.5 operated as a ceiling and that California Civil Code Section 798.41 allowed for a charge based on actual costs, including costs of administration, operation and maintenance of the system, but that the Company did not have to provide evidence of such costs. The court of appeal further agreed with the Company that the City's hearing officer did not have the authority under California Civil Code Section 798.41 to establish rates that could be charged in the future.

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

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

After the court of appeal decision, the HOA sought punitive damages against the Company in a lawsuit that was tried in January 1999 in Santa Cruz County Superior Court. The trial was continued from July 1998 to January 1999 to give the CPUC time to act on the Company's application. Notwithstanding the action taken by the CPUC in issuing the OII in December 1998, the trial court denied the Company's motion to dismiss on jurisdictional grounds and trial commenced before a jury on January 11, 1999.

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

On April 19, 1999, the trial court denied all of the Company's and DeAnza's post-trial motions for judgment notwithstanding the verdict, new trial and remittitur. The trial court also awarded $700,000 of attorneys' fees to plaintiffs. The Company appealed the jury verdict and attorneys' fees award (which also accrues interest at the statutory rate of 10.0% per annum). The Company bonded the judgment pending appeal in accordance with California procedural rules, which require a bond equal to 150% of the amount of the judgment. Post-judgment interest will accrue at the statutory rate of 10.0% per annum.

On December 21, 2001 the California Court of Appeal for the Sixth District reversed the $6.0 million punitive damage award, the related award of attorneys' fees, and, as a result, all post-judgement interest thereon, on the basis that punitive damages are not available as a remedy for a statutory violation of the California Mobile Home Residency Law ("MRL"). The decision of the appellate court left the HOA with the right to seek a new trial in which it must prove its entitlement to either the statutory penalty and attorneys' fees available under the MRL or punitive damages based on causes of action for fraud, misrepresentation or other tort. The Company expects this case to proceed to trial in the first quarter of 2003. The Company intends to vigorously defend itself against these claims. The Court has denied the Company's motion for summary adjudication of the statutory penalty issue in favor of the Company. The Company's motion to be declared the prevailing party in this litigation is still pending, but not expected to be heard before trial.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In two related appeals, the Company had argued that the trial court's ability to enter an award of attorneys' fees in favor of the HOA and to take certain other actions was preempted by the exercise of exclusive jurisdiction by the CPUC over the issue of how to set rates for water in a submetered mobile home park. During 2000, the California court of appeal rejected the Company's preemption argument with respect to these prior rulings in favor of plaintiffs, one of which had awarded plaintiffs approximately $100,000 of attorneys' fees. The California Supreme Court declined to accept the case for review and the Company paid the judgment, including post-judgment interest thereon, and settled the matter for approximately $200,000 late in 2000.

In a separate matter, in December 2000 the HOA and certain individual residents of the Property filed a complaint in the Superior Court of California, County of Santa Cruz (No. CV 139825) against the Company, certain affiliates of the Company and certain employees of the Company (the "2000 Lawsuit"). The 2000 Lawsuit sought damages, including punitive damages, for intentional infliction of emotional distress, unfair business practices, and unlawful retaliation purportedly arising from allegedly retaliatory rent increases which were noticed by the Company to certain residents in September 2000. The Company believes that the residents who received rent increase notices with respect to rent increases above those permitted by the local rent control ordinance were not covered by the ordinance either because they did not comply with the provisions of the ordinance or because they are exempted by state law. On December 29, 2000, the Superior Court of California, County of Santa Cruz enjoined such rent increases.

The Company entered into a settlement agreement with the plaintiffs in the 2000 Lawsuit which settlement was approved by the court on July 22, 2002. The Company believes the settlement agreement is of significant benefit to the Company. First, pursuant to the settlement agreement all past, present and future tenants of the Property agree to alternative dispute resolution procedures which provide that during the next 25 years future disputes will be resolved through arbitration before a retired judge rather than in court, and that in such future arbitration proceedings all claims to trial by jury and for punitive damages are waived.

Second, the settlement agreement provides a process for determining the rent for 15 sites not subject to rent control, including in certain circumstances, back rent owing from certain dates in 2001. The settlement agreement generally gives tenants at these sites three (3) options with respect to their tenancies. Such tenants may (1) enter into a 34-year lease providing a rent based on rent control with future escalations based on the consumer price index, but with the Company retaining the right to charge market rents determined by the Company upon turnover; (2) enter into a ten (10) year lease with a monthly rent to be determined by binding arbitration and effective October 1, 2001; or (3) elect to sell such tenant's home to a third party and pay back rent owing to the Company (the amount of which will be determined by arbitration if not agreed to between the tenant and the Company) since January 1, 2001. In certain circumstances the Company will purchase the tenant's home based upon a mechanism provided in the settlement agreement.

In exchange for the tenants' agreements to the alternative dispute resolution procedures, the process for resolving back rent owed by tenants not subject to rent control, and to dismiss the 2000 Lawsuit, the Company agreed to pay $730,000.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

OTHER CALIFORNIA RENT CONTROL LITIGATION

As part of the Company's effort to realize the value of its Properties subject to rent control, the Company has initiated lawsuits against several municipalities in California. The Company's goal is to achieve a level of regulatory fairness in California's rent control jurisdictions that prohibit increasing rents to market upon turnover. This regulatory feature, called vacancy control, allows tenants to sell their homes for a premium representing the future value of discounted rent-controlled rents. In the Company's view, such regulation results in a transfer of the value of the Company's shareholders' land, which would otherwise be reflected in market rents, to tenants upon the sales of their homes in the form of an inflated purchase price that cannot be attributed to the value of the home being sold. As a result, in the Company's view, the Company loses the value of its asset and the selling tenant leaves the community with a windfall premium. The Company has discovered through the litigation process that certain municipalities considered condemning the Company's communities at values well below the value of the underlying land. In the Company's view, a failure to articulate market rents for sites governed by restrictive rent control would put the Company at risk for condemnation or eminent domain proceedings based on artificially reduced rents. Such a physical taking, should it occur, would represent substantial lost value to shareholders. The Company is cognizant of the need for affordable housing in the jurisdictions, but asserts that regulations with vacancy control merely transfer the value that belongs to the Company's shareholders to tenants in the form of premium prices for houses. The Company estimates that the annual rent subsidy to tenants in these jurisdictions is significant. In a more well balanced regulatory environment, the Company would receive market rents that would eliminate the subsidy and homes would trade at or near their intrinsic value.

The Company's efforts to achieve a balanced regulatory environment incentivize tenant groups to file lawsuits against the Company seeking large damage awards. The 2000 Lawsuit described above under DeAnza Santa Cruz Mobile Estates is one example. The homeowners association at Contempo Marin ("CMHOA"), a 396 site property in San Rafael, California, sued the Company in December 2000 over a prior settlement agreement on a capital pass-through after the Company sued the City of San Rafael in October 2000 alleging its rent control ordinance is unconstitutional. In the Contempo Marin case, the CMHOA prevailed on a motion for summary judgment on an issue that permits the Company to collect only $3.72 out of a pass-through amount of $7.50 that the Company believes had been agreed to by the CMHOA in a settlement agreement. The Company intends to vigorously defend the matter. The Company believes that such lawsuits will be a consequence of the Company's efforts to change rent control since tenant groups actively desire to preserve the premium value of their homes in addition to the discounted rents provided by rent control. The Company has determined that its efforts to rebalance the regulatory environment despite the risk of litigation from tenant groups are necessary not only because of the significant annual subsidy to tenants, but also because of the condemnation risk.

ELLENBURG COMMUNITIES

The Company and certain other parties entered into a settlement agreement (the "Settlement"), which was approved by the Los Angeles County Superior Court in April 2000. The Settlement resolved substantially all of the litigation and appeals involving the Ellenburg Properties, and transactions arising out of the settlement closed on May 22, 2000. Only the appeal of one entity remains, the outcome of which is not expected to materially affect the Company.

In connection with the Ellenburg Acquisition, on September 8, 1999, Ellenburg Fund 20 ("Fund 20") filed a cross complaint in the Ellenburg dissolution proceeding against the Company and certain of its affiliates alleging causes of action for fraud and other claims in connection with the Ellenburg acquisition. The Company subsequently successfully had the cross complaint against the Company and its affiliates dismissed with prejudice by the California Superior Court. However, Fund 20 has appealed. This appeal was one not resolved by the Settlement. The Company believes Fund 20's allegations are without merit and will vigorously defend itself.

In October 2001, Fund 20 sued the Company and certain of its affiliates again, this time in Alameda County, California making substantially the same allegations. The Company obtained an injunction preventing the case from proceeding until the Fund 20 appeal is decided and other related proceedings in Arizona (from which the Company has already been dismissed with prejudice) are concluded.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

WESTWINDS

The Operating Partnership is the ground lessee ("Lessee") of certain property in San Jose, California under ground leases ("Leases") from the Nicholson Family Trust ("Lessor"). On February 13, 2001, Lessor filed a petition for arbitration of disputes over whether certain items constitute "gross revenue" under the Leases, in which petition Lessor seeks damages and termination of the Leases. Lessee responded on March 12, 2001 disputing Lessor's contentions. Lessor claims that "gross revenue" for the purpose of calculating percentage rent owing to Lessor under the Leases includes certain amounts Lessee has recouped from tenants of the Property (who are protected by rent control) related to ground rent already paid to Lessor. Lessee has successfully been able to pass-through to tenants at the Property increases in ground rent under the Leases. Lessee contends that this pass-through results in reimbursement of lease expense, not "gross revenue." Lessor also contends that the "net income" of RSI from the Property should be included in the gross revenue calculation. Lessee disputes this for many reasons, including, but not limited to, the fact that RSI is not a lessee under the Leases, the sales activity is not conducted by Lessee, and RSI is a separate company from Lessee.

Lessor's motion for summary judgment on the pass-through issue was denied by an arbitration panel on November 2, 2001. Lessor and Lessee agreed to mediate the dispute and the matter was settled and the lease was amended in early 2002. Pursuant to the settlement and amendment, Lessee agreed to pay $338,000 related to prior period rent which was expensed in the first quarter of 2002 and to prepay rent of $632,000 based on a recalculation of rent in the amended lease. The rent prepayment and related legal costs will be amortized into ground rent expense over the remaining life of the lease.

COUNTRYSIDE AT VERO BEACH

The Company has received letters dated June 17, 2002 and August 26, 2002 from Indian River County, Florida ("County"), claiming that the Company currently owes sewer impact fees in the amount of approximately $518,000 with respect to the Property known as Countryside at Vero Beach, located in Vero Beach, Florida, purportedly under the terms of an agreement between the County and a prior owner of the Property. In response, the Company has advised the County that these fees are no longer due and owing as a result of a 1996 settlement agreement between the County and the prior owner of the Property, providing for the payment of $150,000 to the County to discharge any further obligation for the payment of impact or connection fees for sewer service at the Property. The Company paid this settlement amount (with interest) to the County in connection with the Company's acquisition of the Property. Accordingly, the Company believes that the County's claims are without merit.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

DELAWARE DECLARATORY JUDGMENT ACTION

In April 2002, the Company entered into a Stipulation and Consent Order to Cease and Desist (the "Consent Order") with the State of Delaware (the "State"). The Consent Order resolved various issues raised by the State concerning the terms of a new lease form used or proposed for use by the Company at certain of its Properties in Delaware. Among other provisions, the Consent Order contemplated that the Company would work with the State to develop and implement a new lease form for use in Delaware. The Consent Order expressly provided that nothing contained therein would preclude the Company from seeking declaratory relief from a court as to the legality or enforceability of any provisions which the Company might wish to incorporate in future leases.

Throughout the summer of 2002, the Company's Delaware legal counsel engaged in dialogue with representatives of the State concerning various matters, including the lease provisions to which the State had objected but which the Company wished to incorporate in future leases. Through this process, it became apparent that the parties could not reach agreement as to the legality or enforceability of the proposed lease provisions, and that the Company would need to seek declaratory relief from a court in order to resolve the matter, as contemplated by the Consent Order. Accordingly, on August 29, 2002, the Company filed a Petition for Declaratory Judgment and Other Relief (the "Petition") in Sussex County, Delaware Superior Court (the "Court").

In response to the filing of the Petition, on October 1, 2002, the State filed its Answer to Petition for Declaratory and Other Relief, and Counterclaims for Civil Enforcement and Contempt ("Answer and Counterclaim") with the Court. In the Answer and Counterclaim, the State seeks, inter alia, restitution, statutory penalties, investigative costs and attorneys' fees under the Delaware Mobile Home Lots and Leases Act, the Consumer Fraud Act, the Uniform Deceptive Trade Practices Act and the Delaware Consumer Contracts law, and separately seeks a finding of contempt and related contempt penalties for alleged violations of the Consent Order.

The Company believes that it has complied, and continues to comply, with the Consent Order, and that the filing of the Petition was expressly contemplated by the Consent Order. The Company believes that the State's allegations in the Answer and Counterclaim are without merit and will vigorously defend itself.

OTHER

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

NOTE 11 - SUBSEQUENT EVENTS

On October 1, 2002 the Company acquired Silk Oak Lodge for approximately $6.2 million. Silk Oak Lodge, located in Clearwater, Florida has a total of 182 sites.

On November 5, 2002, the Company's Board of Director's reaffirmed a resolution providing that the Company may repurchase up to 1 million shares of the Common Stock at the discretion of the Company's Executive Committee.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following is a discussion of the interim results of operations, financial condition and liquidity and capital resources of the Company for the quarter and nine months ended September 30, 2002 compared to the corresponding periods in 2001. It should be read in conjunction with the Consolidated Financial Statements and Notes thereto included herein and the 2001 Form 10-K. The following discussion may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which reflect management's current views with respect to future events and financial performance. Such forward-looking statements are subject to certain risks and uncertainties, including, but not limited to, the effects of future events on the Company's financial performance, the adverse impact of external factors such as inflation and consumer confidence, and the risks associated with real estate ownership.

RESULTS OF OPERATIONS

PROPERTY ACQUISITIONS, JOINT VENTURES AND DISPOSITIONS

The following chart lists the Properties acquired or sold since January 1, 2001. The Company defines its core manufactured home community portfolio ("Core Portfolio") as manufactured home Properties owned throughout both periods of comparison. Excluded from the Core Portfolio are any Properties acquired or sold during the period and also any recreational vehicle ("RV") Properties which, together, are referred to as the "Non-Core" Properties.

PROPERTY	TRANSACTION DATE	SITES
TOTAL SITES AS OF JANUARY 1, 2001		51,387
ACQUISITIONS:		
Golden Lakes	January 3, 2001	422
Chain O'Lakes	January 3, 2001	308
Bulow Resort RV	July 1, 2001	352
Mt. Hood	March 12, 2002	450
Countryside	July 31, 2002	560
Golden Sun	July 31, 2002	330
Breezy Hill	July 31, 2002	762
Highland Woods	July 31, 2002	148
Holiday Village	July 31, 2002	301
Harbor View	July 10, 2002	471
Tropic Winds	August 7, 2002	492
EXPANSION SITE DEVELOPMENT:		
Sites added in 2001		143
Sites added in 2002		38
DISPOSITIONS:		
Dellwood Estates	February 13, 2001	(136)
Briarwood	February 13, 2001	(166)
Bonner Springs	February 13, 2001	(211)
Carriage Park	February 13, 2001	(143)
North Star	February 13, 2001	(219)
Quivira Hills	February 13, 2001	(142)
Rockwood	February 13, 2001	(264)
Candlelight	October 5, 2001	(585)
College Heights Properties (17)	September 1, 2002	(3,220)
TOTAL SITES AS OF SEPTEMBER 30, 2002		51,078

RESULTS OF OPERATIONS (CONTINUED)

TRENDS

Occupancy in the Company's Properties as well as the ability to increase rental rates directly affects revenues. In 2001, occupancy in the Company's Core Portfolio has remained relatively stable. Also during 2001, average monthly base rental rates for the Core Portfolio increased approximately 4.5%. Throughout 2002, occupancy decreased slightly. Also throughout 2002, average monthly base rental rates increased approximately 4.8%. The Company believes these trends will continue through 2002. For 2003 the company expects rental rates to increase approximately 4% for the core Portfolio with expense growth to be approximately 4% to 4.5%. The Company expects to fill 175 expansion sites in 2003, while projecting moderate overall occupancy decreases.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. The Company believes that the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

The Company periodically evaluates its long-lived assets, including its investments in real estate, for impairment indicators. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions and legal factors. Future events could occur which would cause the Company to conclude that impairment indicators exist and an impairment loss is warranted.

The valuation of financial instruments under SFAS No. 107 and SFAS No. 133 requires the Company to make estimates and judgments that affect the fair value of the instruments. The Company, where possible, bases the fair values of its financial instruments, including its derivative instrument, on listed market prices and third party quotes. Where these are not available, the Company bases its estimates on other factors relevant to the financial instrument.

Real estate is recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The Company uses a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen-year estimated life for building upgrades and a three-to-seven-year estimated life for furniture, fixtures and equipment. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred and significant renovations and improvements that improve the asset and extend the useful life of the asset are capitalized over their estimated useful life. The determination of useful lives, salvage value, and depreciation method used are in conformity with GAAP. However, the useful lives, salvage value, and customary depreciation method used for land improvements and other significant assets may significantly and materially overstate the depreciation of the underlying assets and therefore understate the Net Income of the Company. In addition, the Financial Accounting Standards Board ("FASB") is currently reviewing the methods of depreciation and cost capitalization for all industries and in June 2001 issued FASB Exposure Drafts, Accounting in Interim and Annual Financial Statements for Certain Costs and Activities Related to Property, Plant and Equipment, the implementation of which, if issued, could also have a material effect on the Company's results of operations.

RESULTS OF OPERATIONS (CONTINUED)

PROPERTY OPERATIONS:

The following table summarizes certain financial and statistical data for the Property Operations for the Core Portfolio and the Total Portfolio for the quarters ended September 30, 2002 and 2001.

	CORE PORTFOLIO				TOTAL PORTFOLIO			
(dollars in thousands)	2002	2001	INCREASE/ (DECREASE)	% CHANGE	2002	2001	INCREASE/ (DECREASE)	% CHANGE
Base rental income	$47,142	$45,309	$ 1,833	4.0%	$50,057	$48,992	$ 1,065	2.2%
RV income	144	125	19	15.2%	1,771	722	1,049	145.3%
Utility and other income	4,495	4,499	(4)	(0.1%)	4,801	4,839	(38)	(0.8%)
Property operating revenues	51,781	49,933	1,848	3.7%	56,629	54,553	2,076	3.8%
Property operating and maintenance	13,803	13,358	445	3.3%	16,150	15,434	716	4.6%
Real estate taxes	4,036	3,726	310	8.3%	4,422	4,185	237	5.7%
Property management	2,127	2,027	100	4.9%	2,329	2,221	108	4.9%
Property operating expenses	19,966	19,111	855	4.5%	22,901	21,840	1,061	4.9%
Income from property operations	$31,815	$30,822	$ 993	3.2%	$33,728	$32,713	$ 1,015	3.1%
Site and Occupancy Information (1):								
Average total sites	41,814	41,776	38	0.1%	43,218	43,093	125	0.3%
Average occupied sites	38,816	39,376	(560)	(1.4%)	40,079	40,610	(531)	(1.3%)
Occupancy %	92.8%	94.3%	(1.4%)	(1.5%)	92.7%	94.2%	(1.5%)	(1.6%)
Monthly base rent per site	$404.83	$383.56	$ 21.27	5.5%	$400.22	$378.99	$ 21.23	5.6%
Total sites as of September 30,	41,813	41,772	41	0.1%	43,317	43,089	228	0.5%
Total occupied sites as of September 30,	38,766	39,346	(580)	(1.5%)	40,114	40,577	(463)	(1.1%)

(1) Site and occupancy information does not include any RV sites or Properties owned through joint ventures.

Property Operating Revenues

The 4.0% increase in base rental income for the Core Portfolio reflects a 5.5% increase in monthly base rent per site coupled with a 1.5% decrease in average occupied sites. RV income, utility, pass through and other income for the Core Portfolio remained stable.

RESULTS OF OPERATIONS (CONTINUED)

Property Operating Expenses

The increase in property operating and maintenance expense for the Core Portfolio is due primarily to increases in insurance and other expenses, repair and maintenance expenses and property payroll, partially offset by decreased utility and administrative expenses. The increase in Core Portfolio real estate taxes is generally due to higher property assessments on certain Properties. Property management expense for the Core Portfolio, which reflects costs of managing the Properties, increased 4.9% due to increased payroll and professional fees.

HOME SALES OPERATIONS:

The following table summarizes certain financial and statistical data for the Home Sales Operations for the quarters ended September 30, 2002 and 2001.

(dollars in thousands)	HOME SALES OPERATIONS			
	2002	2001 (Pro forma)	INCREASE/ (DECREASE)	% CHANGE
Gross revenues from new home sales	$ 8,328	$ 9,624	(1,296)	(13.5%)
Cost of new home sales	(6,584)	(7,759)	1,175	15.1%
Gross profit from new home sales	1,744	1,865	(121)	(6.5%)
Gross revenues from used home sales	792	1,336	(544)	(40.7%)
Cost of used home sales	(820)	(936)	116	12.4%
Gross profit from used home sales	(28)	400	(428)	(107.0%)
Brokered resale revenues, net	348	431	(83)	(19.3%)
Home selling expenses	(1,934)	(2,058)	124	6.0%
Ancillary services revenues, net	(62)	186	(248)	(133.3%)
Income from home sales and other	$ 68	$ 824	(756)	(91.7%)
HOME SALES VOLUMES:				
New home sales	112	142	(30)	(21.1%)
Used home sales	48	71	(23)	(32.4%)
Brokered home resales	216	267	(51)	(19.1%)

The 6.5% decrease in gross profits from new home sales reflects a decrease in the volume of new home sales and is partially offset by an increase in the gross margin of new home sales. The 107.0% decrease in gross profits from used home sales reflects a decrease in volume and gross margin of used home sales. The 19.3% decrease in brokered resale revenues reflects a decrease in the volume of brokered home resales. The 6.0% decrease in home selling expenses reflects a decrease in payroll, utility and administrative expenses. The 133.3% decrease in ancillary services revenues reflects an increase in golf course expenses.

The pro forma income from home sales and other for 2001 does not include $128,000 of interest income and $235,000 of interest expense. Interest income and interest expense were previously included in income from affiliates for 2001 and are now included in other income and expenses. The Pro forma amounts have no effect on previously reported net income. The 2001 amounts have been reclassified to conform to the 2002 financial presentation for comparison purposes.

RESULTS OF OPERATIONS (CONTINUED)

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2002 TO THE NINE MONTHS ENDED SEPTEMBER 30, 2001

The following table summarizes certain financial and statistical data for the Property Operations for the Core Portfolio and the Total Portfolio for the nine months ended September 30, 2002 and 2001.

	CORE PORTFOLIO				TOTAL PORTFOLIO			
(dollars in thousands)	2002	2001	INCREASE/ (DECREASE)	% CHANGE	2002	2001	INCREASE/ (DECREASE)	% CHANGE
Base rental income	$141,145	$135,547	$ 5,598	4.1%	$150,638	$146,776	$ 3,862	2.6%
RV income	390	312	78	25.0%	5,426	3,207	2,219	69.2%
Utility and other income	14,106	14,870	(764)	(5.1%)	15,345	16,118	(773)	(4.8%)
Property operating revenues ..	155,641	150,729	4,912	3.3%	171,409	166,101	5,308	3.2%
Property operating and maintenance	41,077	40,434	643	1.6%	48,036	46,778	1,258	2.7%
Real estate taxes	12,402	11,714	688	5.9%	13,769	13,216	553	4.2%
Property management	6,346	6,091	255	4.2%	7,003	6,735	268	4.0%
Property operating expenses ..	59,825	58,239	1,586	2.7%	68,808	66,729	2,079	3.1%
Income from property operations ...	$ 95,816	$ 92,490	$ 3,326	3.6%	$102,601	$ 99,372	$ 3,229	3.2%
Site and Occupancy Information (1):								
Average total sites	41,805	41,734	71	0.2%	42,760	43,192	(432)	(1.0%)
Average occupied sites	39,038	39,457	(419)	(1.1%)	39,883	40,830	(947)	(2.3%)
Occupancy %	93.4%	94.5%	(1.1%)	(1.2%)	93.3%	94.5%	(1.2%)	(1.3%)
Monthly base rent per site	$ 401.73	$ 381.70	$ 20.03	5.2%	$ 398.82	$ 376.97	$ 21.85	5.8%
Total sites as of September 30, ...	41,813	41,772	41	0.1%	43,317	43,089	228	0.5%
Total occupied sites as of September 30, ...	38,766	39,346	(580)	(1.5%)	40,114	40,577	(463)	(1.1%)

(1) Site and occupancy information does not include any RV sites or Properties owned through joint ventures.

Property Operating Revenues

The 4.1% increase in base rental income for the Core Portfolio reflects a 5.2% increase in monthly base rent per site coupled with a 1.1% decrease in average occupied sites. The decrease in utility and other income for the Core Portfolio is due primarily to decreases in utility income, which resulted from lower expenses for these items, partially offset by an increase in RV income and other income.

Property Operating Expenses

The increase in property operating and maintenance expense for the Core Portfolio is due primarily to increases in property payroll, insurance and other expenses, repair and maintenance and administrative expenses, partially offset by decreased utility expense. The increase in Core Portfolio real estate taxes is generally due to higher property assessments on certain Properties. Property management expense for the Core Portfolio, which reflects costs of managing the Properties and is estimated based on a percentage of Property revenues, increased by 4.2% due to increased office expense, rents, and management fees.

RESULTS OF OPERATIONS (CONTINUED)

HOME SALES OPERATIONS:

The following table summarizes certain financial and statistical data for the Home Sales Operations for the nine months ended September 30, 2002 and 2001.

	HOME SALES OPERATIONS			
(dollars in thousands)	2002	2001 (Pro forma)	INCREASE/ (DECREASE)	% CHANGE
Gross revenues from new home sales	$ 20,056	$ 22,650	(2,594)	(11.5%)
Cost of new home sales	(15,673)	(17,906)	2,233	12.5%
Gross profit from new home sales	4,383	4,744	(361)	(7.6%)
Gross revenues from used home sales	1,719	2,990	(1,271)	(42.5%)
Cost of used home sales	(1,386)	(2,106)	720	34.2%
Gross profit from used home sales	333	884	(551)	(62.3%)
Brokered resale revenues, net	1,234	1,330	(96)	(7.2%)
Home selling expenses	(6,061)	(6,114)	53	0.9%
Ancillary services revenues, net	604	960	(356)	(37.1%)
Income from home sales and other	$ 493	$ 1,804	(1,311)	(72.7%)
HOME SALES VOLUMES:				
New home sales	273	339	(66)	(19.5%)
Used home sales	126	209	(83)	(39.7%)
Brokered home resales	759	863	(104)	(12.1%)

The 7.6% decrease in gross profits from new home sales reflects a decrease in the volume of new home sales. The 62.3% decrease in gross profits from used home sales reflects a decrease in volume of used home sales and a decrease in gross margin. The 7.2% decrease in brokered resale revenues reflects a decrease in the volume of brokered home resales. This decrease is partially offset by an increase in resale commissions due to increased resale values for the homes sold. The 0.9% decrease in home selling expenses reflects a slight increase in insurance and advertising, and decrease in payroll and administrative expenses. The 37.1% decrease in ancillary services revenues reflects an increase in expenses for the home rental program and an increase in golf course expenses.

The pro forma income from home sales and other for 2001 does not include $393,000 of interest income and $807,000 of interest expense. Interest income and interest expense were previously included in income from affiliates for 2001 and are now included in other income and expenses. The pro forma amounts have no effect on previously reported net income. The 2001 amounts have been reclassified to conform to the 2002 financial presentation for comparison purposes.

OTHER INCOME AND EXPENSES:

The increase in other income and expenses for the quarter ended September 30, 2002 reflects an increase in interest expense, depreciation expense and general and administrative expense, partially offset by an increase in interest income and other corporate income. The increase in other income and expenses for the nine months ended September 30, 2002 reflects an increase in depreciation expense, general and administrative expense and equity in income from affiliates and a decrease in other corporate income, partially offset by an increase in interest income.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

As of September 30, 2002, the Company had $13.1 million in cash and cash equivalents and $75.7 million available on its line of credit. The Company expects to meet its short-term liquidity requirements, including its distributions, generally through its working capital, net cash provided by operating activities and availability under the existing line of credit. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities, property acquisitions and capital improvements by long-term collateralized and uncollateralized borrowings including borrowings under its existing line of credit and the issuance of debt securities or additional equity securities in the Company, in addition to working capital.

On April 12, 2002, July 12, 2002, and October 11, 2002, the Company paid a $.475 per share distribution for the quarters ended September 30, 2002, March 31, 2002 and June 30, 2002, respectively, to stockholders of record on March 29, 2002, June 28, 2002 and September 30, 2002, respectively. The Operating Partnership paid distributions of 9.0% per annum on the $125 million of Series D Cumulative Redeemable Perpetual Preferred Units ("Preferred Units"). Distributions on the Preferred Units were paid on March 29, 2002, June 28, 2002 and September 28, 2002.

MORTGAGES AND CREDIT FACILITIES

Throughout the nine months ended September 30, 2002, the Company borrowed $65.5 million on its line of credit and paid down $7.5 million on the line of credit. The line of credit bears interest at a rate of LIBOR plus 1.125%.

During the nine months ended September 30, 2002, the Company paid $3.1 million in regular principal amortization. The Company paid off a $1.1 million mortgage, financed with borrowings on the Company's line of credit. The Company paid off $2.1 million of the MPW Notes with borrowings on the Company's line of credit. The Company also disposed of $65.6 million in notes payable, in a non-cash transaction, as part of the sale of the 17 College Heights properties. Throughout the nine months ended September 30, 2002 the Company made payments of $5.9 million on maturing debt on the Conseco Financing Note. The Conseco Financing Note payments were financed with borrowings on the Company's line of credit. As of April 1, 2002, the Company stopped funding inventory with the Conseco Financing Note and all future purchases of inventory will be funded with the Company's existing line of credit.

Certain of the Company's mortgage and credit agreements contain covenants and restrictions including restrictions as to the ratio of secured or unsecured debt versus encumbered or unencumbered assets, the ratio of fixed charges-to-earnings before interest, taxes, depreciation and amortization ("EBITDA"), limitations on certain holdings and other restrictions.

COLLEGE HEIGHTS JOINT VENTURE RESTRUCTURING

Effective September 1, 2002, the Company restructured its investment in Wolverine Property Investment Limited Partnership (the "College Heights Joint Venture" or the "Venture"), a joint venture with Wolverine Investors, LLP. The Venture included 18 properties with 3,581 sites. The results of operations of the College Heights Joint Venture prior to restructuring were included with the results of the Company due to the Company's voting equity interest and control over the Venture. Pursuant to the restructuring, the Company sold its general partnership interest, sold all of the Company's voting equity interest and reduced the Company's total investment in the College Heights Joint Venture. As consideration for the sale the Company retained sole ownership of Down Yonder, a 361 site community in Clearwater, Florida, received cash of approximately $5.2 million and retained preferred limited partnership interests of approximately $10.3 million. The net effect on cash for the restructuring includes the $5,166,000 of proceeds less $519,000 of cash previously recorded as an asset of the Venture.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

ACQUISITIONS, DISPOSITIONS AND INVESTMENTS

On August 7, 2002 the Company acquired Tropic Winds RV Resort, a recreational vehicle ("RV") community with 492 sites for approximately $4.7 million. Tropic Winds RV Resort is located in Harlingen, TX. The acquisition was funded with borrowings on the Company's line of credit.

The Company acquired six Properties with a total of 2,572 sites, for approximately $66.1 million. The acquisition was funded by a borrowing on the Company's line of credit and the assumption of approximately $30 million of debt on five of the Properties. The following table summarizes the Properties purchased and their total sites.

Date Acquired	Property	Location	Total Sites
July 10, 2002	Harbor View Manor	New Port Richey, FL	471
July 31, 2002	Golden Sun	Apache Junction, AZ	330
July 31, 2002	Countryside RV Resort	Apache Junction, AZ	560
July 31, 2002	Holiday Village	Ormond Beach, FL	301
July 31, 2002	Breezy Hill RV Resort	Pompano Beach, FL	762
August 4, 2002	Highland Woods	Pompano Beach, FL	148

On March 12, 2002, the Company acquired Mt. Hood Village, an RV community with a total of 450 sites, for approximately $6.8 million. Mt. Hood Village is located in Welches, Oregon and has land available for up to 120 expansion sites. The acquisition was funded by a borrowing on the Company's line of credit.

Throughout the nine months ended June 30, 2002, the Company purchased adjacent land and land improvements for several Properties for $2.2 million. These acquisitions were funded with borrowings on the Company's line of credit.

On January 1, 2002, the Company purchased all of the common stock of Realty Systems, Inc. ("RSI"). The Company previously owned the non-voting preferred stock of RSI and had notes receivable from RSI which were recorded as an investment in affiliate. The Company purchased the common stock of RSI from Equity Group Investments, Inc, controlled by Samuel Zell, Chairman of the Board of Directors of the Company, for approximately $675,000.

CAPITAL IMPROVEMENTS

Capital expenditures for improvements are identified by the Company as recurring capital expenditures ("Recurring CapEx"), site development costs and corporate headquarters costs. Recurring CapEx was approximately $10.1 million for the nine months ended September 30, 2002. Corporate improvements were

approximately $324,000 for the nine months ended September 30, 2002. Site development costs were approximately $7.3 million for the nine months ended September 30, 2002, and represent costs to develop expansion sites at certain of the Company's Properties.

INFLATION

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

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

FUNDS FROM OPERATIONS

Funds From Operations ("FFO") was redefined by the National Association of Real Estate Investment Trusts ("NAREIT") in October 1999, effective January 1, 2000, as net income (computed in accordance with GAAP), before allocation to minority interests, excluding gains (or losses) from sales of property, plus real estate depreciation and after adjustments for unconsolidated partnerships and joint ventures. The Company computes FFO in accordance with the NAREIT definition, which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REIT's computations. Funds available for distribution ("FAD") is defined as FFO less non-revenue producing capital expenditures and amortization payments on mortgage loan principal. The Company believes that FFO and FAD are useful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, they provide investors an understanding of the ability of the Company to incur and service debt and to make capital expenditures. FFO and FAD in and of themselves do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income as an indication of the Company's performance or to net cash flows from operating activities as determined by GAAP as a measure of liquidity and are not necessarily indicative of cash available to fund cash needs.

The following table presents a calculation of FFO and FAD for the quarters and nine months ended September 30, 2002 and 2001 (amounts in thousands):

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
COMPUTATION OF FUNDS FROM OPERATIONS:				
Net income	$ 6,712	$ 6,097	$ 20,261	$ 24,876
Income allocated to common OP Units	1,645	1,558	5,007	6,404
Depreciation on real estate assets	8,937	8,729	26,994	25,996
Gain on the sale of Properties and other	(1,270)	---	(1,270)	(8,093)
Funds from operations	$ 16,024	$ 16,384	$ 50,992	$ 49,183
Weighted average Common Stock outstanding - diluted	27,693	27,071	27,622	26,914
COMPUTATION OF FUNDS AVAILABLE FOR DISTRIBUTION:				
Funds from operations	$ 16,024	$ 16,384	$ 50,992	$ 49,183
Non-revenue producing improvements to real estate	(4,290)	(4,240)	(10,058)	(8,526)
Funds available for distribution	$ 11,734	$ 12,144	$ 40,934	$ 40,657
Weighted average Common Stock outstanding - diluted	27,693	27,071	27,622	26,914

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's earnings are affected by changes in interest rates, as a portion of the Company's outstanding indebtedness is at variable rates based on LIBOR. The Company's $150 million line of credit ($74.3 million outstanding at September 30, 2002) bears interest at LIBOR plus 1.125%, the Company's $100 million Term Loan bears interest at LIBOR plus 1.375% and the Company's $7.0 million Conseco Financing Notes bear interest at prime. If LIBOR increased/decreased by 1.0% during the quarter ended September 30, 2002, interest expense would have increased/decreased by approximately $432,000 based on the combined average balance outstanding under the Company's line of credit, Term Loan and Conseco Financing Notes during the period.

On October 29, 2001, the Company entered into an interest rate swap agreement (the "Swap"), fixing LIBOR on $100 million of the Company's floating rate debt at approximately 3.7% for the period October 2001 through August 2004. The terms of the Swap require monthly settlements on the same dates that interest payments are due on the debt. Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133) and its amendments, SFAS No. 137 and SFAS No. 138. In accordance with SFAS No. 133, the Swap is reflected at market value. The Company believes the Swap is a perfectly effective cash flow hedge per SFAS No. 133 and there will be no effect on net income as a result of the mark-to-market adjustment. As of September 30, 2002, the hedge represented a liability of approximately $4.3 million and is recorded in accounts payable and accrued expenses. Mark-to-market changes in the value of the swap are included in other comprehensive income.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of September 30, 2002, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2002.

CHANGES IN INTERNAL CONTROLS

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to September 30, 2002.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

DEANZA SANTA CRUZ MOBILE ESTATES

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

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

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

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

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

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

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

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

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

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

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

On March 20, 1998, the court of appeal issued the writ of mandate requested by the Company on the grounds that the hearing officer had improperly calculated the amount of the rebate (meaning the Company had correctly calculated the rent credits), but also ruling that the hearing officer was correct when he found that the readiness to serve charge and tax thereon as charged by DeAnza and the Company were an inappropriate rent increase. The decision primarily reflected the court of appeal's view that CPUC Section 2705.5 operated as a ceiling and that California Civil Code Section 798.41 allowed for a charge based on actual costs, including costs of administration, operation and maintenance of the system, but that the Company did not have to provide evidence of such costs. The court of appeal further agreed with the Company that the City's hearing officer did not have the authority under California Civil Code Section 798.41 to establish rates that could be charged in the future.

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

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

After the court of appeal decision, the HOA sought punitive damages against the Company in a lawsuit that was tried in January 1999 in Santa Cruz County Superior Court. The trial was continued from July 1998 to January 1999 to give the CPUC time to act on the Company's application. Notwithstanding the action taken by the CPUC in issuing the OII in December 1998, the trial court denied the Company's motion to dismiss on jurisdictional grounds and trial commenced before a jury on January 11, 1999.

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

On April 19, 1999, the trial court denied all of the Company's and DeAnza's post-trial motions for judgment notwithstanding the verdict, new trial and remittitur. The trial court also awarded $700,000 of attorneys' fees to plaintiffs. The Company appealed the jury verdict and attorneys' fees award (which also accrues interest at the statutory rate of 10.0% per annum). The Company bonded the judgment pending appeal in accordance with California procedural rules, which require a bond equal to 150% of the amount of the judgment. Post-judgment interest will accrue at the statutory rate of 10.0% per annum.

On December 21, 2001 the California Court of Appeal for the Sixth District reversed the $6.0 million punitive damage award, the related award of attorneys' fees, and, as a result, all post-judgement interest thereon, on the basis that punitive damages are not available as a remedy for a statutory violation of the California Mobile Home Residency Law ("MRL"). The decision of the appellate court left the HOA with the right to seek a new trial in which it must prove its entitlement to either the statutory penalty and attorneys' fees available under the MRL or punitive damages based on causes of action for fraud, misrepresentation or other tort. The Company expects this case to proceed to trial in the first quarter of 2003. The Company intends to vigorously defend itself against these claims. The Court has denied the Company's motion for summary adjudication of the statutory penalty issue in favor of the Company. The Company's motion to be declared the prevailing party in this litigation is still pending, but not expected to be heard before trial.

In two related appeals, the Company had argued that the trial court's ability to enter an award of attorneys' fees in favor of the HOA and to take certain other actions was preempted by the exercise of exclusive jurisdiction by the CPUC over the issue of how to set rates for water in a submetered mobile home park. During 2000, the California court of appeal rejected the Company's preemption argument with respect to these prior rulings in favor of plaintiffs, one of which had awarded plaintiffs approximately $100,000 of attorneys' fees. The California Supreme Court declined to accept the case for review and the Company paid the judgment, including post-judgment interest thereon, and settled the matter for approximately $200,000 late in 2000.

In a separate matter, in December 2000 the HOA and certain individual residents of the Property filed a complaint in the Superior Court of California, County of Santa Cruz (No. CV 139825) against the Company, certain affiliates of the Company and certain employees of the Company (the "2000 Lawsuit"). The 2000 Lawsuit sought damages, including punitive damages, for intentional infliction of emotional distress, unfair business practices, and unlawful retaliation purportedly arising from allegedly retaliatory rent increases which were noticed by the Company to certain residents in September 2000. The Company believes that the residents who received rent increase notices with respect to rent increases above those permitted by the local rent control ordinance were not covered by the ordinance either because they did not comply with the provisions of the ordinance or because they are exempted by state law. On December 29, 2000, the Superior Court of California, County of Santa Cruz enjoined such rent increases.

The Company entered into a settlement agreement with the plaintiffs in the 2000 Lawsuit which settlement was approved by the court on July 22, 2002. The Company believes the settlement agreement is of significant benefit to the Company. First, pursuant to the settlement agreement all past, present and future tenants of the Property agree to alternative dispute resolution procedures which provide that during the next 25 years future disputes will be resolved through arbitration before a retired judge rather than in court, and that in such future arbitration proceedings all claims to trial by jury and for punitive damages are waived.

Second, the settlement agreement provides a process for determining the rent for 15 sites not subject to rent control, including in certain circumstances, back rent owing from certain dates in 2001. The settlement agreement generally gives tenants at these sites three (3) options with respect to their tenancies. Such tenants may (1) enter into a 34-year lease providing a rent based on rent control with future escalations based on the consumer price index, but with the Company retaining the right to charge market rents determined by the Company upon turnover; (2) enter into a ten (10) year lease with a monthly rent to be determined by binding arbitration and effective October 1, 2001; or (3) elect to sell such tenant's home to a third party and pay back rent owing to the Company (the amount of which will be determined by arbitration if not agreed to between the tenant and the Company) since January 1, 2001. In certain circumstances the Company will purchase the tenant's home based upon a mechanism provided in the settlement agreement.

In exchange for the tenants' agreements to the alternative dispute resolution procedures, the process for resolving back rent owed by tenants not subject to rent control, and to dismiss the 2000 Lawsuit, the Company agreed to pay $730,000.

OTHER CALIFORNIA RENT CONTROL LITIGATION

As part of the Company's effort to realize the value of its Properties subject to rent control, the Company has initiated lawsuits against several municipalities in California. The Company's goal is to achieve a level of regulatory fairness in California's rent control jurisdictions that prohibit increasing rents to market upon turnover. This regulatory feature, called vacancy control, allows tenants to sell their homes for a premium representing the future value of discounted rent-controlled rents. In the Company's view, such regulation results in a transfer of the value of the Company's shareholders' land, which would otherwise be reflected in market rents, to tenants upon the sales of their homes in the form of an inflated purchase price that cannot be attributed to the value of the home being sold. As a result, in the Company's view, the Company loses the value of its asset and the selling tenant leaves the community with a windfall premium. The Company has discovered through the litigation process that certain municipalities considered condemning the Company's communities at values well below the value of the underlying land. In the Company's view, a failure to articulate market rents for sites governed by restrictive rent control would put the Company at risk for condemnation or eminent domain proceedings based on artificially reduced rents. Such a physical taking, should it occur, would represent substantial lost value to shareholders. The Company is cognizant of the need for affordable housing in the jurisdictions, but asserts that regulations with vacancy control merely transfer the value that belongs to the Company's shareholders to tenants in the form of premium prices for houses. The Company estimates that the annual rent subsidy to tenants in these jurisdictions is approximately $15 million. In a more well balanced regulatory environment, the Company would receive market rents that would eliminate the subsidy and homes would trade at or near their intrinsic value.

The Company's efforts to achieve a balanced regulatory environment incentivize tenant groups to file lawsuits against the Company seeking large damage awards. The 2000 Lawsuit described above under DeAnza Santa Cruz Mobile Estates is one example. The homeowners association at Contempo Marin ("CMHOA"), a 396 site property in San Rafael, California, sued the Company in December 2000 over a prior settlement agreement on a capital pass-through after the Company sued the City of San Rafael in October 2000 alleging its rent control ordinance is unconstitutional. In the Contempo Marin case, the CMHOA prevailed on a motion for summary judgment on an issue that permits the Company to collect only $3.72 out of a pass-through amount of $7.50 that the Company believes had been agreed to by the CMHOA in a settlement agreement. The Company intends to vigorously defend the matter. The Company believes that such lawsuits will be a consequence of the Company's efforts to change rent control since tenant groups actively desire to preserve the premium value of their homes in addition to the discounted rents provided by rent control. The Company has determined that its efforts to rebalance the regulatory environment despite the risk of litigation from tenant groups are necessary not only because of the estimated $15 million annual subsidy to tenants, but also because of the condemnation risk.

ELLENBURG COMMUNITIES

The Company and certain other parties entered into a settlement agreement (the "Settlement"), which was approved by the Los Angeles County Superior Court in April 2000. The Settlement resolved substantially all of the litigation and appeals involving the Ellenburg Properties, and transactions arising out of the settlement closed on May 22, 2000. Only the appeal of one entity remains, the outcome of which is not expected to materially affect the Company.

In connection with the Ellenburg Acquisition, on September 8, 1999, Ellenburg Fund 20 ("Fund 20") filed a cross complaint in the Ellenburg dissolution proceeding against the Company and certain of its affiliates alleging causes of action for fraud and other claims in connection with the Ellenburg acquisition. The Company subsequently successfully had the cross complaint against the Company and its affiliates dismissed with prejudice by the California Superior Court. However, Fund 20 has appealed. This appeal was one not resolved by the Settlement. The Company believes Fund 20's allegations are without merit and will vigorously defend itself.

In October 2001, Fund 20 sued the Company and certain of its affiliates again, this time in Alameda County, California making substantially the same allegations. The Company obtained an injunction preventing the case from proceeding until the Fund 20 appeal is decided and other related proceedings in Arizona (from which the Company has already been dismissed with prejudice) are concluded.

WESTWINDS

The Operating Partnership is the ground lessee ("Lessee") of certain property in San Jose, California under ground leases ("Leases") from the Nicholson Family Trust ("Lessor"). On February 13, 2001, Lessor filed a petition for arbitration of disputes over whether certain items constitute "gross revenue" under the Leases, in which petition Lessor seeks damages and termination of the Leases. Lessee responded on March 12, 2001 disputing Lessor's contentions. Lessor claims that "gross revenue" for the purpose of calculating percentage rent owing to Lessor under the Leases includes certain amounts Lessee has recouped from tenants of the Property (who are protected by rent control) related to ground rent already paid to Lessor. Lessee has successfully been able to pass-through to tenants at the Property increases in ground rent under the Leases. Lessee contends that this pass-through results in reimbursement of lease expense, not "gross revenue." Lessor also contends that the "net income" of RSI from the Property should be included in the gross revenue calculation. Lessee disputes this for many reasons, including, but not limited to, the fact that RSI is not a lessee under the Leases, the sales activity is not conducted by Lessee, and RSI is a separate company from Lessee.

Lessor's motion for summary judgment on the pass-through issue was denied by an arbitration panel on November 2, 2001. Lessor and Lessee agreed to mediate the dispute and the matter was settled and the lease was amended in early 2002. Pursuant to the settlement and amendment, Lessee agreed to pay $338,000 related to prior period rent which was expensed in the first quarter of 2002 and to prepay rent of $632,000 based on a recalculation of rent in the amended lease. The rent prepayment and related legal costs will be amortized into ground rent expense over the remaining life of the lease.

COUNTRYSIDE AT VERO BEACH

The Company has received letters dated June 17, 2002 and August 26, 2002 from Indian River County ("County"), claiming that the Company currently owes sewer impact fees in the amount of approximately $518,000 with respect to the Property known as Countryside at Vero Beach, located in Vero Beach, Florida, purportedly under the terms of an agreement between the County and a prior owner of the Property. In response, the Company has advised the County that these fees are no longer due and owing as a result of a 1996 settlement agreement between the County and the prior owner of the Property, providing for the payment of $150,000 to the County to discharge any further obligation for the payment of impact or connection fees for sewer service at the Property. The Company paid this settlement amount (with interest) to the County in connection with the Company's acquisition of the Property. Accordingly, the Company believes that the County's claims are without merit.

DELAWARE DECLARATORY JUDGMENT ACTION

In April 2002, the Company entered into a Stipulation and Consent Order to Cease and Desist (the "Consent Order") with the State of Delaware (the "State"). The Consent Order resolved various issues raised by the State concerning the terms of a new lease form used or proposed for use by the Company at certain of its Properties in Delaware. Among other provisions, the Consent Order contemplated that the Company would work with the State to develop and implement a new lease form for use in Delaware. The Consent Order expressly provided that nothing contained therein would preclude the Company from seeking declaratory relief from a court as to the legality or enforceability of any provisions which the Company might wish to incorporate in future leases.

Throughout the summer of 2002, the Company's Delaware legal counsel engaged in dialogue with representatives of the State concerning various matters, including the lease provisions to which the State had objected but which the Company wished to incorporate in future leases. Through this process, it became apparent that the parties could not reach agreement as to the legality or enforceability of the proposed lease provisions, and that the Company would need to seek declaratory relief from a court in order to resolve the matter, as contemplated by the Consent Order. Accordingly, on August 29, 2002, the Company filed a Petition for Declaratory Judgment and Other Relief (the "Petition") in Sussex County, Delaware Superior Court (the "Court").

In response to the filing of the Petition, on October 1, 2002, the State filed its Answer to Petition for Declaratory and Other Relief, and Counterclaims for Civil Enforcement and Contempt ("Answer and Counterclaim") with the Court. In the Answer and Counterclaim, the State seeks, inter alia, restitution, statutory penalties, investigative costs and attorneys' fees under the Delaware Mobile Home Lots and Leases Act, the Consumer Fraud Act, the Uniform Deceptive Trade Practices Act and the Delaware Consumer Contracts law, and separately seeks a finding of contempt and related contempt penalties for alleged violations of the Consent Order.

The Company believes that it has complied, and continues to comply, with the Consent Order, and that the filing of the Petition was expressly contemplated by the Consent Order. The Company believes that the State's allegations in the Answer and Counterclaim are without merit and will vigorously defend itself.

OTHER

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

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

The Annual Meeting of Stockholders of the Company, for which proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, was held on May 8, 2002. At the Annual Meeting, Samuel Zell, David A. Helfand and Michael A. Torres were each elected to serve as directors of the Company until the 2005 Annual Meeting of Stockholders.

	Votes Cast	
	For	Withheld
Samuel Zell	17,515,839	60,873
David A. Helfand	17,515,876	60,836
Michael A. Torres	17,523,492	53,220

There were 4,156,070 broker non-votes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

Exhibit 99.1 Certifications of the Chief Executive Officer and the Chief Financial Officer of Manufactured Home Communities, Inc. as required by Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

None.

SIGNATURES

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

MANUFACTURED HOME COMMUNITIES, INC.

BY: /s/ John M. Zoeller

John M. Zoeller
Executive Vice President and
Chief Financial Officer

BY: /s/ Mark Howell

Mark Howell
Principal Accounting Officer and
Assistant Treasurer

DATE: November 1, 2002

CERTIFICATIONS

I, John M. Zoeller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Manufactured Home Communities, Inc;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 1, 2002

By: /s/ John M. Zoeller

John M. Zoeller
Executive Vice President and Chief Financial Officer

I, Howard Walker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Manufactured Home Communities, Inc;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 1, 2002

By: /s/ Howard Walker

Howard Walker
Chief Executive Officer

EXHIBIT 99.1

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter ended September 30, 2002, I, John M. Zoeller, Executive Vice President and Chief Financial Officer of Manufactured Home Communities, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. such Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter ended September 30, 2002 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in such Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter ended September 30, 2002 fairly presents, in all material respects, the financial condition and results of operations of Manufactured Home Communities, Inc.

Date: November 1, 2002

By: /s/ John M. Zoeller

John M. Zoeller
Executive Vice President and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter ended September 30, 2002, I, Howard Walker, Chief Executive Officer of Manufactured Home Communities, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. such Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter ended September 30, 2002 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in such Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter ended September 30, 2002 fairly presents, in all material respects, the financial condition and results of operations of Manufactured Home Communities, Inc.

Date: November 1, 2002

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