

TENNANT CO
Form 10-Q
November 07, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

**Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934**

For Quarter Ended September 30, 2005

Commission File No. 1-16191

TENNANT COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Minnesota
(State or Other Jurisdiction of
Incorporation or Organization)

410572550
(I.R.S. Employer
Identification No.)

**701 North Lilac Drive
P.O. Box 1452
Minneapolis, Minnesota 55440**
(Address of Principal Executive Offices)

(763) 540-1200
(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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The number of shares outstanding of Registrant's common stock, par value \$.375 on October 31, 2005, was 8,980,688.

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ITEM 1 Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Net sales	\$ 137,820	\$ 120,457	\$ 400,897	\$ 368,349
Cost of sales	78,706	73,035	229,349	221,808
Gross profit	59,114	47,422	171,548	146,541
Operating expenses:				
Research and development	4,937	4,274	13,906	12,697
Selling and administrative	45,576	41,300	132,172	121,220
Total operating expenses	50,513	45,574	146,078	133,917
Profit from operations	8,601	1,848	25,470	12,624
Interest income, net	364	111	779	210
Other income (expense), net	(62)	(460)	(748)	(864)
Profit before income taxes	8,903	1,499	25,501	11,970
Income tax expense	2,643	475	9,000	4,664
Net earnings	\$ 6,260	\$ 1,024	\$ 16,501	\$ 7,306

	Three Months		Nine Months	
	Ended September 30		Ended September 30	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Per share:

Basic earnings	\$ 0.70	\$ 0.11	\$ 1.84	\$ 0.81
Diluted earnings	\$ 0.69	\$ 0.11	\$ 1.82	\$ 0.80
Dividends	\$ 0.22	\$ 0.22	\$ 0.66	\$ 0.64

Weighted average number of shares:

Basic	8,971	8,990	8,992	9,002
Diluted	9,073	9,129	9,090	9,153

See accompanying Notes to Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands)

	September 30,	December 31,
	2005	2004
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 28,521	\$ 16,837
Short-term investments		6,050
Receivables, less allowances of \$4,760 and \$5,143 respectively	93,565	97,513
Inventories	60,619	55,911
Prepaid expenses	3,361	2,657
Deferred income taxes, current portion	8,185	9,663
	<u> </u>	<u> </u>
Total current assets	194,251	188,631
Property, plant and equipment, net	69,593	69,063
Deferred income taxes, long-term portion	844	129
Goodwill	22,443	23,476
Other intangibles, net	1,581	1,550
Other assets	2,185	2,943
	<u> </u>	<u> </u>

	September 30, 2005	December 31, 2004
Total assets	\$ 290,897	\$ 285,792
LIABILITIES & SHAREHOLDERS EQUITY		
LIABILITIES		
Current debt and collateralized borrowings	\$ 1,882	\$ 7,674
Accounts payable, accrued expenses and deferred revenues	81,056	74,179
Total current liabilities	82,938	81,853
Long-term debt	1,309	1,029
Employee-related benefits	26,236	28,403
Deferred income taxes, long-term portion		473
Total long-term liabilities	27,545	29,905
Total liabilities	110,483	111,758
SHAREHOLDERS EQUITY		
Common stock	3,431	3,388
Additional paid-in capital		341
Unearned restricted shares	(301)	(178)
Retained earnings	183,729	174,132
Accumulated other comprehensive income (loss)	(1,642)	864
Receivable from ESOP	(4,803)	(4,513)
Total shareholders equity	180,414	174,034
Total liabilities and shareholders equity	\$ 290,897	\$ 285,792

See accompanying Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Nine Months Ended September 30	
	2005	2004
CASH FLOWS RELATED TO OPERATING ACTIVITIES:		
Net earnings	\$ 16,501	\$ 7,306
Adjustments to net earnings to arrive at operating cash flows:		
Depreciation and amortization	9,820	9,717
Deferred tax expense	276	(1,539)
Changes in operating assets and liabilities:		
Accounts receivable	4,186	3,444
Inventory	(7,830)	1,073
Accounts payable, accrued expenses and deferred revenue	7,584	8,291
Other current/noncurrent assets and liabilities	(3,348)	156
Other, net	2,821	1,349
Net cash flows related to operating activities	30,010	29,797
CASH FLOWS RELATED TO INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(12,875)	(14,751)
Acquisition of Walter-Broadley, net		(6,491)
Proceeds from sales of short-term investments	6,050	
Proceeds from disposals of property, plant and equipment	1,454	1,141
Net cash flows related to investing activities	(5,371)	(20,101)
CASH FLOWS RELATED TO FINANCING ACTIVITIES:		
Net changes in short-term borrowings		(1,045)
Payment of long-term debt	(5,000)	
Payment of assumed Walter-Broadley debt		(2,516)
Proceeds from issuance of common stock	1,203	779
Purchases of common stock	(3,472)	(1,967)
Dividends paid	(5,923)	(5,756)
Net cash flows related to financing activities	(13,192)	(10,505)
Effect of exchange rate changes on cash and cash equivalents	237	135
Net increase (decrease) in cash and cash equivalents	11,684	(674)
Cash and cash equivalents at beginning of year	16,837	24,587
Cash and cash equivalents at end of period	\$ 28,521	\$ 23,913
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Collateralized borrowings incurred for operating lease equipment	\$ 47	\$ 746

**Nine Months Ended September
30**

Capital expenditures funded through capital leases	\$	1,985	\$	
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See accompanying Notes to Condensed Consolidated Financial Statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except per share data)

(1) Basis of Presentation

Tennant Company is referred to as Tennant, us, we, or our in these notes to the condensed consolidated financial statements.

In our opinion, the accompanying unaudited, condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, except as noted elsewhere in the notes to the condensed consolidated financial statements) necessary to present fairly our financial position as of September 30, 2005, the results of our operations and cash flows for the three and nine months ended September 30, 2005 and 2004. These statements are condensed and, therefore, do not include all of the information and note disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. The statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2004. The results of operations for the three and nine months ended September 30, 2005 are not necessarily indicative of the results to be expected for the full year.

During January 2004, we acquired Walter-Broadley Machines Limited, a cleaning equipment company based in the United Kingdom, with annual sales of \$13,000. We paid \$6,491 in the form of cash and debt for all the stock of Walter-Broadley and assumed \$2,576 in outstanding debt, of which \$2,516 was immediately retired. The acquisition was not material to our operations or financial position. The operations of Walter-Broadley have been included in our results of operations since the date of acquisition.

(2) Unusual Items

Management approved actions during the third quarter of 2004 to reduce costs as part of a continuing effort to improve profitability. These actions included the elimination of a net 64 management and administrative positions company-wide and were substantially completed by the end of the first quarter of 2005. The workforce reductions resulted in the recognition of a pretax charge of \$2,301 (\$1,458 after-tax, or \$0.16 per diluted share) in our 2004 results for the full year. The charge consisted primarily of severance and outplacement benefits and was included within Selling and Administrative (S&A) expenses in the Consolidated Statements of Earnings. The severance and outplacement benefits were accounted for under the Financial Accounting Standards Board Statement (SFAS) No. 112, Employers Accounting for Postemployment Benefits.

The cash and non-cash applications against this accrual during the nine months ended September 30, 2005 were as follows:

	Severance, Early Retirement and Related Costs
Balance, December 31, 2004	\$ 1,042
Change in estimate	(24)
2005 Utilization:	
Cash	(999)
Non-cash	(6)
Balance, September 30, 2005	\$ 13

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except per share data)

(3) Inventories

Inventories are valued at the lower of cost (principally on a last-in, first-out basis) or market. Inventories at September 30, 2005 and December 31, 2004 consisted of the following:

	September 30, 2005	December 31, 2004
FIFO Inventories:		
Finished goods	\$ 53,673	\$ 48,592
Raw materials, production parts and work-in-process	30,627	29,772
Total FIFO inventories	84,300	78,364
LIFO reserve	(23,681)	(22,453)
LIFO inventories	\$ 60,619	\$ 55,911

The LIFO reserve approximates the difference between LIFO carrying cost and replacement cost.

As of September 30, 2005 and December 31, 2004, FIFO-based inventories in Europe totaled \$26,897 and \$25,456, respectively.

(4) Supplemental Cash Flow Information

Income taxes paid during the nine months ended September 30, 2005 and 2004 were \$4,696 and \$3,326 respectively. Interest costs paid during the nine months ended September 30, 2005 and 2004 were \$504 and \$742, respectively.

(5) Comprehensive Income

We report accumulated other comprehensive income (loss) as a separate item in the shareholders' equity section of the balance sheet. Comprehensive income (loss) is comprised of net earnings and other comprehensive income (loss). Other comprehensive income (loss) consists solely of foreign currency translation adjustments. The reconciliations of net earnings to comprehensive income are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Net earnings	\$ 6,260	\$ 1,024	\$ 16,501	\$ 7,306
Foreign currency translation adjustments	(274)	147	(2,506)	(447)
Comprehensive income	\$ 5,986	\$ 1,171	\$ 13,995	\$ 6,859

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (In thousands, except per share data)

(6) Earnings Per Share Computation

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Weighted average shares outstanding Basic	8,971	8,990	8,992	9,002
Dilutive share equivalents	102	139	98	151
Weighted average shares outstanding Diluted	9,073	9,129	9,090	9,153

	Three Months Ended September 30		Nine Months Ended September 30	
Net earnings	\$ 6,260	\$ 1,024	\$ 16,501	\$ 7,306
Earnings per share Basic	\$ 0.70	\$ 0.11	\$ 1.84	\$ 0.81
Earnings per share Diluted	\$ 0.69	\$ 0.11	\$ 1.82	\$ 0.80
Antidilutive securities excluded from diluted earnings per share calculation	402	417	417	417

(7) Segment Reporting

We operate in one reportable segment that consists of the design, manufacture and sale of products used primarily in the maintenance of nonresidential surfaces. Our products are sold in North America, Europe, and other international markets including the Middle East, Asia, Japan, Latin America and Australia. The following table sets forth net sales by geographic area (net of intercompany sales):

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
North America	\$ 93,876	\$ 83,675	\$ 269,137	\$ 250,312
Europe	29,433	24,772	90,884	82,041
Other International	14,511	12,010	40,876	35,996
Total	\$ 137,820	\$ 120,457	\$ 400,897	\$ 368,349

(8) Goodwill and Intangible Assets

The components of goodwill and other intangible assets are as follows:

	Goodwill	Other Intangibles
Balance, December 31, 2004	\$ 23,476	\$ 1,550
Additions		308
Amortization expense		(111)
Foreign currency fluctuations	(1,033)	(166)
Balance, September 30, 2005	\$ 22,443	\$ 1,581

The addition to other intangibles during the first nine months of 2005 consists of an acquired customer list, which will be amortized over a useful life of seven years based on the provisions of SFAS No. 142, Goodwill and other Intangible Assets.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except per share data)

(9) Stock-Based Compensation

As of September 30, 2005, we had six stock-based employee compensation plans, which are described in Note 13 of the 2004 Annual Report on Form 10-K. We account for stock-based compensation for employees under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. APB No. 25 requires compensation cost to be recorded on the date of the grant only if the current market price of the underlying stock exceeds the exercise price. Accordingly, no compensation cost has been recognized for stock option plans.

During 2005, we modified our management compensation program which discontinued employee stock option grants. The modified program includes a performance-based share component that is expensed over the performance period.

We have adopted the disclosure-only provisions of SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure (SFAS No. 148). SFAS No. 148 amends the disclosure requirements of SFAS No. 123, Accounting for Stock-Based Compensation (SFAS No. 123). In accordance with SFAS No. 123, the fair value of options at the date of grant in 2005 and 2004 was estimated using the Black-Scholes option pricing model with the following assumptions:

	<u>2005</u>	<u>2004</u>
Expected life in years	7	7
Risk-free interest rate	4.2%	3.6%
Expected volatility	29.9%	32.0%
Expected dividend yield	2.3%	2.3%

Had stock-based compensation cost been determined using the fair value-based method of accounting under SFAS No. 123, net earnings would have been reduced to the pro forma amounts indicated below:

	<u>Three Months</u> <u>Ended September 30</u>		<u>Nine Months</u> <u>Ended September 30</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net earnings as reported	\$ 6,260	\$ 1,024	\$ 16,501	\$ 7,306
Add: Total stock-based compensation expense included in reported net earnings, net of related tax effect	526		735	
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	(658)	(375)	(1,420)	(1,028)
Net earnings pro forma	<u>\$ 6,128</u>	<u>\$ 649</u>	<u>\$ 15,816</u>	<u>\$ 6,278</u>
Earnings per share:				
Basic as reported	\$ 0.70	\$ 0.11	\$ 1.84	\$ 0.81
Basic pro forma	\$ 0.68	\$ 0.07	\$ 1.76	\$ 0.70

	Three Months Ended September 30		Nine Months Ended September 30	
Diluted as reported	\$ 0.69	\$ 0.11	\$ 1.82	\$ 0.80
Diluted pro forma	\$ 0.68	\$ 0.07	\$ 1.74	\$ 0.69

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except per share data)

(10) Guarantees

We record a liability for warranty claims at the time of sale. The amount of the liability is based on the trend in the historical ratio of claims to sales, the historical length of time between the sale and resulting warranty claim, new product introductions and other factors. Warranty periods on machines range from one to four years. The changes in warranty reserve balances for the nine months ended September 30, 2005 and 2004 were as follows:

	2005	2004
Beginning balance, January 1	\$ 6,180	\$ 6,018
Additions charged to expense	5,899	5,602
Change in estimate	(80)	194
Foreign currency fluctuations	(97)	(12)
Claims paid	(5,456)	(5,465)
Ending balance, September 30	\$ 6,446	\$ 6,337

Certain operating leases for our sales and service vehicles contain residual value guarantee provisions, which would become due at the expiration of the operating lease agreement if the fair value of the leased vehicles is less than the guaranteed residual value. Of those leases that contain residual value guarantees, the aggregate residual value at lease expiration is approximately \$9,700, of which we have guaranteed approximately \$7,400. As of September 30, 2005, we have recorded a liability for the fair value of this residual value guarantee of \$686.

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(11) Retirement Benefit Plans

As of September 30, 2005, we had four defined benefit retirement plans and a postretirement medical plan, which are described in Note 9 of the 2004 Annual Report on Form 10-K.

We contributed \$48 and \$199 during the third quarter and \$214 and \$576 for the first nine months of 2005 to our pension benefit plans and to our postretirement medical benefit plan, respectively. We expect to contribute approximately \$300 and \$900 to our pension benefit plans and to our postretirement medical benefit plan in 2005, respectively.

We amended our postretirement medical plan during August 2004, which reduced our net periodic cost associated with this plan by \$56 and \$550 in the third quarter and first nine months of 2005.

The components of the net periodic cost (benefit) for the three and nine months ended September 30, 2005 and 2004 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Pension Benefits:				
Service cost	\$ 243	\$ 213	\$ 845	\$ 655
Interest cost	520	422	1,570	1,258
Expected return on plan assets	(718)	(651)	(2,184)	(1,951)
Recognized actuarial gain	(28)	(177)	(116)	(474)
Amortization of transition obligation	(5)	(6)	(17)	(16)
Amortization of prior service cost	142	143	428	428
Net periodic cost (benefit)	\$ 154	\$ (56)	\$ 526	\$ (100)
Postretirement Medical Benefits:				
Service Cost	\$ 55	\$ 70	\$ 159	\$ 306
Interest Cost	222	180	630	786
Amortization of unrecognized prior service cost	(130)		(390)	
Amortization of unrecognized loss	42		127	
Net periodic cost	\$ 189	\$ 250	\$ 526	\$ 1,092

ITEM 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Tennant Company is a world leader in designing, manufacturing and marketing products that help create a cleaner, safer world. We provide equipment, parts and consumables and floor coatings to contract cleaners, end-user businesses, healthcare facilities, schools and local, state and federal governments. We sell our products through our direct sales and service organization and a network of authorized distributors worldwide. Geographically, our customers are primarily located in North America, Europe and other international markets including the Middle East, Asia, Japan, Latin America and Australia. We strive to be an innovator in our industry through our commitment to understanding our customers' needs and using our expertise to create innovative solutions.

Net earnings increased \$5.2 million to \$6.3 million or \$0.69 per diluted share during the third quarter of 2005 and more than doubled to \$16.5 million or \$1.82 per diluted share during the first nine months of 2005 compared to the same periods in 2004. These increases were driven by sales growth of 14.4% in the third quarter and 8.8% for the nine-month period and gross profit margin improvements of 3.5 percentage points in the third quarter and 3.0 percentage points in the nine-month period. Partially offsetting these increases were higher selling and administrative expenses in both the third quarter and nine-month period primarily due to higher performance-based compensation expense.

Results for the third quarter of 2004 included a workforce reduction charge of \$2.6 million pretax (\$1.8 million after-tax, or \$0.20 per diluted share) related to actions to reduce costs as part of a continuing effort to improve profitability.

During the third quarter and first nine months of 2005, our results continued to be favorably impacted by weakness of the U.S. dollar against the Australian and Canadian dollars, the British pound and the Japanese yen. We began to see the unfavorable impact of the strengthening of the U.S. dollar against the Euro in our third quarter 2005 results; however, the direct Euro impact on net earnings remained favorable overall for both the quarter and nine-month period. We can estimate the direct financial impact of foreign currency exchange on net sales and earnings; however, it is difficult to estimate the indirect financial impact. The indirect financial impact would include such factors as the effect on sales volumes within local economies and the impact of pricing actions taken as a result of foreign exchange rate fluctuations. Foreign currency risk and its impact on our business is discussed further in Quantitative and Qualitative Disclosures about Market Risk and Other Matters.

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Historical Results

The following compares the historical results of operations for the three- and nine-month periods ended September 30, 2005 and 2004 in dollars and as a percentage of net sales (dollars in thousands, except earnings per diluted share):

Three Months Ended September 30				Nine Months Ended September 30			
2005	%	2004	%	2005	%	2004	%

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	Three Months Ended September 30				Nine Months Ended September 30			
Net sales	\$ 137,820	100.0	\$ 120,457	100.0	\$ 400,897	100.0	\$ 368,349	100.0
Cost of sales	78,706	57.1	73,035	60.6	229,349	57.2	221,808	60.2
Gross profit	59,114	42.9	47,422	39.4	171,548	42.8	146,541	39.8
Research and development expenses	4,937	3.6	4,274	3.5	13,906	3.5	12,697	3.4
Selling and administrative expenses	45,576	33.1	41,300	34.3	132,172	33.0	121,220	32.9
Profit from operations	8,601	6.2	1,848	1.5	25,470	6.4	12,624	3.4
Interest income, net	364	0.3	111	0.1	779	0.2	210	0.1
Other income (expense), net	(62)	0.0	(460)	0.4	(748)	0.2	(864)	0.2
Profit before income taxes	8,903	6.5	1,499	1.2	25,501	6.4	11,970	3.2
Income tax expense	2,643	1.9	475	0.4	9,000	2.2	4,664	1.3
Net earnings	\$ 6,260	4.5	\$ 1,024	0.9	\$ 16,501	4.1	\$ 7,306	2.0
Earnings per diluted share	\$ 0.69		\$ 0.11		\$ 1.82		\$ 0.80	

Net Sales

Consolidated net sales increased 14.4% to \$137.8 million for the third quarter of 2005 while net sales increased 8.8% to \$400.9 million for the nine months ended September 30, 2005. The growth in net sales was driven by increases in all three geographic regions and all product categories (equipment; service, parts and consumables; and floor coatings) in both the quarter and the nine-month period. Growth in equipment sales was attributable to volume growth, in part from new products, as well as price increases in certain geographic regions. Positive direct foreign currency exchange fluctuations increased net sales by approximately 1% in the both the third quarter and the first nine months of 2005.

The following table sets forth the net sales by geographic area for the three- and nine-month periods ended September 30, 2005 and 2004 and the percentage change from the prior year (dollars in thousands):

	Three Months Ended September 30		Nine Months Ended September 30		
	2005	2004	%2005	2004	%
Pursuant to section 3A.3 (or, in the case of securities					

**Nine Months
Ended
September 30**

Three Months Ended September 30

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	Three Months Ended September 30	Nine Months Ended September 30
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**Nine Months
Ended
September 30**

Three Months Ended September 30

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(b) to fewer than
150 natural or
legal persons
(other than
qualified
investors as
defined in the
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**Nine Months
Ended
September 30**

Three Months Ended September 30

Directive),
subject to
obtaining the
prior consent
of the relevant
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nominated by
the issuer for
any such
offer; or

(c) in any other
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falling within
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Three Months Ended September 30	Nine Months Ended September 30
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Three Months Ended September 30	Nine Months Ended September 30
public in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase the securities,	

Three Months Ended September 30	Nine Months Ended September 30
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as
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be
varied
in
that
Relevant
Member
State
by
any
measure
implementing
the
Prospectus
Directive
in
that
Relevant
Member
State,
the
expression
Prospectus
Directive
means
Directive
2003/71/EC
(as
amended,
including
by
Directive
2010/73/EU),
and
includes
any
relevant
implementing
measure
in
the
Relevant
Member
State.

**Nine Months
Ended
September 30**

Three Months Ended September 30

*Notice
to
Prospective
Investors
in
the
United
Kingdom*

This document is only being distributed to, and is only directed at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as

Three Months Ended September 30	Nine Months Ended September 30
amended (the Order), (ii) persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order; or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection	

Three Months Ended September 30	Nine Months Ended September 30
--	---

with
the
issue
or
sale
of
any
securities
may
otherwise
lawfully
be
communicated
or
caused
to
be
communicated
(all
such
persons
together
being
referred
to
as
relevant
persons).
Any
investment
or
investment
activity
to
which
this
document
relates
is
available
only
to
relevant
persons
and
will
be
engaged

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

in
only
with
relevant
persons.
Any
person
who
is
not
a
relevant
person
should
not
act
or
rely
on
this
document
or
any
of
its
contents.

***Notice
to
Prospective
Investors
in
France***

Neither
this
prospectus
supplement
nor
any
other
offering
material
relating
to
the
shares
described

Three Months Ended September 30	Nine Months Ended September 30
--	---

in
this
prospectus
supplement
has
been
submitted
to
the
clearance
procedures
of
the
Autorite
des
Marches
Financiers
or
of
the
competent
authority
of
another
member
state
of
the
European
Economic
Area
and
notified
to
the
Autorite
des
Marches
Financiers.
The
shares
have
not
been
offered
or
sold
and

Three Months Ended September 30	Nine Months Ended September 30
will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus supplement nor any other offering material relating to the shares has been or will be:	

released,
issued,
distributed
or caused
to be
released,
issued or
distributed
to the
public in
France; or

Three Months Ended September 30	Nine Months Ended September 30
used in connection with any offer for subscription or sale of the shares to the public in France.	

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

Such offers, sales and distributions will be made in France only:

to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d investisseurs), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monetaire et financier;

**Nine Months
Ended
September 30**

Three Months Ended September 30

to investment
services
providers
authorized to
engage in
portfolio
management
on behalf of
third parties;
or

in a transaction that, in
accordance with article
L.411-2-II-1°-or-2°-or
3° of the French Code
monetaire et financier
and article 211-2 of the
General Regulations
(Reglement General)
of the Autorite des
Marches Financiers,
does not constitute a
public offer (appel
public a l'epargne).

The
shares
may
be
resold
directly
or
indirectly,
only
in
compliance
with
articles
L.411-1,
L.411-2,
L.412-1
and
L.621-8
through
L.621-8-3
of
the
French

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

Code
monetaire
et
financier.

*Notice
to
Prospective
Investors
in
Hong
Kong*

The
shares
may
not
be
offered
or
sold
in
Hong
Kong
by
means
of
any
document
other
than
(i) in
circumstances
which
do
not
constitute
an
offer
to
the
public
within
the
meaning
of
the
Companies

Three Months Ended September 30	Nine Months Ended September 30
Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning	

Three Months Ended September 30	Nine Months Ended September 30
of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is	

**Nine Months
Ended
September 30**

Three Months Ended September 30

directed
at,
or
the
contents
of
which
are
likely
to
be
accessed
or
read
by,
the
public
in
Hong
Kong
(except
if
permitted
to
do
so
under
the
laws
of
Hong
Kong)
other
than
with
respect
to
shares
which
are
or
are
intended
to
be
disposed
of
only

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
persons
outside
Hong
Kong
or
only
to
professional
investors
within
the
meaning
of
the
Securities
and
Futures
Ordinance
(Cap.
571,
Laws
of
Hong
Kong)
and
any
rules
made
thereunder.

***Notice
to
Prospective
Investors
in
Japan***

The
shares
offered
in
this
prospectus
supplement
have
not
been

**Nine Months
Ended
September 30**

Three Months Ended September 30

registered
under
the
Financial
Instruments
and
Exchange
Act
of
Japan
(the
Financial
Instruments
and
Exchange
Act).
The
shares
have
not
been
offered
or
sold
and
will
not
be
offered
or
sold,
directly
or
indirectly,
in
Japan
or
to
or
for
the
account
of
any
resident
of
Japan,
except

**Nine Months
Ended
September 30**

Three Months Ended September 30

(i) pursuant
to
an
exemption
from
the
registration
requirements
of
the
Financial
Instruments
and
Exchange
Act
and
(ii) in
compliance
with
any
other
applicable
requirements
of
Japanese
law.

***Notice
to
Prospective
Investors
in
Singapore***

This
prospectus
supplement
has
not
been
registered
as
a
prospectus
with
the
Monetary
Authority

**Nine Months
Ended
September 30**

Three Months Ended September 30

of
Singapore.
Accordingly,
this
prospectus
supplement
and
any
other
document
or
material
in
connection
with
the
offer
or
sale,
or
invitation
for
subscription
or
purchase,
of
the
shares
may
not
be
circulated
or
distributed,
nor
may
the
shares
be
offered
or
sold,
or
be
made
the
subject
of

Three Months Ended September 30	Nine Months Ended September 30
--	---

an
invitation
for
subscription
or
purchase,
whether
directly
or
indirectly,
to
persons
in
Singapore
other
than
(i) to
an
institutional
investor
under
Section 274
of
the
Securities
and
Futures
Act,
Chapter
289
of
Singapore
(the
SFA),
(ii) to
a
relevant
person
pursuant
to
Section 275(1),
or
any
person
pursuant
to
Section 275(1A),
and

Three Months Ended September 30	Nine Months Ended September 30
--	---

in
accordance
with
the
conditions
specified
in
Section 275
of
the
SFA
or
(iii) otherwise
pursuant
to,
and
in
accordance
with
the
conditions
of,
any
other
applicable
provision
of
the
SFA,
in
each
case
subject
to
compliance
with
conditions
set
forth
in
the
SFA.

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

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Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of

**Nine Months
Ended
September 30**

Three Months Ended September 30

whom is an
accredited
investor; or

a trust
(where the
trustee is not
an accredited
investor)
whose sole
purpose is to
hold
investments
and each
beneficiary
of the trust is
an individual
who is an
accredited
investor,
shares,
debentures
and units of
shares and
debentures of
that
corporation
or the
beneficiaries
rights and
interest
(howsoever
described) in
that trust
shall not be
transferred
within six
months after
that
corporation
or that trust
has acquired
the shares
pursuant to
an offer
made under
Section 275

**Nine Months
Ended
September 30**

Three Months Ended September 30

of the SFA
except:

to an
institutional
investor (for
corporations,
under
Section 274 of
the SFA) or to
a relevant
person defined
in
Section 275(2)
of the SFA, or
to any person
pursuant to an
offer that is
made on terms
that such
shares,
debentures and
units of shares
and debentures
of that
corporation or
such rights and
interest in that
trust are
acquired at a
consideration
of not less than
S\$200,000 (or
its equivalent
in a foreign
currency) for
each
transaction,
whether such
amount is to be
paid for in cash
or by exchange
of securities or
other assets,
and further for
corporations,
in accordance

**Nine Months
Ended
September 30**

Three Months Ended September 30

with the
conditions
specified in
Section 275 of
the SFA;

where no
consideration
is or will be
given for the
transfer; or

where the
transfer is
by
operation
of law.

In
addition,
investors
in
Singapore
should
note
that
the
securities
acquired
by
them
are
subject
to
resale
and
transfer
restrictions
specified
under
Section 276
of
the
SFA,
and
they,
therefore,

**Nine Months
Ended
September 30**

Three Months Ended September 30

should
seek
their
own
legal
advice
before
effecting
any
resale
or
transfer
of
their
securities.

*Notice
to
Prospective
Investors
in
Switzerland*

The
shares
may
not
be
publicly
offered
in
Switzerland
and
will
not
be
listed
on
the
SIX
Swiss
Exchange
(SIX)
or
on
any
other
stock

Three Months Ended September 30	Nine Months Ended September 30
exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing	

Three Months Ended September 30	Nine Months Ended September 30
--	---

Rules
or
the
listing
rules
of
any
other
stock
exchange
or
regulated
trading
facility
in
Switzerland.
Neither
this
document
nor
any
other
offering
or
marketing
material
relating
to
the
shares
or
the
offering
may
be
publicly
distributed
or
otherwise
made
publicly
available
in
Switzerland.

Neither
this
document

Three Months Ended September 30	Nine Months Ended September 30
--	---

nor
any
other
offering
or
marketing
material
relating
to
the
offering,
the
Company,
the
shares
have
been
or
will
be
filed
with
or
approved
by
any
Swiss
regulatory
authority.
In
particular,
this
document
will
not
be
filed
with,
and
the
offer
of
shares
will
not
be
supervised
by,

**Nine Months
Ended
September 30**

Three Months Ended September 30

the
Swiss
Financial
Market
Supervisory
Authority
FINMA
(FINMA),
and
the
offer
of
shares
has
not
been
and
will
not
be
authorized
under
the
Swiss
Federal
Act
on
Collective
Investment
Schemes
(CISA).
The
investor
protection
afforded
to
acquirers
of
interests
in
collective
investment
schemes
under
the
CISA
does
not

Three Months Ended September 30

**Nine Months
Ended
September 30**

extend
to
acquirers
of
shares.

*Notice
to
Prospective
Investors
in
the
Dubai
International
Financial
Centre*

This
prospectus
supplement
relates
to
an
Exempt
Offer
in
accordance
with
the
Offered
Securities
Rules
of
the
Dubai
Financial
Services
Authority
(DFSA).
This
prospectus
supplement
is
intended
for
distribution
only
to

Three Months Ended September 30	Nine Months Ended September 30
--	---

persons
of
a
type
specified
in
the
Offered
Securities
Rules
of
the
DFSA.
It
must
not
be
delivered
to,
or
relied
on
by,
any
other
person.
The
DFSA
has
no
responsibility
for
reviewing
or
verifying
any
documents
in
connection
with
Exempt
Offers.
The
DFSA
has
not
approved
this

**Nine Months
Ended
September 30**

Three Months Ended September 30

prospectus
supplement
nor
taken
steps
to
verify
the
information
set
forth
herein
and
has
no
responsibility
for
the
prospectus
supplement.
The
shares
to
which
this
prospectus
supplement
relates
may
be
illiquid
and/or
subject
to
restrictions
on
their
resale.
Prospective
purchasers
of
the
shares
offered
should
conduct
their
own

Three Months Ended September 30	Nine Months Ended September 30
--	---

due
diligence
on
the
shares.
If
you
do
not
understand
the
contents
of
this
prospectus
supplement
you
should
consult
an
authorized
financial
advisor.

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

*Notice
to
Prospective
Investors
in
Australia*

No
prospectus
or
other
disclosure
document
(as
defined
in
the
Corporations
Act
2001
(Cth)
of
Australia
(Corporations
Act))
in
relation
to
the
common
shares
has
been
or
will
be
lodged
with
the
Australian
Securities &
Investments
Commission

**Nine Months
Ended
September 30**

Three Months Ended September 30

(ASIC).

This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

(i) a sophisticated investor under section 708(8)(a) or (b) of the Corporations Act;

**Nine Months
Ended
September 30**

Three Months Ended September 30

(ii)a sophisticated investor under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

(iii) a person associated with the company under section 708(12) of the Corporations Act; or

(iv) a professional investor within the meaning of section 708(11)(a) or (b) of the Corporations

**Nine Months
Ended
September 30**

Three Months Ended September 30

Act, and to
the extent
that you are
unable to
confirm or
warrant that
you are an
exempt
sophisticated
investor,
associated
person or
professional
investor
under the
Corporations
Act any offer
made to you
under this
document is
void and
incapable of
acceptance;
and

(b) you warrant
and agree
that you will
not offer any
of the
common
shares for
resale in
Australia
within 12
months of
that common
shares being
issued unless
any such
resale offer is
exempt from
the
requirement
to issue a
disclosure
document

**Nine Months
Ended
September 30**

Three Months Ended September 30

under section
708 of the
Corporations
Act.

*Notice
to
Prospective
Investors
in
Chile*

The
shares
are
not
registered
in
the
Securities
Registry
(Registro
de
Valores)
or
subject
to
the
control
of
the
Chilean
Securities
and
Exchange
Commission
(Superintendencia
de
Valores
y
Seguros
de
Chile).
This
prospectus
supplement
and
other
offering

Three Months Ended September 30	Nine Months Ended September 30
materials relating to the offer of the shares do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
Chilean
Securities
Market
Act
(Ley
de
Mercado
de
Valores)
(an
offer
that
is
not
addressed
to
the
public
at
large
or
to
a
certain
sector
or
specific
group
of
the
public).

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Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**LEGAL
MATTERS**

Certain legal matters will be passed upon for us by Jaffe, Raitt, Heuer & Weiss, Professional Corporation, Southfield, Michigan. Arthur A. Weiss is a member of our board of directors and a shareholder of Jaffe, Raitt, Heuer & Weiss, Professional Corporation. Paul

Three Months Ended September 30	Nine Months Ended September 30
Hastings LLP, New York, New York, will act as counsel and pass on certain legal matters for the underwriters. Ober, Kaler, Grimes & Shriver, a Professional Corporation, Baltimore, Maryland, will issue an opinion to us regarding certain matters of Maryland law, including the validity of the common stock to	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

be
issued
in
connection
with
this
offering.
Paul
Hastings
LLP
may
rely
upon
the
opinion
of
Ober,
Kaler,
Grimes
&
Shriver,
a
Professional
Corporation.

EXPERTS

The
audited
consolidated
financial
statements,
schedule
and
management's
assessment
of
the
effectiveness
of
internal
control
over
financial
reporting
of
Sun
Communities,

**Nine Months
Ended
September 30**

Three Months Ended September 30

Inc.
incorporated
by
reference
in
this
prospectus
supplement
and
elsewhere
in
the
registration
statement
of
which
this
prospectus
supplement
is
a
part
have
been
so
incorporated
by
reference
in
reliance
upon
the
reports
of
Grant
Thornton
LLP,
independent
registered
public
accountants,
upon
the
authority
of
said
firm
as

Three Months Ended September 30

**Nine Months
Ended
September 30**

experts
in
accounting
and
auditing.

The
combined
statements
of
revenues
and
certain
operating
expenses
of
Carefree
Properties
for
the
years
ended
December 31,
2015
and
2014,
incorporated
in
this
prospectus
supplement
by
reference
from
Sun
Communities,
Inc. s
Current
Report
on
Form
8-K
filed
on
March 22,
2016
has
been

Three Months Ended September 30	Nine Months Ended September 30
audited by Moss Adams LLP, independent auditors, as stated in their report incorporated herein by reference (which report expresses an unmodified opinion and includes an emphasis-of-matter paragraph referring to the purpose of the statements), and is incorporated in reliance upon the report of such firm given upon their	

**Nine Months
Ended
September 30**

Three Months Ended September 30

authority
as
experts
in
accounting
and
auditing.

**WHERE
YOU
CAN
FIND
MORE
INFORMATION**

We
are
subject
to
the
informational
requirements
of
the
Exchange
Act,
and,
in
accordance
therewith,
we
file
annual,
quarterly
and
current
reports,
proxy
statements
and
other
information
with
the
SEC.
You
may
read

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

and
copy
any
document
we
file
with
the
SEC
at
the
SEC's
Public
Reference
Room
at
100
F
Street,
N.E.,
Washington,
D.C.,
20549.
Please
call
the
SEC
at
1-800-SEC-0330
for
further
information
on
the
operation
of
the
Public
Reference
Room.
The
SEC
maintains
an
Internet
site
that
contains

**Nine Months
Ended
September 30**

Three Months Ended September 30

reports,
proxy
and
information
statements,
and
other
information
regarding
issuers
that
file
electronically
with
the
SEC.
The
address
of
that
site
is
<http://www.sec.gov>.
In
addition,
our
common
stock
is
listed
on
the
NYSE
and
such
reports,
proxy
statements
and
other
information
concerning
us
can
be
inspected
at
the

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Three Months Ended September 30

offices
of
the
NYSE,
20
Broad
Street,
New
York,
New
York
10005.
Additionally,
we
make
these
filings
available,
free
of
charge,
through
the
Investors
section
of
our
website
at
www.suncommunities.com
as
soon
as
reasonably
practicable
after
we
electronically
file
such
materials
with,
or
furnish
them
to,
the
SEC.

Three Months Ended September 30	Nine Months Ended September 30
--	---

The information on the website listed above, except as described in the section titled "Incorporation of Certain Documents by Reference below," is not, and should not be, considered part of this prospectus supplement and the accompanying prospectus and is not incorporated by reference into this document.

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered in connection with this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus, which are part of the registration statement, do not

**Nine Months
Ended
September 30**

Three Months Ended September 30

contain
all
of
the
information
set
forth
in
the
registration
statement
or
the
exhibits
and
schedules
to
the
registration
statement.
For
further
information
regarding
us
and
the
common
stock
offered
in
this
prospectus
supplement
and
the
accompanying
prospectus,
please
refer
to
the
registration
statement
and
the
documents
filed

Three Months Ended September 30	Nine Months Ended September 30
--	---

or
incorporated
by
reference
as
exhibits
to
the
registration
statement.
Statements
contained
in
this
prospectus
supplement
and
the
accompanying
prospectus
as
to
the
contents
of
any
contract
or
other
document
are
not
necessarily
complete
and,
in
each
instance,
you
should
refer
to
the
copy
of
such
contract
or

**Nine Months
Ended
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Three Months Ended September 30

document
filed
as
an
exhibit
to
or
incorporated
by
reference
in
the
registration
statement.
Each
statement
as
to
the
contents
of
such
contract
or
document
is
qualified
in
all
respects
by
such
reference.
You
may
obtain
copies
of
the
registration
statement
and
its
exhibits
from
the
SEC
as

	Three Months Ended September 30	Nine Months Ended September 30
indicated		
above		
or		
from		
us.		

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Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**INCORPORATION
OF
CERTAIN
DOCUMENTS
BY
REFERENCE**

The
SEC
allows
us
to
incorporate
by
reference
the
information
we
file
with
it,
which
means
that
we
can
disclose
important
information
to
you
by
referring
you
to
those
documents.
The
information
incorporated
by
reference
is

Three Months Ended September 30	Nine Months Ended September 30
considered to be part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC prior to	

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
termination
of
the
offering
under
Sections
13(a),
13(c),
14
or
15(d)
of
the
Exchange
Act
(solely
to
the
extent
that
such
information
set
forth
in
any
such
document
is
filed
with,
as
opposed
to
furnished
to,
the
SEC
under
the
Exchange
Act):

Our Annual
Report on

**Nine Months
Ended
September 30**

Three Months Ended September 30

Form 10-K for
the fiscal year
ended
December 31,
2015, filed
with the SEC
on
February 23,
2016;

Our
definitive
proxy
statement
on
Schedule
14A filed
with the
SEC on
March 30,
2016;

Our
Quarterly
Reports on
Form
10-Q for
the quarter
ended
March 31,
2016 filed
with the
SEC on
April 26,
2016 and
for the
quarter
ended
June 30,
2016 filed
with the
SEC on
August 2,
2016;

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Our Current Reports on Form 8-K, filed with the SEC on February 24, 2016 (excluding Item 7.01 and Exhibit 99.1 thereof), March 15, 2016, March 15, 2016, March 22, 2016, March 22, 2016 (excluding Item 7.01 and Exhibit 99.4 thereof), March 29, 2016, May 23, 2016, June 1, 2016, June 9, 2016, July 13, 2016, August 2, 2016 (excluding Item 2.02 and Exhibit 99.1 thereof), and August 25, 2016;

The description of our common stock contained in the Registration Statement on Form 8-A filed November 23, 1993 (File No. 1-12616), including any amendment or report filed to update such description; and

Three Months Ended September 30	Nine Months Ended September 30
--	---

The description of certain distribution rights associated with our common stock contained in the Registration Statement on Form 8-A filed June 3, 2008 (File No. 001-12616), including any amendment or report filed to update such description.

All documents subsequently filed by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement

Three Months Ended September 30	Nine Months Ended September 30
--	---

and
prior
to
the
termination
of
this
offering
shall
be
deemed
to
be
incorporated
by
reference
into
this
prospectus
supplement
and
a
part
hereof
from
the
date
of
filing
of
these
documents,
and
will
update,
supplement
and
supersede
the
information
in
this
prospectus
supplement
and
the
accompanying
prospectus.

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September 30**

Three Months Ended September 30

Notwithstanding
the
foregoing,
information
furnished
under
Items
2.02
and
7.01
of
our
Current
Reports
on
Form
8-K,
including
the
related
exhibits,
is
not
incorporated
by
reference
in
this
prospectus
supplement
and
the
accompanying
prospectus.
We
will
provide
to
each
person,
including
any
beneficial
owner,
to
whom
this
prospectus

**Nine Months
Ended
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supplement
and
the
accompanying
prospectus
is
delivered,
a
copy
of
any
or
all
of
the
information
that
has
been
incorporated
by
reference
in
the
prospectus
but
not
delivered
with
this
prospectus
supplement
and
the
accompanying
prospectus.
We
will
provide
this
information
upon
written
or
oral
request
at
no

Three Months Ended September 30	Nine Months Ended September 30
--	---

cost
to
the
requester.
You
may
request
a
copy
of
any
of
this
information
by
writing
us
at
the
following
address:
Sun
Communities,
Inc.,
27777
Franklin
Road,
Suite
200,
Southfield,
Michigan,
48034,
Attention:
Investor
Relations;
or
by
calling
our
Investor
Relations
Department
at
telephone
number
(248) 208-2500.

	Three Months Ended September 30	Nine Months Ended September 30
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Three Months Ended September 30 **Nine Months
Ended
September 30**

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of
Contents**

PROSPECTUS

**COMMON
STOCK**

**PREFERRED
STOCK**

**DEBT
SECURITIES**

WARRANTS

UNITS

We
may
from
time
to
time
offer,
in
one
or
more
classes
or
series,
separately
or
together,
and
in

Three Months Ended September 30	Nine Months Ended September 30
amounts, at prices and on terms to be set forth in one or more supplements to this prospectus, the following securities:	
shares of common stock;	
shares of preferred stock;	
debt securities;	
warrants to purchase preferred stock or common stock; or	

**Nine Months
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September 30**

Three Months Ended September 30

units
consisting
of two or
more of
the
foregoing.

We
refer
to
the
common
stock,
preferred
stock,
debt
securities,
warrants
and
units
registered
hereunder
collectively
as
the
securities
in
this
prospectus.

This
prospectus
describes
some
of
the
general
terms
that
may
apply
to
these
securities
and
the
general
manner
in

**Nine Months
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which
they
may
be
offered.
The
specific
terms
of
any
securities
to
be
offered,
and
the
specific
manner
in
which
they
may
be
offered,
will
be
set
forth
in
the
applicable
prospectus
supplement.
The
prospectus
supplement
will
also
contain
information,
where
applicable,
about
certain
federal
income
tax
considerations

**Nine Months
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relating
to,
and
any
listing
on
a
securities
exchange
of,
the
securities
covered
by
such
prospectus
supplement.

It
is
important
that
you
read
both
this
prospectus
and
the
applicable
prospectus
supplement
before
you
invest
in
the
securities.

To
assist
us
in
complying
with
certain
federal
income
tax

**Nine Months
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September 30**

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requirements
applicable
to
real
estate
investment
trusts,
our
charter
contains
certain
restrictions
relating
to
the
ownership
and
transfer
of
our
stock,
including
an
ownership
limit
of
9.8%
on
our
common
stock.

See
Description
of
Common
Stock Restrictions
on
Ownership
beginning
on
page 10
of
this
prospectus.

The
securities
may

Three Months Ended September 30	Nine Months Ended September 30
--	---

be
offered
directly
by
us
or
by
any
selling
security
holder,
through
agents
designated
from
time
to
time
by
us
or
to
or
through
underwriters
or
dealers.
If
any
agents,
dealers
or
underwriters
are
involved
in
the
sale
of
any
of
the
securities,
their
names,
and
any
applicable

Three Months Ended September 30	Nine Months Ended September 30
purchase price, fee, commission or discount arrangement between or among them will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. See the sections entitled About This Prospectus and Plan of Distribution for more information. No securities may be sold	

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without
delivery
of
this
prospectus
and
the
applicable
prospectus
supplement
describing
the
method
and
terms
of
the
offering
of
such
series
of
securities.

Our
common
stock
is
listed
on
the
New
York
Stock
Exchange,
or
NYSE,
under
the
symbol
SUI.
The
last
reported
sale
price
of
the

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

common
stock
as
reported
on
the
NYSE
on
April
16,
2015
was
\$63.54
per
share.

**Investing
in
our
securities
involves
risks.
Before
investing
in
our
securities,
you
should
read
carefully
the
risk
factors
described
on
page 3
of
this
prospectus
and from
described
time
to**

Three Months Ended September 30	Nine Months Ended September 30
<p>time in our Securities and Exchange Commission filings.</p>	
<p>Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.</p>	

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The date of this prospectus is April 17, 2015		

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**Nine Months
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September 30**

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<u>Risk Factors</u>	3
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	6
<u>Ratio of Earnings to Combined Fixed Charges and Preferred Stock</u>	8
<u>Distributions</u>	9
<u>Use of Proceeds</u>	10
<u>Description of Common Stock</u>	13
<u>Description of Preferred Stock</u>	24
<u>Description of Debt Securities</u>	30
<u>Description of Warrants</u>	32
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<u>Certain Provisions of Maryland Law</u>	

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<u>and Our Charter and Bylaws</u>		
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September 30**

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of
Contents**

**ABOUT
THIS
PROSPECTUS**

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended,

Three Months Ended September 30	Nine Months Ended September 30
--	---

or
the
Securities
Act,
using
a
shelf
registration
process
for
the
delayed
offering
and
sale
of
securities
pursuant
to
Rule 415
under
the
Securities
Act.
Under
this
process,
we
may
sell
the
securities
described
in
this
prospectus
in
one
or
more
offerings.
In
addition,
selling
security
holders
to
be

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named in a prospectus supplement may sell certain of our securities from time to time. This prospectus provides you with a general description of the securities we or any selling security holder may offer. Each time we or any selling security holder sells securities, we or the selling	

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September 30**

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security
holder
will
provide
a
prospectus
supplement
containing
specific
information
about
the
terms
of
the
applicable
offering.
Such
prospectus
supplement
may
add,
update
or
change
information
contained
in
this
prospectus.

We
or
any
selling
security
holder
may
offer
the
securities
directly,
through
agents,
or
to
or
through

**Nine Months
Ended
September 30**

Three Months Ended September 30

underwriters.

The applicable prospectus supplement will describe the terms of the plan of distribution and set forth the names of any underwriters involved in the sale of the securities. See Plan of Distribution for more information on this topic. No securities may be sold without delivery of a

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Ended
September 30**

Three Months Ended September 30

prospectus
supplement
describing
the
method
and
terms
of
the
offering
of
those
securities.

This
prospectus
and
any
accompanying
prospectus
supplement
do
not
contain
all
of
the
information
included
in
the
registration
statement.

We
have
omitted
parts
of
the
registration
statement
in
accordance
with
the
rules
and
regulations

Three Months Ended September 30	Nine Months Ended September 30
--	---

of
the
SEC.
For
further
information,
we
refer
you
to
the
registration
statement
on
Form S-3
of
which
this
prospectus
is
a
part,
including
its
exhibits.
Statements
contained
in
this
prospectus
and
any
accompanying
prospectus
supplement
about
the
provisions
or
contents
of
any
agreement
or
other
document
are
not

Three Months Ended September 30

**Nine Months
Ended
September 30**

necessarily
complete.

If
the
SEC's
rules
and
regulations
require
that
an
agreement
or
document
be
filed
as
an
exhibit
to
the
registration
statement,
please
see
that
agreement
or
document
for
a
complete
description
of
these
matters.

You
should
read
this
prospectus
and
any
accompanying
prospectus
supplement
to

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

make
your
investment
decision.

You
should
also
read
and
carefully
consider
the
information
in
the
documents
we
have
referred
you
to
in

Where
You
Can
Find
More
Information
below.
Information
incorporated
by
reference
after
the
date
of
this
prospectus
may
add,
update
or
change
information
contained
in
this

**Nine Months
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prospectus.
Any
information
in
such
subsequent
filings
that
is
inconsistent
with
this
prospectus
will
supersede
the
information
in
this
prospectus
or
any
earlier
prospectus
supplement.

Unless
otherwise
mentioned
or
unless
the
context
requires
otherwise,
all
references
in
this
prospectus
to
Sun,
we,
us,
our
or
similar
references

Three Months Ended September 30	Nine Months Ended September 30
mean Sun Communities, Inc., a Maryland corporation, and its subsidiaries, including Sun Communities Operating Limited Partnership, a Michigan limited partnership, or the Operating Partnership, and Sun Home Services, Inc., a Michigan corporation, or SHS.	

**Nine Months
Ended
September 30**

Three Months Ended September 30

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of
Contents**

**INFORMATION
ABOUT
SUN
COMMUNITIES,
INC.**

We
are
a
self-administered
and
self-managed
real
estate
investment
trust,
or
REIT.
We
own,
operate,
and
develop
manufactured
housing,
or
MH,
and
recreational
vehicle,
or
RV,
communities
concentrated
in
the
midwestern,
southern
and
southeastern
United
States.
We

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

are
a
fully-integrated
real
estate
company
which,
together
with
our
affiliates
and
predecessors,
has
been
in
the
business
of
acquiring,
operating,
developing
and
expanding
MH
and
RV
communities
since
1975.
As
of
March
31,
2015,
we
owned
and
operated
a
portfolio
of
243 properties,
which
we
refer
to
as

**Nine Months
Ended
September 30**

Three Months Ended September 30

Properties,
located
in
29 states,
including
209 MH
communities,
25 RV
communities,
and
nine
Properties
containing
both
MH
and
RV
sites.
As
of
March
31,
2015,
the
Properties
contained
an
aggregate
of
89,320 developed
sites
comprised
of
71,106 developed
manufactured
home
sites,
9,409 annual
RV
sites
(inclusive
of
both
annual
and
seasonal
usage
rights),

**Nine Months
Ended
September 30**

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8,805 transient
RV
sites,
and
approximately
7,200 additional
manufactured
home
sites
suitable
for
development.
We
lease
individual
parcels
of
land,
or
sites,
with
utility
access
for
placement
of
manufactured
homes
and
RVs
to
our
customers.
The
Properties
are
designed
to
offer
affordable
housing
to
individuals
and
families,
while
also
providing

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certain
amenities.

We
are
engaged
through
SHS,
a
taxable
REIT
subsidiary,
in
the
marketing,
selling,
and
leasing
of
new
and
pre-owned
homes
to
current
and
future
residents
in
our
communities.

The
operations
of
SHS
support
and
enhance
our
occupancy
levels,
property
performance
and
cash
flows.

**Nine Months
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Three Months Ended September 30

Structured
as
an
umbrella
partnership
REIT,
or
UPREIT,
the
Operating
Partnership
is
the
entity
through
which
we
conduct
substantially
all
of
our
operations,
and
which
owns,
either
directly
or
indirectly
through
SHS
and
other
subsidiaries,
all
of
our
assets.
This
UPREIT
structure
enables
us
to
comply
with
certain

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Three Months Ended September 30

complex requirements under the U.S. federal tax rules and regulations applicable to REITs, and to acquire MH communities in transactions that defer some or all of the sellers tax consequences. We are the sole general partner of, and, as of March 31, 2015, held approximately 95.5% of the

**Nine Months
Ended
September 30**

Three Months Ended September 30

interests
(not
including
preferred
limited
partnership
interests)
in,
the
Operating
Partnership.
The
interests
in
the
Operating
Partnership
held
by
the
partners
are
referred
to
herein
as
OP
Units.

We
were
incorporated
in
Maryland
on
July 23,
1993
and
completed
the
initial
public
offering
of
our
common
stock
on

**Nine Months
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September 30**

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December 9,
1993.

Our
executive
and
principal
property
management
office

is
located
at

27777
Franklin
Road,
Suite
200,
Southfield,
Michigan
48034

and
our
telephone
number
is
(248) 208-2500.

We
have
regional
property
management
offices
located
in
Austin,
Texas;
San
Antonio,
Texas;
Dayton,
Ohio;
Grand
Rapids,
Michigan;
Elkhart,
Indiana;
Indianapolis,
Indiana;

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Traverse
City,
Michigan;
Charlotte,
North
Carolina;
Denver,
Colorado;
Ft.
Myers,
Florida;
and
Orlando,
Florida;
and
we
employed
an
aggregate
of
1,861
full
and
part
time
employees
(including
seasonal
employees)
as
of
March
31,
2015.

Our
website
address
is www.suncommunities.com,
which
contains
information
concerning
us
and
our
subsidiaries.
Information

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included or referred to on, or otherwise accessible through, our website is not incorporated by reference or otherwise a part of this prospectus or any accompanying prospectus supplement.	

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September 30**

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**RISK
FACTORS**

*Investment
in
any
securities
offered
pursuant
to
this
prospectus
involves
risks.
In
addition
to
the
information
presented
in
this
prospectus
and
any
applicable
prospectus
supplement
and
the
risk
factors
in
our
most
recent
Annual
Report
on
Form
10-K
and
our*

**Nine Months
Ended
September 30**

Three Months Ended September 30

*other
filings
under
the
Securities
Exchange
Act
of
1934,
as
amended,
or
the
Exchange
Act,
that
are
incorporated
by
reference
in
this
prospectus
and
any
applicable
prospectus
supplement,
you
should
consider
carefully
the
following
risk
factors
before
deciding
to
purchase
any
securities
offered
pursuant
to
this
prospectus.
Additional*

Three Months Ended September 30	Nine Months Ended September 30
--	---

*risks
and
uncertainties
not
presently
known
to
us
or
that
we
currently
deem
immaterial
may
also
impair
our
business
operations.
If
any
of
these
risks
actually
occur,
our
business,
financial
condition
and
results
of
operations
may
suffer.
In
that
event,
the
trading
price
of
our
common
stock
or*

**Nine Months
Ended
September 30**

Three Months Ended September 30

*the
value
of
our
other
securities
could
decline,
and
you
may
lose
all
or
part
of
your
investment
in
our
securities.*

*Please
also
refer
to
the
section
below
entitled
Cautionary
Statement
Regarding
Forward-Looking
Statements.*

***We
may
allocate
the
net
proceeds
from
this
offering
in
ways
that
you***

**Nine Months
Ended
September 30**

Three Months Ended September 30

*and
other
stockholders
may
not
approve.*

We intend to use the net proceeds from this offering for general corporate purposes, including working capital, acquisitions, retirement of debt, and other business opportunities. Our management will have broad discretion in the application of the net proceeds from this offering and

Three Months Ended September 30

**Nine Months
Ended
September 30**

could
spend
the
proceeds
in
ways
that
do
not
necessarily
improve
our
operating
results
or
enhance
the
value
of
our
common
stock.

*Future
sales
and/or
issuances
of
our
common
stock
or
preferred
stock
may
cause
the
market
price
of
our
common
stock
to
decline.*

The
sale

Three Months Ended September 30	Nine Months Ended September 30
and/or issuance of substantial amounts of our common stock or preferred stock, whether directly by us or in the secondary market, the perception that such sales could occur or the availability of future issuances of shares of our common stock, preferred stock, OP Units or other securities convertible	

**Nine Months
Ended
September 30**

Three Months Ended September 30

into
or
exchangeable
or
exercisable
for
our
common
stock
or
preferred
stock,
could
materially
and
adversely
affect
the
market
price
of
our
common
stock
or
preferred
stock
and
our
ability
to
raise
capital
through
future
offerings
of
equity
or
equity-related
securities.
In
addition,
we
may
issue
capital
stock

**Nine Months
Ended
September 30**

Three Months Ended September 30

that
is
senior
to
our
common
stock
in
the
future
for
a
number
of
reasons,
including
to
finance
our
operations
and
business
strategy,
to
adjust
our
ratio
of
debt
to
equity
or
for
other
reasons.

***Our
business
operations
may
not
generate
the
cash
needed
to
make
distributions***

**Nine Months
Ended
September 30**

Three Months Ended September 30

*on
our
capital
stock
or
to
service
our
indebtedness,
and
we
may
adjust
our
common
stock
distribution
policy.*

Our
ability
to
make
distributions
on
our
capital
stock
and
payments
on
our
indebtedness
and
to
fund
planned
capital
expenditures
will
depend
on
our
ability
to
generate
cash
in

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
future.
We
cannot
assure
you
that
our
business
will
generate
sufficient
cash
flow
from
operations
or
that
future
borrowings
will
be
available
to
us
in
an
amount
sufficient
to
enable
us
to
make
distributions
on
our
capital
stock,
to
pay
our
indebtedness
or
to
fund
our
other

**Nine Months
Ended
September 30**

Three Months Ended September 30

liquidity
needs.

The
decision
to
declare
and
pay
distributions
on
shares
of
our
common
stock
in
the
future,
as
well
as
the
timing,
amount
and
composition
of
any
such
future
distributions,
will
be
at
the
sole
discretion
of
our
board
of
directors
in
light
of
conditions
then

**Nine Months
Ended
September 30**

Three Months Ended September 30

existing,
including
our
earnings,
financial
condition,
capital
requirements,
debt
maturities,
the
availability
of
debt
and
equity
capital,
applicable
REIT
and
legal
restrictions
and
the
general
overall
economic
conditions
and
other
factors.
Any
change
in
our
distribution
policy
could
have
a
material
adverse
effect
on
the
market
price
of

	Three Months Ended September 30	Nine Months Ended September 30
our common stock.		

3

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

*Our
share
price
could
be
volatile
and
could
decline,
resulting
in
a
substantial
or
complete
loss
on
your
investment.*

The
stock
markets,
including
the
NYSE,
on
which
we
list
our
common
stock
and
Series
A
Preferred
Stock,
have
experienced
significant
price
and

Three Months Ended September 30

**Nine Months
Ended
September 30**

volume
fluctuations.

As

a

result,

the

market

price

of

our

common

stock

and

preferred

stock

could

be

similarly

volatile,

and

investors

in

our

common

stock

and

preferred

stock

may

experience

a

decrease

in

the

value

of

their

shares,

including

decreases

unrelated

to

our

operating

performance

or

prospects.

The

Three Months Ended September 30	Nine Months Ended September 30
price of our common stock and preferred stock could be subject to wide fluctuations in response to a number of factors, including:	

issuances
of other
equity
securities
in the
future,
including
new
series or
classes of
preferred
stock;

our operating
performance
and the
performance
of other
similar
companies;

Three Months Ended September 30	Nine Months Ended September 30
our ability to maintain compliance with covenants contained in our debt facilities;	
actual or anticipated variations in our operating results, funds from operations, cash flows or liquidity;	
changes in expectations of future financial performance or changes in our earnings estimates or those of analysts;	
changes in our distribution policy;	
the market for similar securities;	
publication of research reports	

Three Months Ended September 30	Nine Months Ended September 30
about us or the real estate industry generally;	
increases in market interest rates that lead purchasers of our common stock to demand a higher dividend yield;	
changes in market valuations of similar companies;	
adverse market reaction to the amount of our debt outstanding at any time, the amount of our debt maturing in the near- and medium-term and our ability to refinance our debt, or our plans to incur additional debt in the	

Three Months Ended September 30	Nine Months Ended September 30
future;	
additions or departures of key management personnel;	
speculation in the press or investment community;	
actions by institutional stockholders;	
equity issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur;	
the realization of any of the other risk factors included or incorporated by reference in this prospectus; and	

Three Months Ended September 30

**Nine Months
Ended
September 30**

general
market,
economic
and
political
conditions.

Many
of
the
factors
listed
above
are
beyond
our
control.
Those
factors
may
cause
the
market
price
of
our
common
stock
to
decline
significantly,
regardless
of
our
financial
condition,
results
of
operations
and
prospects.
It
is
impossible
to
provide
any
assurance
that

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
market
price
of
our
common
stock
or
preferred
stock
will
not
fall
in
the
future,
and
it
may
be
difficult
for
holders
to
resell
shares
of
our
common
stock
or
preferred
stock
at
prices
they
find
attractive,
or
at
all.
In
the
past,
securities
class
action
litigation

Three Months Ended September 30	Nine Months Ended September 30
has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe

**Nine Months
Ended
September 30**

Three Months Ended September 30

*to
be
in
their
best
interest.*

Certain
provisions
of
the
Maryland
General
Corporation
Law,
or
MGCL,
may
have
the
effect
of
inhibiting
a
third
party
from
making
a
proposal
to
acquire
us
or
of
impeding
a
change
of
control
under
circumstances
that
otherwise
could
provide
the
holders

Three Months Ended September 30	Nine Months Ended September 30
of shares of our capital stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:	

business
combination
provisions
that, subject to
limitations,
prohibit
certain
business
combinations
between us
and an
interested
stockholder
(defined
generally as
any person
who
beneficially
owns 10% or
more of the
voting power
of our shares
or an affiliate

**Nine Months
Ended
September 30**

Three Months Ended September 30

thereof or an
affiliate or
associate of
ours who was
the beneficial
owner,
directly or
indirectly, of
10% or more
of the voting
power of our
then
outstanding
voting stock at
any time
within the
two-year
period
immediately
prior to the
date in
question) for
five years after
the most
recent date on
which the
stockholder
becomes an
interested
stockholder,
and thereafter
impose fair
price and/or
supermajority
and
stockholder
voting
requirements
on these
combinations;
and

control share
provisions
that provide
that control
shares of our

**Nine Months
Ended
September 30**

Three Months Ended September 30

company
(defined as
shares that,
when
aggregated
with other
shares
controlled by
the
stockholder,
entitle the
stockholder
to exercise
one of three
increasing
ranges of
voting power
in electing
directors)
acquired in a
control share
acquisition
(defined as
the direct or
indirect
acquisition
of ownership
or control of
issued and
outstanding
control
shares) have
no voting
rights except
to the extent
approved by
our
stockholders
by the
affirmative
vote of at
least
two-thirds of
all the votes
entitled to be
cast on the
matter,
excluding all

**Nine Months
Ended
September 30**

Three Months Ended September 30

interested
shares.
The
provisions
of
the
MGCL
relating
to
business
combinations
do
not
apply,
however,
to
business
combinations
that
are
approved
or
exempted
by
our
board
of
directors
prior
to
the
time
that
the
interested
stockholder
becomes
an
interested
stockholder.
As
permitted
by
the
statute,
our
board
of

**Nine Months
Ended
September 30**

Three Months Ended September 30

directors
has
by
resolution
exempted
Milton
M.
Shiffman,
Robert
B.
Bayer,
and
Gary
A.
Shiffman,
their
affiliates
and
all
persons
acting
in
concert
or
as
a
group
with
the
foregoing,
from
the
business
combination
provisions
of
the
MGCL
and,
consequently,
the
five-year
prohibition
and
the
supermajority
vote
requirements

Three Months Ended September 30	Nine Months Ended September 30
--	---

will
not
apply
to
business
combinations
between
us
and
these
persons.
As
a
result,
these
persons
may
be
able
to
enter
into
business
combinations
with
us
that
may
not
be
in
the
best
interests
of
our
stockholders
without
compliance
by
our
company
with
the
supermajority
vote
requirements
and

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

the
other
provisions
of
the
statute.

Also,
pursuant
to
a
provision
in
our
bylaws,
we
have
exempted
any
acquisition
of
our
stock
from
the
control
share
provisions
of
the
MGCL.

However,
our
board
of
directors
may
by
amendment
to
our
bylaws
opt
in
to
the
control
share

**Nine Months
Ended
September 30**

Three Months Ended September 30

provisions
of
the
MGCL
at
any
time
in
the
future.

Additionally,
Subtitle 8
of
Title
3
of
the
MGCL
permits
our
board
of
directors,
without
stockholder
approval
and
regardless
of
what
is
currently
provided
in
our
charter
or
bylaws,
to
elect
to
be
subject
to
certain
provisions
relating

Three Months Ended September 30	Nine Months Ended September 30
--	---

to
corporate
governance
that
may
have
the
effect
of
delaying,
deferring
or
preventing
a
transaction
or
a
change
of
control
of
our
company
that
might
involve
a
premium
to
the
market
price
of
our
common
stock
or
otherwise
be
in
our
stockholders
best
interests.
These
provisions
include
a

**Nine Months
Ended
September 30**

Three Months Ended September 30

classified
board;
two-thirds
vote
to
remove
a
director;
that
the
number
of
directors
may
only
be
fixed
by
the
board
of
directors;
that
vacancies
on
the
board
as
a
result
of
an
increase
in
the
size
of
the
board
or
due
to
death,
resignation
or
removal
can
only

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

be
filled
by
the
board,
and
the
director
appointed
to
fill
the
vacancy
serves
for
the
remainder
of
the
full
term
of
the
class
of
director
in
which
the
vacancy
occurred;
and
a
majority
requirement
for
the
calling
by
stockholders
of
special
meetings.
Other
than
a
classified
board,

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
filling
of
vacancies
as
a
result
of
the
removal
of
a
director
and
a
majority
requirement
for
the
calling
by
stockholders
of
special
meetings,
we
are
already
subject
to
these
provisions,
either
by
provisions
of
our
charter
and
bylaws
unrelated
to
Subtitle 8
or
by
reason
of
an

Three Months Ended September 30	Nine Months Ended September 30
election to be subject to certain provisions of Subtitle 8. In the future, our board of directors may elect, without stockholder approval, to make us subject to the provisions of Subtitle 8 to which we are not currently subject.	

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**CAUTIONARY
STATEMENT
REGARDING
FORWARD-LOOKING
STATEMENTS**

This
prospectus
and
the
documents
incorporated
by
reference
herein
contain
various
forward-looking
statements
within
the
meaning
of
the
Securities
Act
of
1933,
as
amended,
or
the
Securities
Act,
and
the
Exchange
Act,
and
we
intend
that
such

**Nine Months
Ended
September 30**

Three Months Ended September 30

forward-looking
statements
will
be
subject
to
the
safe
harbors
created
thereby.
For
this
purpose,
any
statements
contained
in
this
prospectus
and
the
documents
incorporated
by
reference
herein
that
relate
to
expectations,
beliefs,
projections,
future
plans
and
strategies,
trends
or
prospective
events
or
developments
and
similar
expressions
concerning
matters

Three Months Ended September 30	Nine Months Ended September 30
that are not historical facts are deemed to be forward-looking statements. Words such as forecasts, intends, intend, intended, goal, estimate, estimates, expects, expect, expected, project, projected, projections, plans, predicts, potential, seeks, anticipates, anticipated, should, could, may, will, designed to, foreseeable future, believe, believes, scheduled, guidance and similar expressions	

Three Months Ended September 30	Nine Months Ended September 30
--	---

are
intended
to
identify
forward-looking
statements,
although
not
all
forward-looking
statements
contain
these
words.
These
forward-looking
statements
reflect
our
current
views
with
respect
to
future
events
and
financial
performance,
but
involve
known
and
unknown
risks
and
uncertainties,
both
general
and
specific
to
the
matters
discussed
in
this
prospectus

Three Months Ended September 30	Nine Months Ended September 30
and the documents incorporated by reference herein. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks described under Risk Factors above and in our Annual Report on Form	

	Three Months Ended September 30	Nine Months Ended September 30
10-K for the year ended December 31, 2014, such risks and uncertainties include:		
changes in general economic conditions, the real estate industry and the markets in which we operate;		
difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;		
our liquidity and refinancing demands;		

Three Months Ended September 30	Nine Months Ended September 30
our ability to obtain or refinance maturing debt;	
our ability to maintain compliance with covenants contained in our debt facilities;	
availability of capital;	
our ability to maintain rental rates and occupancy levels;	
our failure to maintain effective internal control over financial reporting and disclosure controls and procedures;	
increases in interest rates and operating costs,	

Three Months Ended September 30	Nine Months Ended September 30
including insurance premiums and real property taxes;	
risks related to natural disasters;	
general volatility of the capital markets and the market price of shares of our capital stock;	
our failure to maintain our status as a REIT;	
changes in real estate and zoning laws and regulations;	
legislative or regulatory changes, including	

Three Months Ended September 30	Nine Months Ended September 30
changes to laws governing the taxation of REITs;	
litigation, judgments or settlements;	
competitive market forces; and	
the ability of manufactured home buyers to obtain financing and the level of reposessions by manufactured home lenders.	
Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date	

**Nine Months
Ended
September 30**

Three Months Ended September 30

the
statement
was
made.
We
undertake
no
obligation
to
publicly
update
or
revise
any
forward-looking
statements
included
or
incorporated
by
reference
into
this
prospectus
and
the
documents
incorporated
by
reference
herein,
whether
as
a
result
of
new
information,
future
events,
changes
in
our
expectations
or
otherwise,
except
as

	Three Months Ended September 30	Nine Months Ended September 30
required by law.		

6

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their

	Three Months Ended September 30	Nine Months Ended September 30
entirety by these cautionary statements.		

7

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**RATIO
OF
EARNINGS
TO
COMBINED
FIXED
CHARGES

AND
PREFERRED
STOCK
DISTRIBUTIONS**

The following table sets forth our ratio of earnings to combined fixed charges and preferred stock distributions for the periods indicated. In certain of the periods presented, earnings were not

**Nine Months
Ended
September 30**

Three Months Ended September 30

sufficient
to
cover
combined
fixed
charges
and
preferred
stock
distributions.

The
extent
of
the
deficiency
in
each
such
period
is
shown
below.

Fiscal Year ended December 31,

2014 2013 2012 2011 2010

	2014	2013	2012	2011	2010
Ratio of earnings to combined fixed charges and preferred stock distributions	1.02:1	1.13:1	1.07:1	0.98:1	0.98:1

Deficiency of earnings available to cover fixed charges	\$	\$	\$	\$ 1,607	\$ 1,355
---	----	----	----	----------	----------

The
ratios
of
earnings
to
combined
fixed
charges

**Nine Months
Ended
September 30**

Three Months Ended September 30

and preferred stock distributions were computed by dividing earnings by the aggregate of our fixed charges and preferred distributions. For this purpose, earnings consist of (i) pre-tax income from continuing operations before adjustment for noncontrolling interests, gain on dispositions and distributions from affiliates, plus (ii) fixed charges, less (iii) capitalized interest,

	Three Months Ended September 30	Nine Months Ended September 30
less		
(iv) distributions		
to		
holders		
of		
shares		
of		
our		
7.125%		
Series A		
Cumulative		
Redeemable		
Preferred		
Stock,		
6.50%		
Series		
A-4		
Cumulative		
Convertible		
Preferred		
Stock		
and		
preferred		
securities		
of		
the		
Operating		
Partnership.		
Fixed		
charges		
consist		
of		
(i) interest		
expense		
(including		
the		
amortization		
of		
deferred		
financing		
costs		
and		
premiums		
and		
discounts		
on		
indebtedness),		
(ii) capitalized		

**Nine Months
Ended
September 30**

Three Months Ended September 30

interest,
(iii) estimate
of
interest
within
rental
expense,
and
(iv) distributions
to
holders
of
shares
of
our
7.125%
Series A
Cumulative
Redeemable
Preferred
Stock,
6.50%
Series
A-4
Cumulative
Convertible
Preferred
Stock
and
preferred
securities
of
the
Operating
Partnership.

During
the
periods
prior
to
November 14,
2012,
we
had
no
issued
and

	Three Months Ended September 30	Nine Months Ended September 30
outstanding preferred stock and paid no preferred stock distributions.		

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**USE
OF
PROCEEDS**

Unless we indicate otherwise in the applicable prospectus supplement, we intend to contribute the net proceeds from any sale of the securities pursuant to this prospectus to the Operating Partnership, which will use the net proceeds to fund possible

Three Months Ended September 30	Nine Months Ended September 30
future acquisitions of properties and for general corporate purposes, which may include the repayment of existing indebtedness and improvements to the properties in our portfolio. Pending application of cash proceeds, we will invest the net proceeds in interest-bearing accounts and short-term, interest-bearing securities which are consistent with our	

Three Months Ended September 30	Nine Months Ended September 30
intention to continue to qualify as a REIT for federal income tax purposes. Further details regarding the use of the net proceeds from the sale of a specific series or class of the securities will be set forth in the applicable prospectus supplement.	
If a prospectus supplement	

Three Months Ended September 30	Nine Months Ended September 30
includes an offering by selling security holders, we will not receive any proceeds from such sales.	

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**DESCRIPTION
OF
COMMON
STOCK**

We have the authority to issue 100,000,000 shares of capital stock, of which 90,000,000 shares are common stock, par value \$0.01 per share. As of March 31, 2015, we had 53,498,307 shares of common stock issued and outstanding.

**Nine Months
Ended
September 30**

Three Months Ended September 30

The following description of the common stock sets forth certain general terms and provisions of the common stock to which any prospectus supplement may relate, including a prospectus supplement providing that common stock will be issuable upon conversion of our debt securities or preferred stock or upon the

**Nine Months
Ended
September 30**

Three Months Ended September 30

exercise
of
the
warrants
we
issue.
The
statements
below
describing
the
common
stock
are
in
all
respects
subject
to
and
qualified
in
their
entirety
by
reference
to
the
applicable
provisions
of
our
charter
and
bylaws.

General

Subject
to
the
preferential
rights
of
any
other
class
or

**Nine Months
Ended
September 30**

Three Months Ended September 30

series
of
stock,
holders
of
our
common
stock
will
be
entitled
to
receive
distributions
when,
as
and
if
declared
by
our
board
of
directors,
out
of
funds
legally
available
therefor.
Payment
and
declaration
of
distributions
on
the
common
stock
and
purchases
of
shares
thereof
by
us
will
be

**Nine Months
Ended
September 30**

Three Months Ended September 30

subject
to
certain
restrictions
if
we
fail
to
pay
distributions
on
the
preferred
stock.
See
Description
of
Preferred
Stock.
Upon
any
liquidation,
dissolution
or
winding
up
of
Sun,
holders
of
common
stock
will
be
entitled
to
share
equally
and
ratably
in
any
assets
available
for
distribution
to
them,

Three Months Ended September 30	Nine Months Ended September 30
after payment or provision for payment of the debts and other liabilities of Sun and the preferential amounts owing with respect to any outstanding preferred stock or senior debt securities.	

The
common
stock
will
possess
ordinary
voting
rights
for
the
election
of
directors
and
in
respect
of

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

other
corporate
matters,
each
share
entitling
the
holder
thereof
to
one
vote.
Holders
of
common
stock
will
not
have
cumulative
voting
rights
in
the
election
of
directors.
Upon
receipt
by
us
of
lawful
payment
therefor,
the
common
stock
will,
when
issued,
be
fully
paid
and
nonassessable,
and
will

Three Months Ended September 30	Nine Months Ended September 30
--	---

not
be
subject
to
redemption
except
(as
described
in
our
charter)
as
necessary
to
preserve
our
status
as
a
REIT.

A
stockholder
of
Sun
has
no
preemptive
rights
to
subscribe
for
additional
shares
of
common
stock
or
other
securities
of
Sun
except
as
may
be
granted
by
the

**Nine Months
Ended
September 30**

Three Months Ended September 30

board
of
directors.

Under
Maryland
law,
a
Maryland
corporation
generally
cannot
dissolve,
amend
its
charter,
merge,
sell
all
or
substantially
all
of
its
assets,
engage
in
a
share
exchange
or
consolidation
unless
advised
by
the
board
of
directors
and
approved
by
the
affirmative
vote
of
stockholders
holding

Three Months Ended September 30	Nine Months Ended September 30
--	---

at
least
two-thirds
of
the
votes
entitled
to
be
cast
on
the
matter
unless
a
lesser
percentage,
but
not
less
than
a
majority
of
all
the
votes
entitled
to
be
cast
on
the
matter,
is
set
forth
in
the
corporation's
charter.
Our
charter
does
not
provide
for
a

**Nine Months
Ended
September 30**

Three Months Ended September 30

lesser
percentage
in
such
situations.

**Restrictions
on
Ownership**

For
us
to
qualify
as
a
REIT
under
the
Internal
Revenue
Code
of
1986,
as
amended,
or
the
Code,
our
common
stock
must
be
beneficially
owned
by
100
or
more
persons
during
at
least
335
days
of
a

**Nine Months
Ended
September 30**

Three Months Ended September 30

taxable
year
of
12
months
(other
than
the
first
year)
or
during
a
proportionate
part
of
a
shorter
taxable
year.
Also,
not
more
than
50%
of
the
value
of
the
issued
and
outstanding
shares
of
capital
stock
may
be
owned,
directly
or
indirectly,
by
five
or
fewer
individuals

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

(as defined in the Code to include certain entities such as qualified private pension plans) during the last half of a taxable year (other than the first year) or during a proportionate part of a shorter taxable year.

Because the board of directors believes it is essential

Three Months Ended September 30	Nine Months Ended September 30
--	---

for
us
to
continue
to
qualify
as
a
REIT,
our
charter,
subject
to
certain
exceptions,
contains
a
provision,
which
we
refer
to
as
the
Ownership
Limit,
providing
that
no
holder
may
own,
or
be
deemed
to
own
by
virtue
of
the
attribution
provisions
of
the
Code,
more
than

Three Months Ended September 30	Nine Months Ended September 30
9.8% in number of shares or value, of our outstanding common stock and preferred stock. The board of directors may exempt a person from the Ownership Limit if evidence satisfactory to the board of directors and our tax counsel	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

is
presented
that
the
proposed
transfer
of
stock
to
the
intended
transferee
will
not
then
or
in
the
future
jeopardize
our
status
as
a
REIT.
As
a
condition
of
such
exemption,
the
intended
transferee
must
give
written
notice
to
us
of
the
proposed

Three Months Ended September 30	Nine Months Ended September 30
transfer and must furnish such opinions of counsel, affidavits, undertakings, agreements, and information as may be required by the board of directors no later than the fifteenth day prior to any transfer which, if consummated, would result in the intended transferee owning shares in excess of the Ownership	

**Nine Months
Ended
September 30**

Three Months Ended September 30

Limit.
The
foregoing
restrictions
on
transferability
and
ownership
will
not
apply
if
the
board
of
directors
determines
that
it
is
no
longer
in
the
best
interests
of
Sun
to
attempt
to
qualify
or
to
continue
to
qualify
as
a
REIT.
Any
transfer
of
shares
of
common
stock
that

**Nine Months
Ended
September 30**

Three Months Ended September 30

would:

(i) create

a

direct

or

indirect

ownership

of

shares

of

stock

in

excess

of

the

Ownership

Limit;

(ii) result

in

the

shares

of

stock

being

owned

by

fewer

than

100

persons;

or

(iii) result

in

Sun

being

closely

held

within

the

meaning

of

Section 856(h)

of

the

Code,

shall

be

null

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

and
void,
and
the
intended
transferee
will
acquire
no
rights
to
the
shares.

Our
charter
excludes
Milton
M.
Shiffman,
Gary
A.
Shiffman
and
Robert
B.
Bayer;
trustees,
personal
representatives
and
agents
to
the
extent
acting
for
them
or
their
respective
estates;
or
certain
of
their
respective
relatives

Three Months Ended September 30	Nine Months Ended September 30
from the Ownership Limit. These persons may acquire additional shares of stock through the redemption of OP Units, through our equity incentive plans, from other stockholders or otherwise, but in no event will they be entitled to acquire additional shares such that the five largest beneficial owners of	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

our
stock
hold
more
than
50%
of
the
total
outstanding
stock.

Shares
of
stock
purported
to
be
transferred
in
excess
of
the
Ownership
Limit
that
are
not
otherwise
permitted
as
provided
above
will
constitute
Excess
Shares,
which
will
be
transferred
by
operation
of
law
to
Sun
as

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

trustee
for
the
exclusive
benefit
of
the
person
or
persons
to
whom
the
Excess
Shares
are
ultimately
transferred,
until
such
time
as
the
intended
transferee
retransfers
the
Excess
Shares.
Subject
to
the
Ownership
Limit,
the
Excess
Shares
may
be
retransferred
by
the
intended
transferee
to
any
person
who

Three Months Ended September 30	Nine Months Ended September 30
may hold such Excess Shares at a price not to exceed the price paid by the intended transferee (or the market price of the common stock as of the date of purported transfer, if the intended transferee received the shares of stock as a gift or otherwise did	

Three Months Ended September 30	Nine Months Ended September 30
--	---

not
give
value
for
the
shares
of
stock),
at
which
point
the
Excess
Shares
will
automatically
be
exchanged
for
the
stock
to
which
the
Excess
Shares
are
attributable.
In
addition,
such
Excess
Shares
held
in
trust
are
subject
to
purchase
by
Sun.
The
purchase
price
of
any
Excess

Three Months Ended September 30	Nine Months Ended September 30
Shares shall be equal to the lesser of the price paid for the shares of stock by the intended transferee and the fair market value of such shares of stock reflected in the closing sales price for the shares of stock, if then traded on the NYSE, or	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
last
reported
sales
price
for
the
shares
of
stock
on
any
exchange
or
quotation
system
over
which
our
common
stock
may
be
traded,
or,
if
such
quotation
is
not
available,
the
fair
market
value
as
determined
by
the
board
of
directors
in
good
faith,
on
the
last

**Nine Months
Ended
September 30**

Three Months Ended September 30

trading
day
immediately
preceding
the
day
on
which
notice
of
such
proposed
purchase
is
sent
by
Sun.
From
and
after
the
intended
transfer
to
the
intended
transferee
of
the
Excess
Shares,
the
intended
transferee
shall
cease
to
be
entitled
to
distributions,
voting
rights,
and
other
benefits
with
respect

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
such
shares
of
the
stock
except
the
right
to
payment
of
the
purchase
price
for
the
shares
of
stock
or
the
transfer
of
shares
as
provided
above.
Any
dividend
or
distribution
paid
to
a
proposed
transferee
on
Excess
Shares
prior
to
our
discovery
that
such
shares
of

Three Months Ended September 30	Nine Months Ended September 30
stock have been transferred in violation of the provisions of our charter shall be repaid to us upon demand. If the foregoing transfer restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule, or regulation, then the intended transferee of any Excess	

Three Months Ended September 30	Nine Months Ended September 30
Shares may be deemed, at Sun's option, to have acted as an agent on behalf of Sun in acquiring such Excess Shares and to hold such Excess Shares on behalf of Sun.	
All certificates representing shares of stock will bear a legend referring to the restrictions described	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

above.

All persons who own, directly or by virtue of the attribution provisions of the Code, more than 5% in number of shares or value, of our outstanding common stock and preferred stock must give a written notice to us containing the information specified in our charter

Three Months Ended September 30	Nine Months Ended September 30
--	---

by
January 31
of
each
year.
In
addition,
each
stockholder
shall
upon
demand
be
required
to
disclose
to
us
in
writing
such
information
with
respect
to
the
direct,
indirect
and
constructive
ownership
of
shares
of
common
stock
as
the
board
of
directors
deems
necessary
to
comply
with
the
provisions

Three Months Ended September 30	Nine Months Ended September 30
--	---

of
the
Code
applicable
to
a
REIT,
to
comply
with
the
requirements
of
any
taxing
authority
or
governmental
agency
or
to
determine
any
such
compliance.

11

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of some, or a majority of, shares of common stock might receive a premium for their shares over the then prevailing market price or which such

Three Months Ended September 30	Nine Months Ended September 30
--	---

holders
might
believe
to
be
otherwise
in
their
best
interest.

The
registrar
and
transfer
agent
for
the
common
stock
is
Computershare
Trust
Company,
N.A.

12

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**DESCRIPTION
OF
PREFERRED
STOCK**

The following description of the terms of the preferred stock sets forth certain general terms and provisions of our (i) Junior Participating Preferred Stock, (ii) 7.125% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share, or 7.125% Series A Preferred

Three Months Ended September 30	Nine Months Ended September 30
Shares, (iii) 6.50% Series A-4 Cumulative Convertible Preferred Stock, par value \$0.01 per share, or 6.50% Series A-4 Preferred Shares and (iv) any new series of preferred stock to which any future prospectus supplement may relate. Certain other terms of any new series of the preferred stock offered by any prospectus supplement	

Three Months Ended September 30	Nine Months Ended September 30
will be described in such prospectus supplement. The description of certain provisions of the preferred stock set forth below and in any future prospectus supplement does not purport to be complete and is subject to and qualified in its entirety by reference to our charter (including any amendment	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

or
supplement
relating
to
each
series
of
the
preferred
stock)
which
will
be
filed
with
the
SEC
and
incorporated
by
reference
as
an
exhibit
to
the
registration
statement
of
which
this
prospectus
relates
at
or
prior
to
the
time
of
the
issuance
of
such
series
of
preferred
stock.

**Nine Months
Ended
September 30**

Three Months Ended September 30
General

We
are
authorized
to
issue
10,000,000
shares
of
preferred
stock,
par
value
\$0.01
per
share.

We
have
authorized
and
designated
3,450,000
shares
of
our
preferred
stock
as
7.125%
Series A
Preferred
Shares,
and
6,330,551
shares
of
our
preferred
stock
as
6.50%
Series A-4
Preferred
Shares.

As
of
March

Three Months Ended September 30	Nine Months Ended September 30
31, 2015, a total of 3,400,000 7.125% Series A Preferred Shares and 6,330,551 6.50% Series A-4 Preferred Shares were issued and outstanding and no other shares of preferred stock were issued and outstanding.	
Under our charter, the board of directors (without further stockholder action) may from time to time	

Three Months Ended September 30	Nine Months Ended September 30
establish and issue one or more series of preferred stock with such designations, powers, preferences or rights of the shares of such series and the qualifications, limitations or restrictions thereon.	

Any
new
series
of
preferred
stock
shall
have
the
distribution,
liquidation,
redemption
and
voting
rights
set
forth

Three Months Ended September 30	Nine Months Ended September 30
--	---

below
unless
otherwise
provided
in
a
prospectus
supplement
relating
to
a
particular
series
of
the
preferred
stock.
Reference
is
made
to
the
prospectus
supplement
relating
to
the
particular
series
of
the
preferred
stock
offered
thereby
for
specific
terms,
including:
(i) the
designation
and
stated
value
per
share
of
such

Three Months Ended September 30	Nine Months Ended September 30
preferred stock and the number of shares offered; (ii) the amount of liquidation preference per share; (iii) the initial public offering price at which such preferred stock will be issued; (iv) the distribution rate (or method of calculation), the dates on which distributions shall be payable and the dates from which	

Three Months Ended September 30	Nine Months Ended September 30
distributions	
shall	
commence	
to	
accumulate,	
if	
any;	
(v) any	
redemption	
or	
sinking	
fund	
provisions;	
(vi) any	
conversion	
rights;	
and	
(vii) any	
additional	
voting,	
distribution,	
liquidation,	
redemption,	
sinking	
fund	
and	
other	
rights,	
preferences,	
privileges,	
limitations	
and	
restrictions.	
The	
preferred	
stock	
will,	
when	
issued	
for	
lawful	
consideration,	
be	
fully	
paid	
and	
nonassessable	
and,	

**Nine Months
Ended
September 30**

Three Months Ended September 30

unless
otherwise
determined
by
the
board
of
directors
and
set
forth
in
a
supplement
to
our
charter,
will
have
no
preemptive
rights.

**Preferred
Stock
Purchase
Rights**

In
June
2008,
our
board
of
directors
adopted
a
rights
agreement,
which
was
amended
in
July
2014.
In
connection
with

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
agreement,
the
board
of
directors
declared
a
dividend
of
one
preferred
share
purchase
right
for
each
outstanding
share
of
common
stock.
The
rights
are
designed
to
assure
that
all
of
our
stockholders
receive
fair
and
equal
treatment
in
the
event
of
any
proposed
takeover
of
Sun
and

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

to
guard
against
partial
tender
offers,
open
market
accumulations
and
other
abusive
tactics
to
gain
control
of
Sun
without
paying
all
stockholders
a
control
premium.
The
rights
will
cause
substantial
dilution
to
a
person
or
group
that
acquires
15%
or
more
of
our
common
stock
on
terms
not

Three Months Ended September 30	Nine Months Ended September 30
approved by the board of directors.	
Each right will entitle the registered holder, after the rights become exercisable and until June 9, 2018 or the earlier redemption, exchange or termination of the rights, to purchase from us 1/100th of a share of Junior Participating Preferred Stock at a	

	Three Months Ended September 30	Nine Months Ended September 30
price of \$100.00 per 1/100th of a share of Junior Participating Preferred Stock,		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

subject
to
certain
adjustments.
The
Junior
Participating
Preferred
Stock
is
further
described
below.
Until
a
right
is
exercised,
the
holder
will
have
no
rights
as
a
stockholder
of
Sun
beyond
those
as
an
existing
stockholder.
Each
right
is
evidenced
by
its
respective
common

Three Months Ended September 30	Nine Months Ended September 30
stock	
certificate	
until	
after	
specific	
events	
occur	
in	
which:	

a person or
group of
persons
acquires or
has the
right to
acquire
beneficial
ownership
of 15% or
more of
the
common
stock, or

a person or
group of
persons
commences
or
announces
an intention
to make a
tender offer
for 15% or
more of the
common
stock.

If
Sun
were
the
surviving
corporation
in

Three Months Ended September 30	Nine Months Ended September 30
--	---

a
merger
with
an
entity
or
any
affiliate
or
associate
of
an
entity
causing
one
of
the
above
events,
and
the
common
stock
were
not
changed
or
exchanged,
each
holder
of
a
right,
other
than
rights
that
are
or
were
acquired
or
beneficially
owned
by
the
entity
in

Three Months Ended September 30

**Nine Months
Ended
September 30**

question,
will
have
the
right
to
receive
upon
exercise
that
number
of
shares
of
common
stock
having
a
market
value
of
two
times
the
then
current
purchase
price
of
one
right.
In
addition,
if
after
one
of
the
above
events
occurred,
Sun
were
acquired
in
a
merger
or

Three Months Ended September 30	Nine Months Ended September 30
other business combination transaction or more than 50% of its assets or earning power were sold each holder of a right will have the right to receive, upon exercise of the right at the then current purchase price of the right, that number of shares of common stock	

Three Months Ended September 30	Nine Months Ended September 30
--	---

of
the
acquiring
entity
which
at
the
time
of
the
transaction
would
have
a
market
value
of
two
times
the
then
current
purchase
price
of
one
right.

After
one
of
the
above
events
occurs,
separate
certificates
evidencing
the
rights
will
be
mailed
to
holders
of
record
of

**Nine Months
Ended
September 30**

Three Months Ended September 30

the
common
stock
and
these
separate
certificates
will
evidence
the
rights.
The
rights
are
transferred
with
and
only
with
the
common
stock
until
the
above
events
occurs
or
the
rights
are
redeemed
or
expire.
Until
one
of
the
above
events
occurs,
the
board
of
directors
may
redeem
the

Three Months Ended September 30	Nine Months Ended September 30
rights in whole, but not in part, at a price of \$.001 per right. Moreover, the board of directors, subject to specific restrictions, may amend any provision of the rights agreement. The rights will expire on June 9, 2018, unless earlier redeemed, exchanged or terminated.	
Computershare Trust Company,	

Three Months Ended September 30	Nine Months Ended September 30
N.A. is the rights agent.	

**Junior
Participating
Preferred
Stock**

In connection with the board of directors adoption of the rights agreement described above, we designated 1,000,000 shares of our preferred stock as Junior Participating Preferred Stock. At this time, no person has the right to acquire

Three Months Ended September 30	Nine Months Ended September 30
any Junior Participating Preferred Stock. Upon the occurrence of specific events described in the rights agreement, holders of common stock will have the right to purchase shares of Junior Participating Preferred Stock. Each share of Junior Participating Preferred Stock will have a quarterly distribution rate per share equal	

Three Months Ended September 30	Nine Months Ended September 30
--	---

to
the
greater
of
\$1.00,
subject
to
certain
adjustments,
or
one
hundred
(100) times
the
per
share
amount
of
any
distribution,
if
any,
declared
per
share
of
common
stock.
In
the
event
of
any
liquidation,
dissolution
or
winding
up
of
Sun,
the
holders
of
Junior
Participating
Preferred
Stock
will

Three Months Ended September 30	Nine Months Ended September 30
be entitled to receive a preferred liquidation payment per share of \$1.00 (plus accrued and unpaid distributions). Holders of common stock will then be entitled to receive an amount per share equal to the liquidation preference paid on each share of Junior Participating Preferred Stock, divided by 100	

Three Months Ended September 30	Nine Months Ended September 30
--	---

(as such number may be adjusted for stock splits, stock distributions and recapitalizations). Thereafter, our remaining assets will be distributed to the holders of Junior Participating Preferred Stock and holders of common stock, with the amount distributed in respect of each share of Junior Participating Preferred Stock being

Three Months Ended September 30	Nine Months Ended September 30
equal to 100 times (as such number may be adjusted for stock splits, stock distributions and recapitalizations) the amount distributed in respect of each share of common stock.	
Generally, each share of Junior Participating Preferred Stock will vote together with the common stock and any other series of	

Three Months Ended September 30	Nine Months Ended September 30
cumulative preferred stock entitled to vote in such manner and will be entitled to one hundred (100) votes, subject to certain adjustments. In the event of any merger, consolidation or other transaction in which shares of common stock are exchanged, each share of Junior Participating Preferred Stock will be	

Three Months Ended September 30	Nine Months Ended September 30
entitled to receive one hundred (100) times the aggregate amount of stock, securities, cash and/or other property received per share of common stock.	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

So
long
as
the
shares
of
Junior
Participating
Preferred
Stock
shall
be
outstanding,
we
may
not
(i) declare
or
pay
any
dividends
on,
make
a
distribution
on,
or
purchase,
redeem
or
otherwise
acquire
for
consideration
any
shares
of
our
common
stock
or
any
of

Three Months Ended September 30	Nine Months Ended September 30
our other stock ranking as to dividends or distributions of assets junior to the Junior Participating Preferred Stock, (ii) declare or pay dividends or make any other distributions on any shares of stock ranking equally with the Junior Participating Preferred Stock, other than distributions paid ratably on the Junior	

Three Months Ended September 30	Nine Months Ended September 30
Participating Preferred Stock and all such parity stock, or (iii) redeem, purchase, or otherwise acquire for consideration shares of any stock ranking on parity with the Junior Participating Preferred Stock, other than acquiring such shares in exchange for shares of our stock ranking junior to the Junior Participating Preferred	

Three Months Ended September 30	Nine Months Ended September 30
Stock, unless full distributions shall have been paid on all outstanding shares of Junior Participating Preferred Stock. Further, unless such distributions have been paid in full, we may not purchase or otherwise acquire for consideration any shares of Junior Participating Preferred Stock or any shares of stock ranking	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

on
a
parity
with
such
shares,
except
in
accordance
with
a
purchase
offer
made
in
writing
or
by
publication
to
all
holders
of
such
shares
upon
such
terms
as
the
board
of
directors,
after
consideration
of
the
respective
annual
distribution
rates
and
other
relative
rights
and
preferences
of

**Nine Months
Ended
September 30**

Three Months Ended September 30

the
respective
series
and
classes,
shall
determine
in
good
faith
will
result
in
fair
and
equitable
treatment
among
the
respective
series
or
classes.

**7.125%
Series
A
Preferred
Shares**

As
of
the
date
of
this
prospectus,
a
total
of
3,400,000
7.125%
Series A
Preferred
Shares
were
issued
and

**Nine Months
Ended
September 30**

Three Months Ended September 30

outstanding.
The
7.125%
Series A
Preferred
Shares
are
listed
on
the
NYSE
under
the
symbol
SUI-PrA .

The
7.125%
Series A
Preferred
Shares
rank,
with
respect
to
distribution
rights
and
rights
upon
our
voluntary
or
involuntary
liquidation,
dissolution
or
winding
up:

junior to all of
our existing
and future
debt
obligations,
including

**Nine Months
Ended
September 30**

Three Months Ended September 30

convertible or
exchangeable
debt
securities;

senior to our
common
stock, the
Junior
Participating
Preferred
Stock, the
6.50%
Series A-4
Preferred
Shares, and
to any other
equity
securities
that we may
later
authorize or
issue in the
future that by
their terms
rank junior to
the 7.125%
Series A
Preferred
Shares;

on a
parity
with any
other
class or
series of
our
preferred
stock or
other
equity
securities
that we
may later
authorize

**Nine Months
Ended
September 30**

Three Months Ended September 30

or issue in
the future
and that
by their
terms are
on a
parity
with the
7.125%
Series A
Preferred
Shares;
and

junior to
any equity
securities
that we
may later
authorize
or issue and
that by
their terms
rank senior
to the
7.125%
Series A
Preferred
Shares
(which we
may only
authorize
with the
affirmative
vote of the
holders of
at least
two-thirds
of the
7.125%
Series A
Preferred
Shares).
Holders
of
7.125%
Series A

Three Months Ended September 30	Nine Months Ended September 30
Preferred Shares are entitled to receive cumulative cash distributions at a rate of 7.125% per annum of the \$25.00 liquidation preference per share (equivalent to \$1.78125 per annum per share).	
Upon our voluntary or involuntary liquidation, dissolution or winding up, holders of the 7.125% Series A Preferred Shares will	

Three Months Ended September 30	Nine Months Ended September 30
have the right to receive \$25.00 per share, plus accrued and unpaid distributions to the date of payment, before any payments are made to the holders of shares of our common stock and 6.50% Series A-4 Preferred Shares or to the holders of any other equity securities ranking junior	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
the
7.125%
Series A
Preferred
Shares
as
to
liquidation
rights.
The
rights
of
the
holders
of
the
7.125%
Series A
Preferred
Shares
to
receive
their
liquidation
preference
will
be
subject
to
the
proportionate
rights
of
the
holders
of
all
other
series
or
class
of
shares
ranked
on
a
parity

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

with
the
7.125%
Series A
Preferred
Shares
that
we
may
issue
in
the
future.

Holder
of
7.125%
Series
A
Preferred
Shares
generally
have
no
voting
rights.
However,
if
we
do
not
pay
distributions
on
the
7.125%
Series A
Preferred
Shares
for
six
or
more
quarterly
periods
(whether
or
not

**Nine Months
Ended
September 30**

Three Months Ended September 30

consecutive),
the
holders
of
the
7.125%
Series A
Preferred
Shares,
voting
together
as
a
single
class
with
the
holders
of
any
other
class
or
series
of
our
preferred
stock
which
have
similar
voting
rights
and
rank
on
a
parity

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

Table of Contents

with
the
7.125%
Series A
Preferred
Shares,
will
be
entitled
to
vote
for
the
election
of
two
additional
directors
to
serve
on
our
board
of
directors
until
we
pay
all
distributions
owed
on
the
7.125%
Series A
Preferred
Shares
and
any
other
class
or
series

Three Months Ended September 30	Nine Months Ended September 30
of preferred stock ranking on a parity with the 7.125% Series A Preferred Shares.	
In addition, so long as any 7.125% Series A Preferred Shares remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of the 7.125% Series A Preferred Shares is required for us to	

Three Months Ended September 30

**Nine Months
Ended
September 30**

(i) amend
our
charter
or
bylaws
in
a
manner
that
materially
and
adversely
affects
any
power,
right,
privilege
or
preference
of
the
7.125%
Series A
Preferred
Shares,
(ii) complete
a
merger,
sale
of
all
or
substantially
all
of
our
assets
outside
the
ordinary
course
of
business,
recapitalization,
business
combination
or
certain

Three Months Ended September 30	Nine Months Ended September 30
other similar transactions unless the 7.125% Series A Preferred Shares remain outstanding without a material and adverse change to their terms and rights, or are converted into or exchanged for preferred shares of the surviving entity having terms and rights identical to those of the 7.125% Series A Preferred	

**Nine Months
Ended
September 30**

Three Months Ended September 30

Shares,
except
for
immaterial
and
non-adverse
changes,
or
(iii) authorize,
reclassify
or
create,
or
increase
the
authorized
or
issued
amount
of,
any
class
or
series
of
equity
securities
ranking
senior
to
the
7.125%
Series A
Preferred
Shares
or
any
security
convertible
into
or
evidencing
the
right
to
purchase
such
securities.

Three Months Ended September 30	Nine Months Ended September 30
The 7.125% Series A Preferred Shares do not have any maturity date, and we are not required to redeem the 7.125% Series A Preferred Shares.	
We may not redeem the 7.125% Series A Preferred Shares until November 14, 2017, except pursuant to the special optional redemption right described below	

Three Months Ended September 30	Nine Months Ended September 30
and in certain limited circumstances relating to our continuing qualification as a REIT. On and after November 14, 2017, we have an optional redemption right under which we may, at our option, redeem the 7.125% Series A Preferred Shares, in whole or in part, at any time for cash at	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

a
redemption
price
of
\$25.00
per
share,
plus
any
accumulated
and
unpaid
distributions
thereon
to,
but
not
including,
the
redemption
date,
without
interest.

In
connection
with
a
Change
of
Control
(as
defined
below),
we
have
a
special
optional
redemption
right
under
which
we
may,
at
our
option,

Three Months Ended September 30	Nine Months Ended September 30
redeem the 7.125% Series A Preferred Shares, in whole or in part, no later than 120 days after the first date on which such Change of Control occurs, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid distributions thereon to, but not including, the	

**Nine Months
Ended
September 30**

Three Months Ended September 30

redemption
date.

Upon
the
occurrence
of
a
Change
of
Control,
each
holder
of
7.125%
Series
A
Preferred
Shares
will
have
the
right,
unless
prior
to
the
Change
of
Control
Conversion
Date
(as
defined
below),
we
have
timely
provided
notice
of
exercise
of
our
redemption
rights
with
respect

Three Months Ended September 30	Nine Months Ended September 30
to the 7.125% Series A Preferred Shares (whether pursuant to our optional redemption right or special optional redemption right), to convert some or all of the 7.125% Series A Preferred Shares held by such holder on the Change of Control Conversion Date (the Change of Control Conversion Right) into	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

a
number
of
shares
of
our
common
stock,
per
7.125%
Series
A
Preferred
Share
to
be
converted,
equal
to
the
lesser
of:

the quotient
obtained by
dividing (i) the
sum of the
\$25.00
liquidation
preference per
7.125% Series
A Preferred
Share to be
converted plus
the amount of
any
accumulated
and unpaid
distributions
thereon to, but
not including,
the Change of
Control
Conversion
Date (unless
the Change of

**Nine Months
Ended
September 30**

Three Months Ended September 30

Control
Conversion
Date is after a
record date for
a 7.125%
Series A
Preferred
Share
distribution
payment and
prior to the
corresponding
7.125% Series
A Preferred
Share
distribution
payment date,
in which case
no additional
amount for
such
accumulated
and unpaid
distribution
will be
included in
this sum) by
(ii) the
Common
Stock Price (as
defined
below); and

1.1925,
subject to
certain
adjustments,
subject,
in
each
case,
to
an
aggregate
cap
on
the

Three Months Ended September 30	Nine Months Ended September 30
total number of shares of our common stock issuable upon exercise of the Change of Control Conversion Right and to provisions for the receipt of alternative consideration as described in the Articles Supplementary designating the 7.125% Series A Preferred Shares.	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

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of
Contents**

If
we
have
timely
provided
a
redemption
notice
(whether
pursuant
to
our
optional
redemption
right
or
our
special
optional
redemption
right)
in
connection
with
a
Change
of
Control,
holders
of
7.125%
Series A
Preferred
Shares
will
not
have
any
right
to
convert
the
7.125%

Three Months Ended September 30	Nine Months Ended September 30
Series A Preferred Shares in connection with the Change of Control Conversion Right, and any 7.125% Series A Preferred Shares subsequently selected for redemption that have been tendered for conversion will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date.	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

As
it
relates
to
the
7.125%
Series
A
Preferred
Shares,
a
Change
of
Control
means
that
the
following
events
have
occurred
and
are
continuing:

the acquisition
by any person or
group (within
the meaning of
Section 13(d)(3)
of the Exchange
Act) of
beneficial
ownership,
directly or
indirectly,
through a
purchase, merger
or other
acquisition
transaction or
series of
purchases,
mergers or other
acquisition
transactions of

**Nine Months
Ended
September 30**

Three Months Ended September 30

our shares entitling that person to exercise more than 50% of the total voting power of all of our shares of capital stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the passage of time or occurrence of a subsequent condition); and

following the closing of any transaction referred to in the above bullet point, neither we nor the acquiring or surviving entity has a class of common securities (or

**Nine Months
Ended
September 30**

Three Months Ended September 30

American
Depository
Receipts
representing
such
securities)
listed on the
NYSE, the
NYSE MKT
or the
NASDAQ
Stock
Market LLC,
or the
NASDAQ,
or listed or
quoted on an
exchange or
quotation
system that
is a
successor to
the NYSE,
the NYSE
MKT or
NASDAQ,
As
it
relates
to
the
7.125%
Series
A
Preferred
Shares,
the
Change
of
Control
Conversion
Date
will
be
the
date
the
7.125%

**Nine Months
Ended
September 30**

Three Months Ended September 30

Series A
Preferred
Shares
are
to
be
converted,
which
will
be
a
business
day
selected
by
us
that
is
no
fewer
than
20 days
nor
more
than
35 days
after
the
date
on
which
we
provide
the
notice
of
occurrence
of
a
Change
of
Control
described
above
to
the
holders
of

Three Months Ended September 30	Nine Months Ended September 30
7.125% Series A Preferred Shares.	
As it relates to the 7.125% Series A Preferred Shares, the Common Stock Price will be: (1) the amount of cash consideration per share of our common stock, if the consideration to be received in the Change of Control by the holders of shares of	

Three Months Ended September 30	Nine Months Ended September 30
--	---

our
common
stock
is
solely
cash;
and
(2) the
average
of
the
closing
prices
per
share
of
our
common
stock
on
the
NYSE,
the
NYSE
MKT
or
NASDAQ
(or
any
successor
thereto)
for
the
ten
consecutive
trading
days
immediately
preceding,
but
not
including,
the
effective
date
of
the
Change

Three Months Ended September 30	Nine Months Ended September 30
of Control, if the consideration to be received in the Change of Control by the holders of shares of our common stock is other than solely cash.	
The registrar and transfer agent for the 7.125% Series A Preferred Shares is Computershare Trust Company, N.A.	
6.50% Series	

**Nine Months
Ended
September 30**

Three Months Ended September 30

**A-4
Preferred
Shares**

As
of
the
date
of
this
prospectus,
a
total
of
6,330,551
of
the
6.50%
Series
A-4
Preferred
Shares
were
issued
and
outstanding.

The
6.50%
Series A-4
Preferred
Shares
are
not
listed
on
the
NYSE
or
any
other
securities
exchange
or
quotation
system.

The
6.50%

	Three Months Ended September 30	Nine Months Ended September 30
Series A-4 Preferred Shares rank, with respect to distribution rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up:		
junior to all of our existing and future debt obligations, including convertible or exchangeable debt securities;		
senior to shares of our common stock, to our Junior Participating Preferred Stock and to any other equity securities we		

Three Months Ended September 30	Nine Months Ended September 30
may authorize or issue in the future that by their terms rank junior to the 6.50% Series A-4 Preferred Shares;	

17

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

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of
Contents**

on a parity
with any
other class
or series of
shares of
our
preferred
stock or
other
equity
securities
that we
may
authorize
or issue in
the future
and that by
their terms
are on a
parity with
the 6.50%
Series A-4
Preferred
Shares
(which we
may only
authorize
with the
affirmative
vote of the
holders of a
majority of
the 6.50%
Series A-4
Preferred
Shares);
and

junior to
the 7.125%
Series A
Preferred

**Nine Months
Ended
September 30**

Three Months Ended September 30

Shares and any equity securities that we may later authorize and that by their terms rank senior to the 6.50% Series A-4 Preferred Shares (which we may only authorize with the affirmative vote of the holders of a majority of the 6.50% Series A-4 Preferred Shares). Holders of the 6.50% Series A-4 Preferred Shares are entitled to receive cumulative cash distributions on the 6.50% Series A-4 Preferred Shares from the

	Three Months Ended September 30	Nine Months Ended September 30
date of issuance at a rate of 6.50% per year of the \$25.00 liquidation preference per share (equivalent to \$1.625 per share per year). Upon the occurrence of a Fundamental Change (as defined below), from and after such Fundamental Change the distribution rate on the 6.50% Series A-4 Preferred Shares		

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

will
be
increased
to
an
annual
rate
equal
to
the
greater
of
(i) 10.00%,
and
(ii) 8.00%
above
the
then-published
(in
the
Wall
Street
Journal)
U.S. Treasury
maturing
on
the
date
closest
to
the
five
year
anniversary
of
the
date
the
Fundamental
Change
occurs.
Subject
to
certain
limited
exceptions,
unless
full

**Nine Months
Ended
September 30**

Three Months Ended September 30

cumulative
distributions
on
the
6.50%
Series A-4
Preferred
Shares
for
all
past
distribution
periods
have
been
or
contemporaneously
are
declared
and
paid
in
cash
or
declared
and
contemporaneously
a
sum
sufficient
to
pay
them
in
full
in
cash
is
set
apart
for
payment,
we
will
not
authorize,
declare,
pay,

Three Months Ended September 30	Nine Months Ended September 30
set apart for payment or otherwise make any distributions on (other than a distribution paid in common stock or in any other class of shares ranking junior to the 6.50% Series A-4 Preferred Shares as to distributions and upon our voluntary or involuntary liquidation, dissolution or winding up, or	

Three Months Ended September 30	Nine Months Ended September 30
options, warrants or rights to subscribe for or purchase common stock or such junior shares), or redeem, purchase or otherwise acquire for any consideration (or pay or make available any monies for a sinking fund for the redemption of any such shares) any shares of common stock or	

Three Months Ended September 30	Nine Months Ended September 30
--	---

any
other
series
of
preferred
stock
ranking
junior
to
or
on
parity
with
the
6.50%
Series A-4
Preferred
Shares
as
to
distributions
and
upon
our
voluntary
or
involuntary
liquidation,
dissolution
or
winding
up.

As
it
relates
to
the
6.50%
Series A-4
Preferred
Shares,
a
Fundamental
Change
means
that
either

**Nine Months
Ended
September 30**

Three Months Ended September 30

of
the
following
events
shall
have
occurred
and
is
continuing:

our
common
stock
ceases to be
listed on
the NYSE,
the NYSE
MKT or
NASDAQ,
or listed or
quoted on
an
exchange
or
quotation
system that
is a
successor
to the
NYSE, the
NYSE
MKT or
NASDAQ;
or

(x) the
acquisition by
any person or
group within the
meaning of
Section 13(d)(3)
of the Exchange
Act, of
beneficial

Three Months Ended September 30	Nine Months Ended September 30
ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of our common stock entitling that person or group to exercise more than 50% of the total voting power of all shares of our common stock entitled to vote generally in the election of our directors (except that such person or group shall be deemed to have beneficial ownership of all securities that such person or group has the right to acquire, whether such right is currently exercisable or is exercisable only upon the passage of time or occurrence of a subsequent condition); and (y) following the closing of any transaction	

**Nine Months
Ended
September 30**

Three Months Ended September 30

referred to in
clause (x) above,
neither we nor
the acquiring or
surviving entity
has a class of
common
securities (or
American
Depositary
Receipts
representing
such securities)
listed on the
NYSE, the
NYSE MKT or
NASDAQ, or
listed or quoted
on an exchange
or quotation
system that is a
successor to the
NYSE, the
NYSE MKT or
NASDAQ.

Upon
any
voluntary
or
involuntary
liquidation,
dissolution
or
winding-up
of
our
affairs,
the
record
holders
of
the
6.50%
Series A-4
Preferred
Shares
will
be

Three Months Ended September 30	Nine Months Ended September 30
entitled to be paid out of our assets legally available for distribution to our stockholders, after payment of or provision for our debts and other liabilities, a liquidation preference of \$25.00 per 6.50% Series A-4 Preferred Share, plus an amount equal to any accrued and unpaid distributions (whether or	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

not
authorized
or
declared)
to
the
date
of
payment
to
such
holders,
before
any
distribution
or
payment
may
be
made
to
holders
of
shares
of
our
common
stock
or
any
other
class
or
series
of

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Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

shares
ranking
junior
to
the
6.50%
Series A-4
Preferred
Shares
as
to
liquidation
rights,
but
after
any
distributions
or
payments
are
made
to
holders
of
shares
of
the
7.125%
Series A
Preferred
Shares,
and
any
other
class
or
series
of
stock
we
may
authorize
and

**Nine Months
Ended
September 30**

Three Months Ended September 30

designate
in
the
future
that
rank
senior
to
the
6.50%
Series A-4
Preferred
Shares
with
respect
to
such
liquidating
distributions.

Holders
of
6.50%
Series A-4
Preferred
Shares
generally
will
have
no
voting
rights.
However,
if
a
Preferred
Distribution
Default
(as
defined
below)
occurs,
the
holders
of
the
6.50%
Series A-4

Three Months Ended September 30	Nine Months Ended September 30
Preferred Shares, voting together as a single class with the holders of any other class or series of preferred stock which have similar voting rights and rank on parity with the 6.50% Series A-4 Preferred Shares, will be entitled to vote for the election of two additional directors to	

Three Months Ended September 30	Nine Months Ended September 30
serve on our board of directors until the Preferred Distribution Default is cured. The holders of the 6.50% Series A-4 Preferred Shares and the holders of any other class or series of preferred stock with applicable voting rights must vote for such persons as are selected by a plurality	

	Three Months Ended September 30	Nine Months Ended September 30
of		
the		
votes		
cast		
at		
a		
separate		
meeting		
of		
the		
holders		
of		
the		
6.50%		
Series A-4		
Preferred		
Shares,		
any		
such		
other		
class		
or		
series		
of		
our		
preferred		
stock,		
the		
Series A-4		
preferred		
OP		
Units		
issued		
by		
the		
Operating		
Partnership		
and		
any		
other		
OP		
Units		
issued		
by		
the		
Operating		
Partnership		
that		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

are
on
a
parity
with
the
Series A-4
preferred
OP
Units.
In
addition,
the
affirmative
vote
of
the
holders
of
a
majority
of
the
6.50%
Series A-4
Preferred
Shares
is
required
for
us
to:
(a) amend,
alter,
supplement
or
repeal
any
of
the
provisions
of
our
charter
(including
the
Articles
Supplementary

**Nine Months
Ended
September 30**

Three Months Ended September 30

designating
the
6.50%
Series A-4
Preferred
Shares)
in
a
manner
that
adversely
affects
the
powers,
rights,
privileges
or
preferences
of
the
6.50%
Series A-4
Preferred
Shares
or
the
holders
of
the
6.50%
Series A-4
Preferred
Shares;
or
(b) authorize,
create
or
issue
any
additional
shares
of
capital
stock,
or
reclassify
any
existing

Three Months Ended September 30	Nine Months Ended September 30
shares of capital stock into shares, ranking senior to or on parity with the 6.50% Series A-4 Preferred Shares as to distributions and upon our voluntary or involuntary liquidation, dissolution or winding up, except that we may authorize, create and issue: (i) senior shares of capital stock in connection with	

Three Months Ended September 30	Nine Months Ended September 30
a subsequent public offering of preferred stock by us, and (ii) any class or series of capital stock expressly designated to rank on parity with the 6.50% Series A-4 Preferred Shares with respect to distributions and rights upon our voluntary or involuntary liquidation, winding-up or dissolution, so long as at	

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

the
time
of
the
issuance
the
leverage
ratio
(as
defined
in
our
primary
credit
facility
agreement
from
time
to
time)
is
less
than
68.50%
(or
such
other
percentage
as
set
forth
in
the
credit
facility
agreement
in
which
the
leverage
ratio
is
defined)
and
full
cumulative
distributions
on

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
6.50%
Series A-4
Preferred
Shares
for
all
past
distribution
periods
ending
on
or
prior
to
such
date
have
been
or
contemporaneously
are
declared
and
paid
in
cash
or
declared
and
contemporaneously
a
sum
sufficient
to
pay
them
in
full
in
cash
is
set
apart
for
payment.

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

As
it
relates
to
the
6.50%
Series A-4
Preferred
Shares,
a
Preferred
Distribution
Default
will
exist
if
for
six
or
more
quarterly
periods
(whether
or
not
consecutive),
full
cumulative
distributions
are
not
paid
on:

the 6.50%
Series
A-4
Preferred
Shares,

any series of
preferred
stock
ranking on
parity with

Three Months Ended September 30	Nine Months Ended September 30
the 6.50% Series A-4 Preferred Shares as to rights to receive distributions and to participate in distributions or payments in the event of our voluntary or involuntary liquidation, dissolution or winding up,	
the Series A-4 Preferred Units, or	
any class or series of OP Units issued by the Operating Partnership that rank on parity with the Series A-4 Preferred Units with respect to distributions and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Operating Partnership.	

	Three Months Ended September 30	Nine Months Ended September 30
The 6.50% Series A-4 Preferred Shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption requirements.		
If a Fundamental Change occurs, then at any time after November 26, 2019, we or the holders of the 6.50% Series A-4 Preferred Shares may cause		

Three Months Ended September 30	Nine Months Ended September 30
the 6.50% Series A-4 Preferred Shares to be redeemed for cash at a redemption price equal to the sum of the greater of (i) the amount that the 6.50% Series A-4 Preferred Shares would have received in the Fundamental Change if they had been converted into shares of our common stock	

	Three Months Ended September 30	Nine Months Ended September 30
or		

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

(y) \$25.00
per
share,
plus
(ii) any
accrued
and
unpaid
distributions
thereon
to,
but
not
including,
the
redemption
date.
If
we
or
a
holder
exercises
the
redemption
rights
relating
to
the
6.50%
Series A-4
Preferred
Shares,
the
holders
of
those
6.50%
Series A-4
Preferred
Shares
will
not

Three Months Ended September 30	Nine Months Ended September 30
--	---

have
the
conversion
right
described
below.

Subject
to
certain
limitations,
upon
written
notice
to
us,
each
holder
of
shares
of
6.50%
Series A-4
Preferred
Shares
at
its
option
may
convert
any
or
all
of
the
6.50%
Series A-4
Preferred
Shares
held
by
it
for
that
number
of
shares
of

Three Months Ended September 30	Nine Months Ended September 30
our	
common	
stock	
equal	
to	
the	
quotient	
obtained	
by	
dividing	
\$25.00	
by	
the	
then-applicable	
conversion	
price.	
The	
initial	
conversion	
price	
is	
\$56.25,	
so	
initially	
each	
6.50%	
Series A-4	
Preferred	
Share	
is	
convertible	
into	
approximately	
0.4444	
shares	
of	
common	
stock.	
The	
conversion	
price	
is	
subject	
to	
adjustment	
upon	
various	
events,	

Three Months Ended September 30	Nine Months Ended September 30
--	---

as
described
in
the
Articles
Supplementary
designating
the
6.50%
Series A-4
Preferred
Shares.
At
our
option,
instead
of
issuing
the
shares
of
common
stock
to
the
converting
holder
of
6.50%
Series A-4
Preferred
Shares
as
described
above,
we
may
make
a
cash
payment
to
the
converting
holder
with
respect
to

Three Months Ended September 30	Nine Months Ended September 30
each 6.50% Series A-4 Preferred Share the holder desires to convert equal to the fair market value of one share of our common stock.	
If, at any time after November 26, 2019, the volume weighted average of the daily volume weighted average price of a share of our common	

Three Months Ended September 30	Nine Months Ended September 30
stock on the NYSE equals or exceeds 115.5% of the then prevailing conversion price for at least 20 trading days in a period of 30 consecutive trading days, then, within 10 days thereafter, upon written notice to the holders thereof, we may convert each outstanding 6.50% Series A-4 Preferred Share into that	

**Nine Months
Ended
September 30**

Three Months Ended September 30

number
of
shares
of
common
stock
equal
to
the
quotient
obtained
by
dividing
\$25.00
by
the
then
prevailing
conversion
price.

The
registrar
and
transfer
agent
for
the
6.50%
Series A-4
Preferred
Shares
is
Computershare
Trust
Company,
N.A.

**Restrictions
on
Ownership**

See
Description
of
Common
Stock Restrictions
on

**Nine Months
Ended
September 30**

Three Months Ended September 30

Ownership
for
a
discussion
of
the
restrictions
on
capital
stock
(common
stock
and
preferred
stock)
ownership
necessary
for
Sun
to
qualify
as
a
REIT
under
the
Code.

**Issuances
of
New
Series
of
Preferred
Stock**

Rank

Unless
otherwise
specified
in
the
applicable
prospectus
supplement,
any
new

Three Months Ended September 30	Nine Months Ended September 30
series of preferred stock will, with respect to distribution rights and rights upon liquidation, dissolution or winding up of Sun, rank (i) senior to all classes or series of common stock and to all equity securities ranking junior to such series of preferred stock; (ii) on a parity with all	

Three Months Ended September 30	Nine Months Ended September 30
equity securities issued by us the terms of which specifically provide that such equity securities rank on a parity with such series of preferred stock; and (iii) junior to all equity securities issued by us the terms of which specifically provide that such equity securities rank senior to such	

Three Months Ended September 30	Nine Months Ended September 30
--	---

series
of
preferred
stock.
The
rights
of
the
holders
of
each
series
of
the
preferred
stock
will
be
subordinate
to
those
of
our
general
creditors.

Distributions

Holders
of
shares
of
any
new
series
of
preferred
stock
will
be
entitled
to
receive,
when,
as
and
if
declared

Three Months Ended September 30	Nine Months Ended September 30
--	---

by
our
board
of
directors,
out
of
our
assets
legally
available
for
payment,
cash
distributions
at
such
rates
and
on
such
dates
as
will
be
set
forth
in
the
applicable
prospectus
supplement.
Such
rate
may
be
fixed
or
variable
or
both.
Each
such
distribution
shall
be
payable
to

Three Months Ended September 30	Nine Months Ended September 30
--	---

holders
of
record
as
they
appear
on
our
stock
transfer
books
on
such
record
dates
as
shall
be
fixed
by
the
board
of
directors.

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

Distributions on any new series of preferred stock may be cumulative or non-cumulative, as provided in the applicable prospectus supplement. Distributions, if cumulative, will be cumulative from and after the date set forth in the applicable prospectus supplement. If the board of directors

Three Months Ended September 30	Nine Months Ended September 30
fails to declare a distribution payable on a distribution payment date on any series of the preferred stock for which distributions are noncumulative, then the holders of such series of the preferred stock will have no right to receive a distribution in respect of the distribution period ending	

Three Months Ended September 30	Nine Months Ended September 30
--	---

on
such
distribution
payment
date,
and
we
will
have
no
obligation
to
pay
the
distribution
accrued
for
such
period,
whether
or
not
distributions
on
such
series
are
declared
payable
on
any
future
distribution
payment
date.
Distributions
on
shares
of
each
series
of
preferred
stock
for
which
distributions
are

**Nine Months
Ended
September 30**

Three Months Ended September 30

cumulative
will
accrue
from
the
date
on
which
we
issue
shares
of
such
series.

Unless
otherwise
provided
in
the
applicable
prospectus
supplement,
we
expect
that
the
terms
of
any
new
series
of
preferred
stock
will
provide
that,
so
long
as
shares
of
any
such
series
of
preferred

Three Months Ended September 30	Nine Months Ended September 30
stock shall be outstanding, we may not declare or pay any distributions, make a distribution, or purchase, acquire, redeem, pay monies to the holders of in respect of, or set aside or make funds available for a sinking or other analogous fund for the purchase or redemption of,	

Three Months Ended September 30	Nine Months Ended September 30
any shares of our common stock or any other stock ranking as to distributions or distributions of assets junior to such series of preferred stock (the common stock and any such other stock being herein referred to as junior stock), unless (i) full distributions (including if such preferred stock	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

is
cumulative,
distributions
for
prior
distribution
periods)
shall
have
been
paid
or
declared
and
set
apart
for
payment
on
all
outstanding
shares
of
the
preferred
stock
of
such
series
and
all
other
classes
and
series
of
our
preferred
stock
(other
than
junior
stock)
and
(ii) all
sinking
or
other

**Nine Months
Ended
September 30**

Three Months Ended September 30

analogous
fund
payments
and
amounts
for
the
repurchase
or
other
mandatory
retirement
of
any
shares
of
preferred
stock
of
such
series
or
any
shares
of
any
other
of
our
preferred
stock
of
any
class
or
series
(other
than
junior
stock)
have
been
paid
or
duly
provided
for.

**Nine Months
Ended
September 30**

Three Months Ended September 30

Unless otherwise provided in the applicable prospectus supplement, we expect that any distribution payment made on shares of a new series of preferred stock will first be credited against the earliest accrued but unpaid distribution due with respect to shares of such series which remains payable.

Redemption

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

A
new
series
of
preferred
stock
may
be
redeemable,
in
whole
or
from
time
to
time
in
part,
at
our
option,
and
may
be
subject
to
mandatory
redemption
pursuant
to
a
sinking
fund
or
otherwise,
in
each
case
upon
terms,
at
the
times
and
at
the
redemption
prices

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

set forth in the prospectus supplement relating to such series. Shares of the preferred stock redeemed by us will be restored to the status of authorized but unissued shares of preferred stock.

The prospectus supplement relating to a new series of preferred stock that is subject to

Three Months Ended September 30	Nine Months Ended September 30
mandatory redemption will specify the number of shares of such preferred stock that shall be redeemed by us in each year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accrued and unpaid distributions	

Three Months Ended September 30	Nine Months Ended September 30
thereon (which shall not, if such preferred stock does not have a cumulative distribution, include any accumulation in respect of unpaid distributions for prior distribution periods) to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable prospectus	

**Nine Months
Ended
September 30**

Three Months Ended September 30

supplement.
If
the
redemption
price
for
preferred
stock
of
any
series
is
payable
only
from
the
net
proceeds
of
the
issuance
of
our
capital
stock,
the
terms
of
such
preferred
stock
may
provide
that,
if
no
such
capital
stock
shall
have
been
issued
or
to
the
extent
the

Three Months Ended September 30	Nine Months Ended September 30
net proceeds from any issuance are insufficient to pay in full the aggregate redemption price then due, such preferred stock shall automatically and mandatorily be converted into shares of the applicable capital stock pursuant to conversion provisions specified in the applicable prospectus supplement.	
Unless otherwise provided in	

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
applicable
prospectus
supplement,
we
expect
that
the
terms
of
any
new
series
of
preferred
stock
will
provide
that,
so
long
as
any
distributions
on
shares
of
such
preferred
stock
are
in
arrears,
no
shares
of
any
such
series
of
the
preferred
stock
or
such
other
series
of

Three Months Ended September 30	Nine Months Ended September 30
our preferred stock will be redeemed (whether by mandatory or optional redemption) unless all such shares are simultaneously redeemed,	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

and
we
will
not
purchase
or
otherwise
acquire
any
such
shares;
provided,
however,
that
the
foregoing
will
not
prevent
the
purchase
or
acquisition
of
such
shares
pursuant
to
a
purchase
or
exchange
offer
made
on
the
same
terms
to
holders
of
all
such

**Nine Months
Ended
September 30**

Three Months Ended September 30

shares
outstanding.

Unless
otherwise
provided
in
the
applicable
prospectus
supplement,
we
also
expect
that
the
terms
of
any
new
series
of
preferred
stock
will
provide
that
(i) in
the
event
that
fewer
than
all
of
the
outstanding
shares
of
the
new
series
of
the
preferred
stock
are
to

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

be
redeemed,
whether
by
mandatory
or
optional
redemption,
the
number
of
shares
to
be
redeemed
will
be
determined
by
lot
or
pro
rata
(subject
to
rounding
to
avoid
fractional
shares)
as
may
be
determined
by
us
or
by
any
other
method
as
may
be
determined
by
us
in

Three Months Ended September 30	Nine Months Ended September 30
--	---

our
sole
discretion
to
be
equitable
and
(ii) from
and
after
the
redemption
date
(unless
default
shall
be
made
by
us
in
providing
for
the
payment
of
the
redemption
price
plus
accumulated
and
unpaid
distributions,
if
any),
distributions
shall
cease
to
accumulate
on
the
shares
of
such
preferred
stock

Three Months Ended September 30	Nine Months Ended September 30
--	---

called
for
redemption
and
all
rights
of
the
holders
thereof
(except
the
right
to
receive
the
redemption
price
plus
accumulated
and
unpaid
distributions,
if
any)
shall
cease.

***Liquidation
Preference***

Unless
otherwise
provided
in
the
applicable
prospectus
supplement,
we
expect
that
the
terms
of
any
new
series

Three Months Ended September 30	Nine Months Ended September 30
--	---

of
preferred
stock
will
provide
that
upon
any
voluntary
or
involuntary
liquidation,
dissolution
or
winding
up
of
the
affairs
of
Sun,
then,
before
any
distribution
or
payment
shall
be
made
to
the
holders
of
any
junior
stock,
the
holders
of
such
new
series
of
preferred
stock
shall
be

**Nine Months
Ended
September 30**

Three Months Ended September 30

entitled
to
receive
out
of
our
assets
legally
available
for
distribution
to
stockholders,
subject
to
the
liquidation
preference
rights
of
the
Junior
Participating
Preferred
Stock
or
any
other
preferred
stock
ranking
senior
to
such
new
series
of
preferred
stock,
liquidating
distributions
in
the
amount
of
the
liquidation
preference

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

per
share
(set
forth
in
the
applicable
prospectus
supplement),
plus
an
amount
equal
to
all
distributions
accrued
and
unpaid
thereon
(which
shall
not
include
any
accumulation
in
respect
of
unpaid
distributions
for
prior
distribution
periods
if
such
preferred
stock
does
not
have
a
cumulative
distribution).
After
payment
of

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
full
amount
of
the
liquidating
distributions
to
which
they
are
entitled,
we
expect
that,
unless
otherwise
provided
in
the
applicable
prospectus
supplement,
the
holders
of
any
new
series
of
preferred
stock
will
have
no
right
or
claim
to
any
of
our
remaining
assets.
In
the
event
that

Three Months Ended September 30	Nine Months Ended September 30
--	---

upon
any
such
voluntary
or
involuntary
liquidation,
dissolution
or
winding
up,
our
available
assets
are
insufficient
to
pay
the
amount
of
the
liquidating
distributions
on
all
outstanding
shares
of
such
series
of
preferred
stock
and
the
corresponding
amounts
payable
on
all
shares
of
other
classes
or
series
of

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

our
capital
stock
ranking
on
a
parity
with
such
series
of
preferred
stock
in
the
distribution
of
assets,
we
expect
the
terms
of
such
preferred
stock
will
provide
that
the
holders
of
such
series
of
preferred
stock
and
all
other
such
classes
or
series
of
capital
stock
shall

Three Months Ended September 30	Nine Months Ended September 30
share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled unless otherwise provided in the applicable prospectus supplement.	
Subject to the liquidation preference rights of the Junior Participating Preferred Stock as described above or	

Three Months Ended September 30	Nine Months Ended September 30
any series of preferred stock ranking senior to the applicable series of preferred stock upon liquidation, if liquidating distributions shall have been made in full to all holders of shares of a new series of preferred stock, we expect that our remaining assets will be distributed among the	

**Nine Months
Ended
September 30**

Three Months Ended September 30

holders
of
junior
stock
according
to
their
respective
rights
and
preferences.

***Voting
Rights***

Except
as
indicated
below
or
in
a
prospectus
supplement
relating
to
a
particular
series
of
the
preferred
stock,
or
except
as
required
by
applicable
law,
we
expect
that
holders
of
a
new
series

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

of preferred stock will not be entitled to vote for any purpose.

Unless otherwise provided in the applicable prospectus supplement, we expect that the terms of any new series of preferred stock will provide that so long as any shares of a new series of preferred stock

Three Months Ended September 30	Nine Months Ended September 30
remain outstanding, the consent or the affirmative vote of the holders of at least 66-2/3% of the votes entitled to be cast with respect to the then outstanding shares of such series of the preferred stock together with any Other Preferred Stock (as defined below), voting as one	

Three Months Ended September 30	Nine Months Ended September 30
--	---

class,
either
expressed
in
writing
or
at
a
meeting
called
for
that
purpose,

22

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

will
be
necessary
(i) to
permit,
effect
or
validate
the
authorization,
or
any
increase
in
the
authorized
amount,
of
any
class
or
series
of
shares
ranking
prior
to
the
preferred
stock
of
such
series
as
to
distributions,
voting
or
upon
distribution
of
assets;
and

Three Months Ended September 30	Nine Months Ended September 30
--	---

(ii) to
repeal,
amend
or
otherwise
change
any
of
the
provisions
applicable
to
the
preferred
stock
of
such
series
in
any
manner
which
adversely
affects
the
powers,
preferences,
voting
power
or
other
rights
or
privileges
of
such
series
of
the
preferred
stock.
We
also
expect
that
in
case
any

Three Months Ended September 30	Nine Months Ended September 30
series of the preferred stock would be so affected by any such action referred to in clause (ii) above in a different manner than one or more series of the Other Preferred Stock which will be similarly affected, the holders of such series of preferred stock will be entitled	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

to
vote
as
a
class,
and
we
will
not
take
such
action
without
the
consent
or
affirmative
vote,
as
above
provided,
of
at
least
66-2/3%
of
the
total
number
of
votes
entitled
to
be
cast
with
respect
to
each
such
series
of
the
preferred
stock
and
the
Other

**Nine Months
Ended
September 30**

Three Months Ended September 30

Preferred
Stock
then
outstanding,
in
lieu
of
the
consent
or
affirmative
vote
hereinabove
otherwise
required
unless
otherwise
provided
in
the
applicable
prospectus
supplement.

Unless
otherwise
provided
in
the
applicable
prospectus
supplement,
we
also
expect
that
with
respect
to
any
matter
as
to
which
any
new
series
of

Three Months Ended September 30	Nine Months Ended September 30
preferred stock is entitled to vote, holders of the preferred stock of such series and any other series of our preferred stock ranking on a parity with such series of the preferred stock as to distributions and distributions of assets and which by its terms provides for similar	

Three Months Ended September 30	Nine Months Ended September 30
voting rights, or the Other Preferred Stock, will be entitled to cast the number of votes set forth in the prospectus supplement with respect to that series of preferred stock. As a result of the provisions described in the preceding paragraph providing that the holders of shares of	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

a
series
of
the
preferred
stock
may
vote
together
as
a
class
with
the
holders
of
shares
of
one
or
more
series
of
Other
Preferred
Stock,
it
is
possible
that,
in
such
a
case,
the
holders
of
such
shares
of
Other
Preferred
Stock
could
approve
action
that
would

Three Months Ended September 30	Nine Months Ended September 30
adversely affect such series of preferred stock, including the creation of a class of capital stock ranking prior to such series of preferred stock as to distributions, voting or distribution of assets.	

***Conversion
Rights***

The
terms
and
conditions,
if
any,
upon
which
shares
of
any
new

Three Months Ended September 30	Nine Months Ended September 30
series of preferred stock are convertible into common stock will be set forth in the applicable prospectus supplement relating thereto. Such terms will include the number of shares of common stock into which the preferred stock is convertible, the conversion price (or manner of calculation thereof), the conversion	

**Nine Months
Ended
September 30**

Three Months Ended September 30

period,
provisions
as
to
whether
conversion
will
be
at
the
option
of
the
holders
of
the
preferred
stock
or
our
option,
the
events
requiring
an
adjustment
of
the
conversion
price
and
provisions
affecting
conversion.

***Transfer
Agent
and
Registrar***

The
Transfer
Agent
and
Registrar
for
any
new

	Three Months Ended September 30	Nine Months Ended September 30
series		
of		
preferred		
stock		
will		
be		
set		
forth		
in		
the		
applicable		
prospectus		
supplement.		

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**DESCRIPTION
OF
DEBT
SECURITIES**

The following description, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of the debt securities that we may offer under this prospectus. While the terms we have summarized

Three Months Ended September 30	Nine Months Ended September 30
below will generally apply to any future debt securities we may offer under this prospectus, we will describe the particular terms of any debt securities that we may offer in more detail in the applicable prospectus supplement. The terms of any debt securities we offer under a prospectus	

**Nine Months
Ended
September 30**

Three Months Ended September 30

supplement
may
differ
from
the
terms
we
describe
below.

We
will
issue
the
senior
notes
under
a
senior
indenture
which
we
will
enter
into
with
the
trustee
named
in
the
senior
indenture.

We
will
issue
the
subordinated
notes
under
a
subordinated
indenture
which
we
will
enter
into

**Nine Months
Ended
September 30**

Three Months Ended September 30

with
the
trustee
named
in
the
subordinated
indenture.

We
have
filed
forms
of
these
documents
as
exhibits
to
the
registration
statement
of
which
this
prospectus
is
a
part.

The
terms
of
any
indenture
that
we
enter
into
may
differ
from
the
terms
we
describe
below.

We
use
the

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

term
indentures
to
refer
to
both
the
senior
indenture
and
the
subordinated
indenture.

The
indentures
will
be
qualified
under
the
Trust
Indenture
Act
of
1939,
or
the
Trust
Indenture
Act.
We
use
the
term
debenture
trustee
to
refer
to
either
the
senior
trustee
or
the
subordinated
trustee,

Three Months Ended September 30	Nine Months Ended September 30
--	---

as
applicable.

The
following
summaries
of
material
provisions
of
the
senior
notes,
the
subordinated
notes
and
the
indentures
are
subject
to,
and
qualified
in
their
entirety
by
reference
to,
all
the
provisions
of
the
indenture
applicable
to
a
particular
series
of
debt
securities.
We
urge
you
to

Three Months Ended September 30	Nine Months Ended September 30
--	---

read
the
applicable
prospectus
supplements
related
to
the
debt
securities
that
we
sell
under
this
prospectus,
as
well
as
the
complete
indentures
that
contain
the
terms
of
the
debt
securities.
Except
as
we
may
otherwise
indicate,
the
terms
of
the
senior
indenture
and
the
subordinated
indenture
are
identical.

**Nine Months
Ended
September 30**

Three Months Ended September 30

General

The debt securities will be direct, unsecured obligations of ours and may either be senior or subordinated debt securities.

We will describe in the applicable prospectus supplement the terms relating to a series of debt securities, including:

the title;

the principal amount

Three Months Ended September 30	Nine Months Ended September 30
being offered, and, if a series, the total amount authorized and the total amount outstanding;	
any limit on the amount that may be issued;	
whether or not we will issue the series of debt securities in global form and, if so, the terms and who the depository will be;	
the maturity date;	
the principal amount due at maturity, and whether the debt	

**Nine Months
Ended
September 30**

Three Months Ended September 30

securities
will be
issued
with any
original
issue
discount;

whether and
under what
circumstances,
if any, we will
pay additional
amounts on
any debt
securities held
by a person
who is not a
United States
person for tax
purposes, and
whether we
can redeem the
debt securities
if we have to
pay such
additional
amounts;

the annual
interest rate,
which may
be fixed or
variable, or
the method
for
determining
the rate, the
date interest
will begin to
accrue, the
dates
interest will
be payable
and the
regular

Three Months Ended September 30	Nine Months Ended September 30
record dates for interest payment dates or the method for determining such dates;	
the terms of the subordination of any series of subordinated debt;	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

Table
of
Contents

the place
where
payments
will be
payable;

restrictions
on transfer,
sale or other
assignment,
if any;

our right,
if any, to
defer
payment
of interest
and the
maximum
length of
any such
deferral
period;

the date, if
any, after
which, the
conditions
upon
which, and
the price at
which we
may, at our
option,
redeem the
series of
debt
securities
pursuant to
any

Three Months Ended September 30	Nine Months Ended September 30
optional or provisional redemption provisions, and any other applicable terms of those redemption provisions;	
provisions for a sinking fund, purchase or other analogous fund, if any;	
the date, if any, on which, and the price at which we are obligated, pursuant to any mandatory sinking fund or analogous fund provisions or otherwise, to redeem, or at the holder's option to purchase, the series of debt	

Three Months Ended September 30	Nine Months Ended September 30
securities;	
whether the indenture will restrict our ability and/or the ability of our subsidiaries to:	
incur additional indebtedness;	
issue additional securities;	
create liens;	
pay distributions and make distributions in respect of our capital stock and the capital stock of our subsidiaries;	
redeem capital stock;	
place restrictions on our	

Three Months Ended September 30	Nine Months Ended September 30
subsidiaries	
ability to pay	
distributions,	
make	
distributions	
or transfer	
assets;	
make	
investments	
or other	
restricted	
payments;	
sell or	
otherwise	
dispose of	
assets;	
enter into	
sale-leaseback	
transactions;	
engage in	
transactions	
with	
stockholders	
and	
affiliates;	
issue or sell	
stock of our	
subsidiaries;	
or	
effect a	
consolidation	
or merger;	
whether the	
indenture	

**Nine Months
Ended
September 30**

Three Months Ended September 30

will require
us to
maintain
any interest
coverage,
fixed
charge, cash
flow-based,
asset-based
or other
financial
ratios;

a discussion of
any material or
special United
States federal
income tax
considerations
applicable to
the debt
securities;

information
describing
any
book-entry
features;

the
procedures
for any
auction and
remarketing,
if any;

the
denominations
in which we
will issue the
series of debt
securities, if
other than
denominations

**Nine Months
Ended
September 30**

Three Months Ended September 30

of \$1,000 and
any integral
multiple
thereof;

if other than
dollars, the
currency in
which the
series of debt
securities will
be
denominated;
and

any other
specific
terms,
preferences,
rights or
limitations
of, or
restrictions
on, the debt
securities,
including
any events
of default
that are in
addition to
those
described in
this
prospectus
or any
covenants
provided
with respect
to the debt
securities
that are in
addition to
those
described
above, and
any terms

Three Months Ended September 30	Nine Months Ended September 30
which may be required by us or advisable under applicable laws or regulations or advisable in connection with the marketing of the debt securities.	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

**Conversion
or
Exchange
Rights**

We
will
set
forth
in
the
prospectus
supplement
the
terms
on
which
a
series
of
debt
securities
may
be
convertible
into
or
exchangeable
for
our
common
stock
or
other
securities
of
ours
or
a
third
party,
including
the

**Nine Months
Ended
September 30**

Three Months Ended September 30

conversion
or
exchange
rate,
as
applicable,
or
how
it
will
be
calculated,
and
the
applicable
conversion
or
exchange
period.
We
will
include
provisions
as
to
whether
conversion
or
exchange
is
mandatory,
at
the
option
of
the
holder
or
at
our
option.
We
may
include
provisions
pursuant
to
which

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
number
of
our
securities
or
the
securities
of
a
third
party
that
the
holders
of
the
series
of
debt
securities
receive
upon
conversion
or
exchange
would,
under
the
circumstances
described
in
those
provisions,
be
subject
to
adjustment,
or
pursuant
to
which
those
holders
would,
under
those
circumstances,

Three Months Ended September 30	Nine Months Ended September 30
receive	
other	
property	
upon	
conversion	
or	
exchange,	
for	
example	
in	
the	
event	
of	
our	
merger	
or	
consolidation	
with	
another	
entity.	

**Consolidation,
Merger
or
Sale**

The
indentures
in
the
forms
initially
filed
as
exhibits
to
the
registration
statement
of
which
this
prospectus
is
a
part
do
not

**Nine Months
Ended
September 30**

Three Months Ended September 30

contain
any
covenant
which
restricts
our
ability
to
merge
or
consolidate,
or
sell,
convey,
transfer
or
otherwise
dispose
of
all
or
substantially
all
of
our
assets.
However,
any
successor
of
ours
or
acquiror
of
such
assets
must
assume
all
of
our
obligations
under
the
indentures
and
the
debt

**Nine Months
Ended
September 30**

Three Months Ended September 30

securities.

If
the
debt
securities
are
convertible
for
our
other
securities,
the
person
with
whom
we
consolidate
or
merge
or
to
whom
we
sell
all
of
our
property
must
make
provision
for
the
conversion
of
the
debt
securities
into
securities
which
the
holders
of
the
debt
securities

Three Months Ended September 30	Nine Months Ended September 30
would	
have	
received	
if	
they	
had	
converted	
the	
debt	
securities	
before	
the	
consolidation,	
merger	
or	
sale.	

**Events
of
Default
Under
the
Indenture**

The following are events of default under the indentures with respect to any series of debt securities that we may issue:

**Nine Months
Ended
September 30**

Three Months Ended September 30

if we fail
to pay
interest
when due
and
payable
and our
failure
continues
for 90
days and
the time
for
payment
has not
been
extended
or
deferred;

if we fail
to pay the
principal,
or
premium,
if any,
when due
and
payable
and the
time for
payment
has not
been
extended
or
delayed;

if we fail to
observe or
perform any
other
covenant
contained in
the debt
securities or

Three Months Ended September 30

**Nine Months
Ended
September 30**

the indentures, other than a covenant specifically relating to another series of debt securities, and our failure continues for 90 days after we receive notice from the debenture trustee or holders of at least 25% in aggregate principal amount of the outstanding debt securities of the applicable series; and

if specified events of bankruptcy, insolvency or reorganization occur.

If an event of default with respect to

Three Months Ended September 30	Nine Months Ended September 30
debt securities of any series occurs and is continuing, other than an event of default specified in the last bullet point above, the debenture trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series, by notice to us	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

in
writing,
and
to
the
debenture
trustee
if
notice
is
given
by
such
holders,
may
declare
the
unpaid
principal
of,
premium,
if
any,
and
accrued
interest,
if
any,
due
and
payable
immediately.
If
an
event
of
default
specified
in
the
last
bullet
point
above
occurs
with
respect
to

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

us,
the
principal
amount
of
and
accrued
interest,
if
any,
of
each
issue
of
debt
securities
then
outstanding
shall
be
due
and
payable
without
any
notice
or
other
action
on
the
part
of
the
debenture
trustee
or
any
holder.

The
holders
of
a
majority
in
principal
amount

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of the outstanding debt securities of an affected series may waive any default or event of default with respect to the series and its consequences, except defaults or events of default regarding payment of principal, premium, if any, or interest, unless we have cured the default or event	

	Three Months Ended September 30	Nine Months Ended September 30
of default in accordance with the indenture.		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

Subject
to
the
terms
of
the
indentures,
if
an
event
of
default
under
an
indenture
shall
occur
and
be
continuing,
the
debenture
trustee
will
be
under
no
obligation
to
exercise
any
of
its
rights
or
powers
under
such
indenture
at
the
request
or

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Three Months Ended September 30

direction
of
any
of
the
holders
of
the
applicable
series
of
debt
securities,
unless
such
holders
have
offered
the
debenture
trustee
reasonable
indemnity.
The
holders
of
a
majority
in
principal
amount
of
the
outstanding
debt
securities
of
any
series
will
have
the
right
to
direct
the
time,
method

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and place of conducting any proceeding for any remedy available to the debenture trustee, or exercising any trust or power conferred on the debenture trustee, with respect to the debt securities of that series, provided that:	
the direction so given by the holder is not in conflict with any law or the	

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applicable
indenture;
and

subject to
its duties
under the
Trust
Indenture
Act, the
debenture
trustee need
not take any
action that
might
involve it in
personal
liability or
might be
unduly
prejudicial
to the
holders not
involved in
the
proceeding.

A
holder
of
the
debt
securities
of
any
series
will
only
have
the
right
to
institute
a
proceeding
under
the
indentures

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or		
to		
appoint		
a		
receiver		
or		
trustee,		
or		
to		
seek		
other		
remedies		
if:		

the holder
has given
written
notice to
the
debenture
trustee of a
continuing
event of
default
with
respect to
that series;

the holders
of at least
25% in
aggregate
principal
amount of
the
outstanding
debt
securities of
that series
have made
written
request, and
such
holders
have

Three Months Ended September 30

**Nine Months
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offered
reasonable
indemnity
to the
debenture
trustee to
institute the
proceeding
as trustee;
and

the
debenture
trustee does
not institute
the
proceeding,
and does
not receive
from the
holders of a
majority in
aggregate
principal
amount of
the
outstanding
debt
securities of
that series
other
conflicting
directions
within 90
days after
the notice,
request and
offer.

These
limitations
do
not
apply
to
a
suit
instituted

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--	---

by
a
holder
of
debt
securities
if
we
default
in
the
payment
of
the
principal,
premium,
if
any,
or
interest
on,
the
debt
securities.

We
will
periodically
file
statements
with
the
debenture
trustee
regarding
our
compliance
with
specified
covenants
in
the
indentures.

**Modification
of
Indenture;
Waiver**

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We
and
the
debenture
trustee
may
change
an
indenture
without
the
consent
of
any
holders
with
respect
to
specific
matters,
including:

to fix any
ambiguity,
defect or
inconsistency
in the
indenture;

to comply with
the provisions
described
above under
Consolidation,
Merger or
Sale ;

to comply
with any
requirements
of the SEC in
connection
with the
qualification

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of any indenture under the Trust Indenture Act;	
to evidence and provide for the acceptance of appointment hereunder by a successor trustee;	
to provide for uncertificated debt securities and to make all appropriate changes for such purpose;	
to add to, delete from, or revise the conditions, limitations and restrictions on the authorized amount, terms or purposes of issuance, authorization and delivery of debt securities of any series;	

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Three Months Ended September 30

to add to our
covenants
such new
covenants,
restrictions,
conditions or
provisions
for the
protection of
the holders,
to make the
occurrence,
or the
occurrence
and the
continuance,
of a default
in any such
additional
covenants,
restrictions,
conditions or
provisions an
event of
default, or to
surrender
any of our
rights or
powers under
the
indenture; or

to change
anything
that does
not harm
the
interests
of any
holder of
debt
securities
of any
series.

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--	--	---

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Contents**

In addition, under the indentures, the rights of holders of a series of debt securities may be changed by us and the debenture trustee with the written consent of the holders of at least a majority in aggregate principal amount of the outstanding

Three Months Ended September 30	Nine Months Ended September 30
debt securities of each series that is affected. However, we and the debenture trustee may only make the following changes with the consent of each holder of any outstanding debt securities affected:	
extending the fixed maturity of the series of debt securities;	
reducing the principal amount,	

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reducing
the rate of
or
extending
the time of
payment of
interest, or
reducing
any
premium
payable
upon the
redemption
of any debt
securities;
or

reducing the
percentage of
debt
securities, the
holders of
which are
required to
consent to
any
supplemental
indenture.

Discharge

Each
indenture
provides
that
we
can
elect
to
be
discharged
from
our
obligations
with
respect
to
one

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

or
more
series
of
debt
securities,
except
for
obligations
to:

register
the
transfer
or
exchange
of debt
securities
of the
series;

replace
stolen,
lost or
mutilated
debt
securities
of the
series;

maintain
paying
agencies;

hold
monies
for
payment
in trust;

recover
excess

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money held by the debenture trustee;	
compensate and indemnify the debenture trustee; and	
appoint any successor trustee.	
In order to exercise our rights to be discharged, we must deposit with the debenture trustee money or government obligations sufficient to pay all the principal of, any premium,	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

if
any,
and
interest
on,
the
debt
securities
of
the
series
on
the
dates
payments
are
due.

**Form,
Exchange
and
Transfer**

We
will
issue
the
debt
securities
of
each
series
only
in
fully
registered
form
without
coupons
and,
unless
we
otherwise
specify
in
the
applicable
prospectus

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supplement, in denominations of \$1,000 and any integral multiple thereof. The indentures provide that we may issue debt securities of a series in temporary or permanent global form and as book-entry securities that will be deposited with, or on behalf of, The Depository Trust Company or another depository	

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September 30**

Three Months Ended September 30

named
by
us
and
identified
in
a
prospectus
supplement
with
respect
to
that
series.
See
Legal
Ownership
of
Securities
for
a
further
description
of
the
terms
relating
to
any
book-entry
securities.

At
the
option
of
the
holder,
subject
to
the
terms
of
the
indentures
and
the
limitations

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applicable
to
global
securities
described
in
the
applicable
prospectus
supplement,
the
holder
of
the
debt
securities
of
any
series
can
exchange
the
debt
securities
for
other
debt
securities
of
the
same
series,
in
any
authorized
denomination
and
of
like
tenor
and
aggregate
principal
amount.

Subject
to
the

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--	---

terms
of
the
indentures
and
the
limitations
applicable
to
global
securities
set
forth
in
the
applicable
prospectus
supplement,
holders
of
the
debt
securities
may
present
the
debt
securities
for
exchange
or
for
registration
of
transfer,
duly
endorsed
or
with
the
form
of
transfer
endorsed
thereon
duly
executed
if

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--	--	---

so
required
by
us
or
the
security
registrar,
at
the
office
of
the
security
registrar
or
at
the
office
of
any
transfer
agent
designated
by
us
for
this
purpose.
Unless
otherwise
provided
in
the
debt
securities
that
the
holder
presents
for
transfer
or
exchange,
we
will
make
no

Three Months Ended September 30	Nine Months Ended September 30
service charge for any registration of transfer or exchange, but we may require payment of any taxes or other governmental charges.	

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

**Table
of
Contents**

We
will
name
in
the
applicable
prospectus
supplement
the
security
registrar,
and
any
transfer
agent
in
addition
to
the
security
registrar,
that
we
initially
designate
for
any
debt
securities.
We
may
at
any
time
designate
additional
transfer
agents
or
rescind
the
designation
of

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--	---

any
transfer
agent
or
approve
a
change
in
the
office
through
which
any
transfer
agent
acts,
except
that
we
will
be
required
to
maintain
a
transfer
agent
in
each
place
of
payment
for
the
debt
securities
of
each
series.

If
we
elect
to
redeem
the
debt
securities

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--	---

of
any
series,
we
will
not
be
required
to:

issue,
register the
transfer of,
or exchange
any debt
securities of
any series
being
redeemed
in part
during a
period
beginning
at the
opening of
business 15
days before
the day of
mailing of a
notice of
redemption
of any debt
securities
that may be
selected for
redemption
and ending
at the close
of business
on the day
of the
mailing; or

register the
transfer of or

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exchange
any debt
securities so
selected for
redemption,
in whole or
in part,
except the
unredeemed
portion of
any debt
securities we
are
redeeming
in part.

**Information
Concerning
the
Debenture
Trustee**

The
debenture
trustee,
other
than
during
the
occurrence
and
continuance
of
an
event
of
default
under
an
indenture,
undertakes
to
perform
only
those
duties
as
are
specifically

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--	---

set forth in the applicable indenture. Upon an event of default under an indenture, the debenture trustee must use the same degree of care as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the debenture trustee

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is under no obligation to exercise any of the powers given it by the indentures at the request of any holder of debt securities unless it is offered reasonable security and indemnity against the costs, expenses and liabilities that it might incur.	
Payment and Paying Agents	

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Ended
September 30**

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Unless
we
otherwise
indicate
in
the
applicable
prospectus
supplement,
we
will
make
payment
of
the
interest
on
any
debt
securities
on
any
interest
payment
date
to
the
person
in
whose
name
the
debt
securities,
or
one
or
more
predecessor
securities,
are
registered
at
the
close
of
business
on

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
regular
record
date
for
the
interest.

We
will
pay
principal
of
and
any
premium
and
interest
on
the
debt
securities
of
a
particular
series
at
the
office
of
the
paying
agents
designated
by
us,
except
that,
unless
we
otherwise
indicate
in
the
applicable
prospectus
supplement,
we

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--	---

may
make
interest
payments
by
check
which
we
will
mail
to
the
holder
or
by
wire
transfer
to
certain
holders.
Unless
we
otherwise
indicate
in
a
prospectus
supplement,
we
will
designate
an
office
or
agency
of
the
debenture
trustee
as
our
sole
paying
agent
for
payments
with
respect

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
debt
securities
of
each
series.
We
will
name
in
the
applicable
prospectus
supplement
any
other
paying
agents
that
we
initially
designate
for
the
debt
securities
of
a
particular
series.
We
will
maintain
a
paying
agent
in
each
place
of
payment
for
the
debt
securities
of
a
particular

**Nine Months
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series.

All
money
we
pay
to
a
paying
agent
or
the
debenture
trustee
for
the
payment
of
the
principal
of
or
any
premium
or
interest
on
any
debt
securities
which
remains
unclaimed
at
the
end
of
two
years
after
such
principal,
premium
or
interest
has
become
due

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

and
payable
will
be
repaid
to
us,
and
the
holder
of
the
debt
security
thereafter
may
look
only
to
us
for
payment
thereof.

**Subordination
of
Subordinated
Debt
Securities**

The
subordinated
debt
securities
will
be
subordinate
and
junior
in
priority
of
payment
to
certain
of
our
other

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indebtedness
to
the
extent
described
in
a
prospectus
supplement.
The
indentures
in
the
forms
initially
filed
as
exhibits
to
the
registration
statement
of
which
this
prospectus
is
a
part
do
not
limit
the
amount
of
indebtedness
which
we
may
incur,
including
senior
indebtedness
or
subordinated
indebtedness,
and
do

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not limit us from issuing any other debt, including secured debt or unsecured debt.		

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**Table
of
Contents**

**DESCRIPTION
OF
WARRANTS**

We
may
issue
warrants
for
the
purchase
of
common
stock
or
preferred
stock
and
may
issue
warrants
independently
or
together
with
common
stock,
preferred
stock
or
debt
securities
or
attached
to
or
separate
from
such
securities.
We
will
issue

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

each series of warrants under a separate warrant agreement between us and a bank or trust company as warrant agent, as specified in the applicable prospectus supplement.

The warrant agent will act solely as our agent in connection with the warrants and will not act for or

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--	---

on
behalf
of
warrant
holders.
The
following
sets
forth
certain
general
terms
and
provisions
of
the
warrants
that
may
be
offered
under
this
registration
statement.
Further
terms
of
the
warrants
and
the
applicable
warrant
agreement
will
be
set
forth
in
the
applicable
prospectus
supplement.
To
the
extent
information

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contained
in
the
applicable
prospectus
supplement
differs
from
this
summary
description,
you
should
rely
on
the
information
in
the
prospectus
supplement.

The
applicable
prospectus
supplement
will
describe
the
terms
of
the
warrants
in
respect
of
which
this
prospectus
is
being
delivered,
including,
where
applicable,
the
following:

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--	--	---

the title
of the
warrants;

the
aggregate
number of
the
warrants;

the price
or prices
at which
the
warrants
will be
issued;

the type and
number of
securities
purchasable
upon
exercise of
the
warrants;

the
designation
and terms
of the other
securities, if
any, with
which the
warrants are
issued and
the number
of the
warrants
issued with
each such
offered

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security;	

the date, if
any, on and
after which
the warrants
and related
securities
will be
separately
transferable;

the price at
which each
security
purchasable
upon
exercise of
the warrants
may be
purchased;

the
provisions,
if any, for
changes to
or
adjustments
in the
exercise
price;

the date on
which the
right to
exercise
the
warrants
shall
commence
and the
date on
which such
right shall

	Nine Months Ended September 30
Three Months Ended September 30	

expire;

the
minimum
or
maximum
amount of
the
warrants
that may
be
exercised
at any one
time;

information
with respect
to
book-entry
procedures,
if any;

any
anti-dilution
protection;

a discussion of
any material
United States
federal income
tax
considerations
applicable to
the warrants;
and

any other
terms of the
warrants,
including
terms,
procedures and
limitations

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relating to the
transferability,
exercise and
exchange of
such warrants.

Warrant
certificates
will
be
exchangeable
for
new
warrant
certificates
of
different
denominations
and
warrants
may
be
exercised
at
the
corporate
trust
office
of
the
warrant
agent
or
any
other
office
indicated
in
the
applicable
prospectus
supplement.
Prior
to
the
exercise
of
their
warrants,

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--	---

holders
of
warrants
will
not
have
any
of
the
rights
of
holders
of
the
securities
purchasable
upon
such
exercise
or
to
any
distribution
payments
or
voting
rights
as
to
which
holders
of
the
shares
of
common
stock
or
shares
of
preferred
stock
purchasable
upon
such
exercise
may
be

	Three Months Ended September 30	Nine Months Ended September 30
entitled.		

30

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

**Exercise
of
Warrants**

Each
warrant
will
entitle
the
holder
to
purchase
for
cash
such
number
of
shares
of
common
stock
or
shares
of
preferred
stock,
at
such
exercise
price
as
shall,
in
each
case,
be
set
forth
in,
or
be
determinable
as

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--	---

set
forth
in,
the
applicable
prospectus
supplement
relating
to
the
warrants
offered
thereby.
Unless
otherwise
specified
in
the
applicable
prospectus
supplement,
warrants
may
be
exercised
at
any
time
up
to
5:00
p.m.
New
York
City
time
on
the
expiration
date
set
forth
in
applicable
prospectus
supplement.
After
5:00

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--	--	---

p.m.
New
York
City
time
on
the
expiration
date,
unexercised
warrants
will
be
void.

Warrants
may
be
exercised
as
set
forth
in
the
applicable
prospectus
supplement
relating
to
the
warrants.
Upon
receipt
of
payment
and
the
warrant
certificate
properly
completed
and
duly
executed
at
the
corporate
trust

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--	---

office
of
the
warrant
agent
or
any
other
office
indicated
in
the
applicable
prospectus
supplement,
we
will,
as
soon
as
practicable,
forward
the
securities
purchasable
upon
such
exercise.
If
less
than
all
of
the
warrants
are
presented
by
such
warrant
certificate
of
exercise,
a
new
warrant
certificate
will

	Three Months Ended September 30	Nine Months Ended September 30
be issued for the remaining amount of warrants.		

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of
Contents**

**DESCRIPTION
OF
UNITS**

We
may
issue
units
consisting
of
two
or
more
other
constituent
securities.
These
units
may
be
issuable,
and
for
a
specified
period
of
time
may
be
transferable,
only
as
a
single
security,
rather
than
as
the
separate
constituent
securities

**Nine Months
Ended
September 30**

Three Months Ended September 30

comprising
such
units.
The
statements
made
in
this
section
relating
to
the
units
are
summaries
only.
These
summaries
are
not
complete.
Further
terms
of
the
units
will
be
set
forth
in
the
applicable
prospectus
supplement.
To
the
extent
information
contained
in
the
applicable
prospectus
supplement
differs
from
this

**Nine Months
Ended
September 30**

Three Months Ended September 30

summary
description,
you
should
rely
on
the
information
in
the
prospectus
supplement.

The
applicable
prospectus
supplement
will
describe
the
terms
of
the
units
in
respect
of
which
this
prospectus
is
being
delivered,
including,
where
applicable,
the
following:

the
title
of any
series
of
units;

Three Months Ended September 30	Nine Months Ended September 30
identification and description of the separate constituent securities comprising the units;	
the price or prices at which the units will be issued;	
the date, if any, on and after which the constituent securities comprising the units will be separately transferable;	
information with respect to any book-entry procedures;	
a discussion of any material United States federal income tax considerations applicable to	

Three Months Ended September 30	Nine Months Ended September 30
an investment in the units; and	
any other terms of the units and their constituent securities.	

Three Months Ended September 30

Nine Months
Ended
September 30

Table
of
Contents

THE
OPERATING
PARTNERSHIP
AGREEMENT

The
following
is
a
summary
of
our
UPREIT
structure
and
the
material
provisions
in
the
partnership
agreement
of
our
Operating
Partnership.
For
more
detail,
you
should
refer
to
the
partnership
agreement
itself
and
its
material
amendments,
copies
of

**Nine Months
Ended
September 30**

Three Months Ended September 30

*which
are
filed
with
the
SEC
and
which
we
incorporate
by
reference
as
an
exhibit
to
the
registration
statement
of
which
this
prospectus
is
a
part. See
Where
You
Can
Find
More
Information.*

General

In
1993,
the
Operating
Partnership
was
formed
and
we
contributed
our
net
assets

**Nine Months
Ended
September 30**

Three Months Ended September 30

to
the
Operating
Partnership
in
exchange
for
the
sole
general
partner
interest
in
the
Operating
Partnership
and
the
majority
of
all
of
the
Operating
Partnership s
initial
capital.
We
substantially
conduct
our
operations
through
the
Operating
Partnership.
The
Operating
Partnership
owns,
either
directly
or
indirectly
through
other
subsidiaries,
all

Three Months Ended September 30	Nine Months Ended September 30
of our assets. This UPREIT structure enables us to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs, and to acquire manufactured housing communities in transactions that defer some or all of the sellers tax consequences. The financial results of the Operating	

**Nine Months
Ended
September 30**

Three Months Ended September 30

Partnership
and
our
other
subsidiaries
are
consolidated
in
our
consolidated
financial
statements.
The
financial
results
include
certain
activities
that
do
not
necessarily
qualify
as
REIT
activities
under
the
Internal
Revenue
Code
of
1986,
as
amended,
or
the
Code.
We
have
formed
taxable
REIT
subsidiaries,
as
defined
in
the

Three Months Ended September 30	Nine Months Ended September 30
Code, to engage in such activities. We use taxable REIT subsidiaries to offer certain services to our residents and engage in activities that would not otherwise be permitted under the REIT rules if provided directly by us or by the Operating Partnership. The taxable REIT subsidiaries include our	

Three Months Ended September 30	Nine Months Ended September 30
home sales business, SHS, which provides manufactured home sales, leasing and other services to current and prospective tenants of our properties.	

Under the partnership agreement, the Operating Partnership is structured to make distributions with respect to certain of the OP Units at the same time that distributions

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

are
made
to
our
common
stockholders.

The
Operating
Partnership
is
structured
to
permit
limited
partners
holding
certain
classes
or
series
of
OP
Units
to
exchange
those
OP
Units
for
shares
of
our
common
stock
(in
a
taxable
transaction)
and
achieve
liquidity
for
their
investment.

As
the
sole

**Nine Months
Ended
September 30**

Three Months Ended September 30

general
partner
of
the
Operating
Partnership,
we
generally
have
the
power
to
manage
and
have
complete
control
over
the
conduct
of
the
Operating
Partnership s
affairs
and
all
decisions
or
actions
made
or
taken
by
us
as
the
general
partner
pursuant
to
the
partnership
agreement
are
generally
binding
upon

	Three Months Ended September 30	Nine Months Ended September 30
all of the partners and the Operating Partnership.		

**Classes
and
Series
of
OP
Units**

As
of
March
31,
2015,
the
Operating
Partnership
had
issued
and
outstanding:

2,543,842
common
OP Units,

1,283,819
preferred
OP Units,
or Aspen
preferred
OP Units,

420,082
Series
A-1
preferred

	Three Months Ended September 30	Nine Months Ended September 30
OP Units,		
40,268		
Series		
A-3		
preferred		
OP Units,		
7,200,000		
Series		
A-4		
preferred		
OP Units,		
3,400,000		
7.125%		
Series A		
Cumulative		
Redeemable		
Preferred OP		
Units, or		
7.125%		
Series A OP		
Units,		
112,400		
Series		
B-3		
preferred		
OP Units,		
and		
no Series		
C		
preferred		
OP Units.		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

As
of
March
31,
2015,
we
held:

53,498,307
common OP
Units, or
approximately
95.5% of the
issued and
outstanding
common OP
Units,

6,330,551
Series A-4
preferred OP
Units, or
approximately
87.9% of the
issued and
outstanding
Series A-4
preferred OP
Units,

all of
the
7.125%
Series A
OP
Units,
and

Three Months Ended September 30	Nine Months Ended September 30
no Aspen preferred OP Units, Series A-1 preferred OP Units, Series A-3 preferred OP Units, Series B-3 preferred OP Units or Series C preferred OP Units.	
<i>Common OP Units</i>	
Subject to certain limitations, the holder of each common OP Unit at its option may convert such common OP Unit at any time into one	

Three Months Ended September 30	Nine Months Ended September 30
share of our common stock. Holders of common OP Units are entitled to receive distributions from the Operating Partnership as and when declared by the general partner, provided that all accrued distributions payable on OP Units ranking senior to the common OP Units have been paid. The holders	

Three Months Ended September 30	Nine Months Ended September 30
of common OP Units generally receive distributions on the same dates and in amounts equal to the distributions paid to holders of our common stock.	

***Aspen
Preferred
OP
Units***

Subject
to
certain
limitations,
at
any
time
prior
to
January 1,
2024,
the
holder
of
each
Aspen
preferred

	Three Months Ended September 30	Nine Months Ended September 30
OP		
Unit		
at		
its		
option		
may		
convert		
such		
Aspen		
preferred		
OP		
Unit		
into:		
(a) if		
the		
market		
price		
of		
our		
common		
stock		
is		
\$68.00		
per		
share		
or		
less,		
0.397		
common		
OP		
Units,		
or		
(b) if		
the		
market		
price		
of		
our		
common		
stock		
is		
greater		
than		
\$68.00		
per		
share,		
that		
number		

Three Months Ended September 30	Nine Months Ended September 30
of common OP Units determined by dividing (i) the sum of (A) \$27.00 plus (B) 25% of the amount by which the market price of our common stock exceeds \$68.00 per share, by (ii) the per-share market price of our common stock. The holders of Aspen preferred OP Units are entitled to	

Three Months Ended September 30	Nine Months Ended September 30
receive distributions not less than quarterly. Distributions on Aspen preferred OP Units are generally paid on the same dates as distributions are paid to holders of common OP Units. Each Aspen preferred OP Unit is entitled to received distributions in an amount equal to the product of (x) \$27.00,	

**Nine Months
Ended
September 30**

Three Months Ended September 30

multiplied
by
(y) an
annual
rate
equal
to
the
10-year
United
States
Treasury
bond
yield
plus
239
basis
points;
provided,
however,
that
the
aggregate
distribution
rate
shall
not
be
less
than
6.5%
nor
more
than
9%.
On
January 2,
2024,
we
are
required
to
redeem
all
Aspen
preferred
OP
Units

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

that
have
not
been
converted
to
common
OP
Units.
In
addition,
we
are
required
to
redeem
the
Aspen
preferred
OP
Units
of
any
holder
thereof
within
five
days
after
receipt
of
a
written
demand
during
the
existence
of
certain
uncured
Aspen
preferred
OP
Unit
defaults,
including
our
failure

Three Months Ended September 30	Nine Months Ended September 30
--	---

to
pay
distributions
on
the
Aspen
preferred
OP
Units
when
due
and
our
failure
to
provide
certain
security
for
the
payment
of
distributions
on
the
Aspen
preferred
OP
Units.
We
may
also
redeem
Aspen
preferred
OP
Units
from
time
to
time
if
we
and
the
holder
thereof
agree

	Three Months Ended September 30	Nine Months Ended September 30
to		
do		
so.		
<i>Series</i>		
<i>A-1</i>		
<i>Preferred</i>		
<i>OP</i>		
<i>Units</i>		
Subject		
to		
certain		
limitations,		
the		
holder		
of		
each		
Series A-1		
preferred		
OP		
Unit		
at		
its		
option		
may		
exchange		
such		
Series A-1		
preferred		
OP		
Unit		
at		
any		
time		
into		
2.439		
shares		
of		
our		
common		
stock		
(which		
exchange		
rate		
is		
subject		
to		

Three Months Ended September 30	Nine Months Ended September 30
adjustment upon stock splits, recapitalizations and similar events). The holders of Series A-1 preferred OP Units are entitled to receive distributions not less than quarterly. Distributions on Series A-1 preferred OP Units are generally paid on the same dates as distributions are paid to holders of common OP Units. Each	

Three Months Ended September 30	Nine Months Ended September 30
Series A-1 preferred OP Unit is entitled to receive distributions in an amount equal to the product of \$100.00 multiplied by an annual rate equal to 6.0%.	
Series A-1 preferred OP Units do not have any voting or consent rights on any matter requiring the consent or approval of the	

	Three Months Ended September 30	Nine Months Ended September 30
Operating Partnership s limited partners.		

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

*Series
A-3
Preferred
OP
Units*

Subject
to
certain
limitations,
the
holder
of
each
Series
A-3
preferred
OP
Unit
at
its
option
may
exchange
such
Series A-3
preferred
OP
Unit
at
any
time
into
1.8605
shares
of
our
common
stock
(which
exchange
rate
is

**Nine Months
Ended
September 30**

Three Months Ended September 30

subject
to
adjustment
upon
stock
splits,
recapitalizations
and
similar
events).

The
holders
of
Series A-3
preferred
OP
Units
are
entitled
to
receive
distributions
not
less
than
quarterly.

Each
Series A-3
preferred
OP
Unit
is
entitled
to
receive
distributions
in
an
amount
equal
to
the
product
of
\$100.00
multiplied
by
an

Three Months Ended September 30	Nine Months Ended September 30
annual rate equal to 4.5%. Series A-3 preferred OP Units do not have any voting or consent rights on any matter requiring the consent or approval of the Operating Partnership s limited partners.	
7.125% Series A OP Units	
We hold all of the 7.125% Series A OP Units,	

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
economic
rights
of
which
mirror
the
economic
rights
of
the
7.125%
Series A
Preferred
Shares
we
have
issued.

*Series
A-4
Preferred
OP
Units*

Series
A-4
preferred
OP
Units
have
economic
and
other
rights
and
preferences
substantially
similar
to
those
of
the
6.50%
Series A-4
Preferred
Shares.
We

Three Months Ended September 30	Nine Months Ended September 30
hold 6,330,551 Series A-4 preferred OP Units. Although we have the same economic rights with respect to these units as Series A-4 preferred OP units held by others, we do not have certain voting, consent and other rights with respect to the Series A-4 preferred OP Units held by us.	

	Three Months Ended September 30	Nine Months Ended September 30
<i>Series</i>		
<i>B-3</i>		
<i>Preferred</i>		
<i>OP</i>		
<i>Units</i>		
Series		
B-3		
preferred		
OP		
Units		
are		
not		
convertible.		
The		
holders		
of		
Series B-3		
preferred		
OP		
Units		
generally		
receive		
distributions		
on		
the		
same		
dates		
as		
distributions		
are		
paid		
to		
holders		
of		
common		
OP		
Units.		
Each		
Series		
B-3		
preferred		
OP		
Unit		
is		
entitled		
to		
receive		

Three Months Ended September 30	Nine Months Ended September 30
distributions in an amount equal to the product of \$100.00 multiplied by an annual rate equal to 8.0%. As of March 31, 2015, there were outstanding 36,700 Series B-3 preferred OP Units which were issued on December 1, 2002, 33,450 Series B-3 preferred OP Units which were issued on January 1,	

Three Months Ended September 30	Nine Months Ended September 30
2003, and 42,250 Series B-3 preferred OP Units which were issued on January 5, 2004. Subject to certain limitations, (x) during the 90-day period beginning on each of the tenth through fifteenth anniversaries of the issue date of the applicable Series B-3 preferred OP Units, (y) any time after the fifteenth	

Three Months Ended September 30	Nine Months Ended September 30
anniversary of the issue date of the applicable Series B-3 preferred OP Units, or (z) after our receipt of notice of the death of the electing holder of a Series B-3 preferred OP Unit, each holder of Series B-3 preferred OP Units may require us to redeem such holder s Series B-3 preferred	

	Three Months Ended September 30	Nine Months Ended September 30
OP		
Units		
at		
the		
redemption		
price		
of		
\$100.00		
per		
unit.		
In		
addition,		
any		
time		
after		
the		
fifteenth		
anniversary		
of		
the		
issue		
date		
of		
the		
applicable		
Series B-3		
preferred		
OP		
Units		
we		
may		
redeem,		
at		
our		
option,		
all		
of		
the		
Series B-3		
preferred		
OP		
Units		
of		
any		
holder		
thereof		
at		
the		

Three Months Ended September 30	Nine Months Ended September 30
redemption price of \$100.00 per unit. Series B-3 preferred OP Units do not have any voting or consent rights requiring on any matter the consent or approval of the Operating Partnership s limited partners.	
<i>Series C Preferred OP Units</i>	
Subject to certain limitations, the holder of each Series	

	Three Months Ended September 30	Nine Months Ended September 30
C preferred OP Unit at its option may exchange such Series C preferred OP Unit at any time into 1.111 shares of our common stock (which exchange rate is subject to adjustment upon stock splits, recapitalizations and similar events). The holders of Series C preferred OP Units are		

**Nine Months
Ended
September 30**

Three Months Ended September 30

entitled
to
receive
distributions
not
less
than
quarterly.
Each
Series
C
preferred
OP
Unit
is
entitled
to
receive
distributions
in
an
amount
equal
to
the
product
of
\$100.00
multiplied
by
an
annual
rate
equal
to
(i)
4.0%
until
April
1,
2016,
(ii)
4.50%
from
April
1,
2016
until

	Three Months Ended September 30	Nine Months Ended September 30
April 1, 2019, and (c) 5.0% after April 1, 2019. Series C preferred OP Units do not have any voting or consent rights on any matter requiring the consent or approval of the Operating Partnership's limited partners.		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

***Ranking
and
Priority***

The various classes and series of OP Units issued by the Operating Partnership rank as follows with respect to rights to the payment of distributions and the distribution of assets in the event of any voluntary or involuntary liquidation,

Three Months Ended September 30	Nine Months Ended September 30
dissolution or winding up of the Operating Partnership:	

first, the
7.125%
Series A
OP
Units;

next, the
Series
A-4
preferred
OP Units,
Aspen
preferred
OP Units
and
Series
A-1
preferred
OP Units,
on parity
with each
other;

next, the
Series C
preferred
OP Units;

next, the
Series
B-3
preferred
OP Units;

Three Months Ended September 30

**Nine Months
Ended
September 30**

next, the
Series
A-3
preferred
OP Units;
and

finally,
the
common
OP
Units.

**Issuance
of
Additional
OP
Units**

As
the
Operating
Partnership s
sole
general
partner,
we
have
the
ability
to
cause
the
Operating
Partnership
to
issue
additional
partnership
interests
in
the
form
of
OP
Units.
These
additional

	Three Months Ended September 30	Nine Months Ended September 30
OP		
Units		
may		
include		
preference		
terms		
with		
provisions		
and		
rights		
that		
are		
preferential		
to		
those		
of		
common		
OP		
Units		
or		
other		
preferred		
OP		
Units,		
subject		
to		
the		
consent		
rights		
of		
the		
holders		
of		
the		
various		
classes		
of		
the		
preferred		
OP		
Units.		
Management		
Liability		
and		
Indemnification		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

In our capacity as the general partner of the Operating Partnership, we and our directors and officers shall have no liability to the Operating Partnership or its partners for any act or omission, except to the extent the same results from fraud, intentional breach of fiduciary duty or

**Nine Months
Ended
September 30**

Three Months Ended September 30

gross
negligence.
The
partnership
agreement
provides
for
indemnification
of
us
as
general
partner
and
for
our
directors
or
officers
from
and
against
any
losses,
judgments,
liabilities,
expenses
and
amounts
paid
in
settlement
of
claims
incurred
or
paid
in
connection
with
the
Operating
Partnership's
business
or
affairs,
unless
the

Three Months Ended September 30	Nine Months Ended September 30
--	---

same
from
fraud,
intentional
breach
of
fiduciary
duty
or
gross
negligence.

**Transferability
of
Interests**

The
general
partner
may
not
transfer
its
interest
in
the
Operating
Partnership.
The
limited
partners
generally
may
not
transfer
their
interests
as
partners
without
the
written
consent
of
the
general
partner.

Three Months Ended September 30	Nine Months Ended September 30
Termination and Liquidating Distributions	

The term of the Operating Partnership will continue until the earlier of (i) December 31, 2043, (ii) 120 days after the sale or other disposition of substantially all of the Operating Partnership's operating assets and distribution of all of its property, or (iii) the general partner's withdrawal,

Three Months Ended September 30	Nine Months Ended September 30
--	---

unless
the
remaining
partners
agree
within
90
days
to
continue
the
Operating
partnership
with
a
successor
general
partner.

Upon
the
occurrence
of
any
of
the
foregoing
events,
and
subject
to
the
terms
of
the
partnership
agreement,
the
capital
accounts
of
the
holders
the
of
the
OP
Units

Three Months Ended September 30	Nine Months Ended September 30
--	---

will
be
adjusted
to
reflect
the
manner
in
which
any
unrealized
income,
gain,
loss
and
deduction
inherent
in
the
Operating
Partnership s
property,
which
has
not
previously
been
reflected
in
the
partners
capital
accounts,
would
be
allocated
among
the
partners
if
there
were
a
taxable
disposition
of
such
property

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

at
fair
market
value
on
the
date
of
distribution.
Any
resulting
increase
in
the
partners
capital
accounts
will
be
allocated
(i) first
to
the
holders
of
the
Aspen
preferred
OP
Units,
Series A-1
preferred
OP
Units
and
Series A-4
preferred
OP
Units
in
proportions
and
amounts
sufficient
to
bring
their

	Nine Months Ended September 30
Three Months Ended September 30	

36

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

respective
capital
account
balances
up
to
the
amount
of
the
original
issue
prices
of
their
respective
OP
Units,
plus
any
accrued
and
unpaid
preferred
distributions
on
such
OP
Units,
(ii) second
to
the
holders
of
the
Series
C
preferred
OP
Units
in
proportions
and

Three Months Ended September 30	Nine Months Ended September 30
amounts sufficient to bring their respective capital account balances up to the amount of the original issue price of their respective OP Units, plus any accrued and unpaid preferred distributions on such OP Units, (iii) third to the holders of the Series B-3 preferred OP Units in proportions and	

Three Months Ended September 30	Nine Months Ended September 30
amounts sufficient to bring their respective capital account balances up to the amount of the original issue price of their respective OP Units, plus any accrued and unpaid preferred distributions on such OP Units, (iv) fourth to the holders of the Series A-3 preferred OP Units in proportions and	

Three Months Ended September 30	Nine Months Ended September 30
amounts sufficient to bring their respective capital account balances up to the amount of the original issue price of their respective OP Units, plus any accrued and unpaid preferred distributions on such OP Units, and (v) fifth to the common OP Units. Any resulting decrease in the partners	

Three Months Ended September 30	Nine Months Ended September 30
capital accounts will be allocated (i) first to the holders of the common OP Units in proportions and amounts sufficient to reduce their respective capital account balances to zero, (ii) second to the holders of Series A-3 preferred OP Units in proportions and amounts sufficient to reduce their respective capital	

Three Months Ended September 30	Nine Months Ended September 30
account balances to zero, (iii) third to the holders of Series B-3 preferred OP Units in proportions and amounts sufficient to reduce their respective capital account balances to zero, (iv) fourth to the holders of Series C preferred OP Units in proportions and amounts sufficient to reduce their respective capital	

Three Months Ended September 30	Nine Months Ended September 30
account	
balances	
to	
zero,	
(v)	
fifth	
to	
the	
holders	
of	
the	
Aspen	
preferred	
OP	
Units,	
Series A-1	
preferred	
OP	
Units	
and	
Series	
A-4	
preferred	
OP	
Units	
in	
proportions	
and	
amounts	
sufficient	
to	
reduce	
their	
respective	
capital	
account	
balances	
to	
zero,	
and	
(vi)	
sixth	
to	
the	
General	
Partner.	
Liquidating	
distributions	

Three Months Ended September 30	Nine Months Ended September 30
will be made in accordance with the positive capital account balances of the partners, after giving effect to such adjustment and other capital account adjustments for the current year, as provided in the applicable tax regulations.	

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**CERTAIN
PROVISIONS
OF
MARYLAND
LAW
AND
OUR
CHARTER
AND
BYLAWS**

*The
following
summary
of
certain
provisions
of
Maryland
law,
our
charter
and
bylaws
and
certain
indemnification
agreements
does
not
purport
to
be
complete
and
is
subject
to
and
qualified
in
its
entirety*

**Nine Months
Ended
September 30**

Three Months Ended September 30

*by
reference
to
Maryland
law,
our
charter
and
bylaws,
and
the
form
of
such
indemnification
agreements,
copies
of
which
are
filed
as
exhibits
to
the
registration
statement
of
which
this
prospectus
is
a
part.
See
Where
You
Can
Find
More
Information.*

**Our
Board
of
Directors**

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

Our charter and bylaws provide that the number of our directors may be established, increased or decreased only by a majority of our entire board of directors but may not be fewer than three nor, unless our bylaws are amended, more than 15. Each of our directors serves

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

for
a
one-year
term
or
until
his
or
her
successor
is
duly
elected
and
qualified.

Our
bylaws
provide
that
at
a
meeting
of
stockholders
duly
called
and
at
which
a
quorum
is
present,
a
majority
of
the
votes
cast
for
a
nominee
shall
be
required
to
elect

Three Months Ended September 30	Nine Months Ended September 30
--	---

that
nominee
as
a
director;
provided,
however,
that
directors
shall
be
elected
by
a
plurality
of
the
votes
cast
at
any
meeting
of
stockholders
for
which
a
stockholder
has
nominated
a
person
for
election
to
the
board
of
directors
in
compliance
with
the
advance
notice
requirements
for
stockholder

**Nine Months
Ended
September 30**

Three Months Ended September 30

nominees
for
director
set
forth
in
our
bylaws
and
certain
other
requirements
of
our
bylaws
are
satisfied
(a
contested
election).
Our
board
of
directors
could
amend
our
bylaws
to
alter
the
vote
required
in
contested
elections
to
be
the
same
as
that
required
in
uncontested
elections.

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

If the election of a director nominee requires an approval other than a plurality of the votes cast, it is possible that no nominee would receive the required vote. In the case of a failure to elect one or more directors because the nominees receive votes constituting less

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

than
the
required
vote,
the
incumbent
directors
would
hold
over
and
continue
to
serve
until
the
next
election
of
directors
and
until
their
successors
are
duly
elected
and
qualify.

The
foregoing
provisions
are
subject
to
the
rights
of
the
holders
of
one
or
more
classes
or
series

**Nine Months
Ended
September 30**

Three Months Ended September 30

of
our
preferred
stock
to
elect
directors.

**Removal
of
Directors
and
Vacancies**

Our
charter
provides
that
a
director
may
be
removed
only
for
cause
and
only
by
the
affirmative
vote
of
at
least
two-thirds
of
the
votes
entitled
to
be
cast
in
the
election
of
directors.

**Nine Months
Ended
September 30**

Three Months Ended September 30

We have elected in our bylaws to be subject to a provision of Maryland law requiring that vacancies on our board of directors as a result of the death or resignation of a director or an increase in the size of the board of directors may be filled

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

only
by
the
remaining
directors,
whether
or
not
sufficient
to
constitute
a
quorum,
and
that
any
individual
elected
to
fill
such
a
vacancy
will
serve
for
the
remainder
of
the
full
term
of
the
class
of
directorship
in
which
the
vacancy
occurred
and
until
his
or
her
successor

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

is
duly
elected
and
qualifies.

Vacancies
on
our
board
of
directors
arising
as
a
result
of
any
reason
other
than
the
death
or
resignation
of
a
director
or
an
increase
in
the
size
of
the
board
of
directors
(e.g.,
removal
of
a
director)
may
be
filled
by

Three Months Ended September 30	Nine Months Ended September 30
--	---

a majority of the remaining directors, whether or not sufficient to constitute a quorum. A director elected by the board of directors to fill any such vacancy will serve until the next annual meeting of stockholders and until his or her successor is elected and qualifies. In addition,

Three Months Ended September 30	Nine Months Ended September 30
--	---

our
stockholders
may
elect
a
successor
to
fill
a
vacancy
on
the
board
of
directors
which
results
from
the
removal
of
a
director,
in
which
case
such
director
will
serve
for
the
balance
of
the
term
of
the
removed
director.

The
foregoing
provisions
are
subject
to
the

Three Months Ended September 30	Nine Months Ended September 30
rights of the holders of one or more classes or series of our preferred stock to remove directors and fill vacancies on our board of directors. Also, as long as our directors are	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

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elected annually, the provisions regarding directors serving for the remainder of the full term or the balance of the term means until the next annual meeting of stockholders.

Business Combinations

Under the MGCL, certain business combinations (including a merger, consolidation, share

**Nine Months
Ended
September 30**

Three Months Ended September 30

exchange
or,
in
certain
circumstances
specified
under
the
statute,
an
asset
transfer
or
issuance
or
reclassification
of
equity
securities)
between
a
Maryland
corporation
and
any
interested
stockholder,
or
an
affiliate
of
such
an
interested
stockholder,
are
prohibited
for
five
years
after
the
most
recent
date
on
which
the

**Nine Months
Ended
September 30**

Three Months Ended September 30

interested
stockholder
becomes
an
interested
stockholder.
Maryland
law
defines
an
interested
stockholder
as:

any person
who
beneficially
owns,
directly or
indirectly,
10% or more
of the voting
power of the
corporation's
outstanding
voting stock;
or

an affiliate or
associate of the
corporation who,
at any time
within the
two-year period
prior to the date
in question, was
the beneficial
owner of 10% or
more of the
voting power of
the
then-outstanding
voting stock of
the corporation.

**Nine Months
Ended
September 30**

Three Months Ended September 30

After
such
five-year
period,
any
such
business
combination
must
be
recommended
by
the
board
of
directors
of
the
corporation
and
approved
by
the
affirmative
vote
of
at
least:

80% of the
votes
entitled to be
cast by
holders of
outstanding
shares of
voting stock
of the
corporation;
and

two-thirds of
the votes
entitled to be
cast by

**Nine Months
Ended
September 30**

Three Months Ended September 30

holders of
voting stock
of the
corporation
other than
shares held
by the
interested
stockholder
with whom
(or with
whose
affiliate) the
business
combination
is to be
effected or
held by an
affiliate or
associate of
the
interested
stockholder.

These
supermajority
approval
requirements
do
not
apply
for
mergers,
consolidations
or
share
exchanges
if,
among
other
conditions,
the
corporation's
common
stockholders
receive
a
minimum
price

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

(as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

A person is not an interested stockholder under the statute if the board of directors approved in

**Nine Months
Ended
September 30**

Three Months Ended September 30

advance
the
transaction
by
which
the
person
otherwise
would
have
become
an
interested
stockholder.
The
board
of
directors
may
provide
that
its
approval
is
subject
to
compliance
with
any
terms
and
conditions
determined
by it.

Pursuant
to
the
statute,
our
board
of
directors
has
by
resolution
exempted
Milton

Three Months Ended September 30	Nine Months Ended September 30
--	---

M.
Shiffman,
Robert
B.
Bayer,
and
Gary
A.
Shiffman,
their
affiliates
and
all
persons
acting
in
concert
or
as
a
group
with
the
foregoing,
from
these
provisions
of
the
MGCL
and,
consequently,
the
five-year
prohibition
and
the
supermajority
vote
requirements
will
not
apply
to
business
combinations
between
us

Three Months Ended September 30	Nine Months Ended September 30
--	---

and
these
persons.
As
a
result,
these
persons
may
be
able
to
enter
into
business
combinations
with
us
that
may
not
be
in
the
best
interests
of
our
stockholders
without
compliance
by
us
with
the
supermajority
vote
requirements
and
the
other
provisions
of
the
statute.

**Control
Share**

**Nine Months
Ended
September 30**

Three Months Ended September 30
Acquisitions

The
MGCL
provides
that
holders
of
control
shares
of
a
Maryland
corporation
acquired
in
a
control
share
acquisition
have
no
voting
rights
with
respect
to
any
control
shares
except
to
the
extent
approved
by
the
affirmative
vote
of
at
least
two-thirds
of
the
votes
entitled
to

Three Months Ended September 30	Nine Months Ended September 30
--	---

be
cast
by
stockholders
in
the
election
of
directors
generally
but
excluding
shares
of
stock
in
respect
of
which
any
of
the
following
persons
is
entitled
to
exercise
or
direct
the
exercise
of
the
voting
power
of
such
shares
in
the
election
of
directors:
(1) the
person
who
has

**Nine Months
Ended
September 30**

Three Months Ended September 30

made
or
proposes
to
make
the
control
share
acquisition,
(2) any
officer
of
the
corporation
or
(3) any
employee
of
the
corporation
who
is
also
a
director
of
the
corporation.

Control
shares
are
voting
shares
of
stock
that,
if
aggregated
with
all
other
such
shares
of
stock
previously
acquired
by

	Three Months Ended September 30	Nine Months Ended September 30
the acquirer or in respect of which the		

39

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

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acquirer
is
able
to
exercise
or
direct
the
exercise
of
voting
power
(except
solely
by
virtue
of
a
revocable
proxy),
would
entitle
the
acquirer
to
exercise
voting
power
in
electing
directors
within
one
of
the
following
ranges
of:

one-tenth
or more

**Nine Months
Ended
September 30**

Three Months Ended September 30

but less
than
one-third;

one-third
or more
but less
than a
majority;
or

a
majority
or more
of all
voting
power.

Control
shares
do
not
include
shares
that
the
acquiring
person
is
then
entitled
to
vote
as
a
result
of
having
previously
obtained
stockholder
approval.
A control
share
acquisition
means
the

**Nine Months
Ended
September 30**

Three Months Ended September 30

acquisition,
directly
or
indirectly,
of
ownership
of,
or
the
power
to
direct
the
exercise
of
voting
power
with
respect
to,
issued
and
outstanding
control
shares,
subject
to
certain
exceptions.

A
person
who
has
made
or
proposes
to
make
a
control
share
acquisition,
upon
satisfaction
of
certain
conditions

**Nine Months
Ended
September 30**

Three Months Ended September 30

(including
an
undertaking
to
pay
expenses
and
making
an
acquiring
person
statement
as
described
in
the
MGCL),
may
compel
the
corporation
to
call
a
special
meeting
of
stockholders
to
be
held
within
50
days
of
demand
to
consider
the
voting
rights
of
the
control
shares.
If
no
request

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

for
a
special
meeting
is
made,
the
corporation
may
itself
present
the
question
at
any
stockholders
meeting.

If
voting
rights
of
control
shares
are
not
approved
at
the
meeting
or
if
the
acquiring
person
does
not
deliver
an
acquiring
person
statement
as
required
by
the
statute,
then,

**Nine Months
Ended
September 30**

Three Months Ended September 30

subject
to
certain
conditions
and
limitations,
the
corporation
may
redeem
any
or
all
of
the
control
shares
(except
those
for
which
voting
rights
have
previously
been
approved)
for
fair
value
determined,
without
regard
to
the
absence
of
voting
rights
for
the
control
shares,
as
of
the
date
of

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
last
control
share
acquisition
by
the
acquirer
or,
if
a
stockholders
meeting
is
held
to
consider
the
voting
rights
of
the
control
shares
(and
the
voting
rights
are
not
approved),
as
of
the
date
of
the
meeting.
If
voting
rights
for
control
shares
are
approved
at
a

Three Months Ended September 30	Nine Months Ended September 30
stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share	

**Nine Months
Ended
September 30**

Three Months Ended September 30

paid
by
the
acquirer
in
the
control
share
acquisition.

The
control
share
acquisition
statute
does
not
apply
(1) to
shares
acquired
in
a
merger,
consolidation
or
share
exchange
if
the
corporation
is
a
party
to
the
transaction
or
(2) to
acquisitions
approved
or
exempted
by
the
charter
or
bylaws

**Nine Months
Ended
September 30**

Three Months Ended September 30

of
the
corporation.

Our
bylaws
contain
a
provision
exempting
from
the
control
share
acquisition
statute
any
and
all
control
share
acquisitions
by
any
person
of
shares
of
our
stock.

Our
board
of
directors
may
amend
or
eliminate
this
provision
at
any
time
in
the
future.

	Three Months Ended September 30	Nine Months Ended September 30
Subtitle		
8		
Subtitle 8		
of		
Title 3		
of		
the		
MGCL		
permits		
a		
Maryland		
corporation		
with		
a		
class		
of		
equity		
securities		
registered		
under		
the		
Exchange		
Act		
and		
at		
least		
three		
independent		
directors		
to		
elect		
to		
be		
subject,		
by		
provision		
in		
its		
charter		
or		
bylaws		
or		
a		
resolution		
of		
its		
board		

**Nine Months
Ended
September 30**

Three Months Ended September 30

of
directors
and
notwithstanding
any
contrary
provision
in
the
charter
or
bylaws,
to
any
or
all
of
the
following
five
provisions:

a
classified
board;

a two-thirds
vote
requirement
for
removing a
director;

a
requirement
that the
number of
directors be
fixed only
by vote of
the
directors;

Three Months Ended September 30	Nine Months Ended September 30
a requirement that a vacancy on the board as a result of an increase in the size of the board of directors or the death, resignation or removal of a director be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or	
a majority requirement for the calling by stockholders of a special meeting of stockholders.	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

We
have
elected
to
be
subject
to
the
provisions
of
Subtitle
8
relating
to
the
filling
of
vacancies
on
our
board
of
directors
as
a
result
of
an
increase
in
the
size
of
the
board
of
directors
or
the
death
or
resignation
of

Three Months Ended September 30	Nine Months Ended September 30
--	---

a
director.
We
have
not
elected
to
be
subject
to
the
provisions
of
Subtitle 8
relating
to
the
filling
of
vacancies
on
our
board
of
directors
as
a
result
of
the
removal
of
a
director,
although
we
may
elect
to
do
so
in
the
future. Through
provisions
in
our
charter

Three Months Ended September 30	Nine Months Ended September 30
--	---

and
bylaws
unrelated
to
Subtitle
8,
we
already
(1) require
a
two-thirds
vote
for
the
removal
of
any
director
from
the
board,
which
removal
must
be
for
cause;
and
(2) vest
in
the
board
the
exclusive
power
to
fix
the
number
of
directorships,
subject
to
limitations
set
forth
in
our

**Nine Months
Ended
September 30**

Three Months Ended September 30

charter
and
bylaws.
We
have
not
elected
to
have
a
classified
board
or
a
majority
requirement
for
the
calling
of
a
special
meeting
of
stockholders.
In
the
future,
our
board
of
directors
may
elect,
without
stockholder
approval,
to
adopt
these
requirements
pursuant
to
Subtitle 8
or,
unrelated
to
Subtitle 8,

Three Months Ended September 30	Nine Months Ended September 30
--	---

we
could
amend
our
bylaws
to
include
a
majority
requirement
for
the
calling
by
stockholders
of
a
special
meeting
of
stockholders.

**Amendments
to
Our
Charter
and
Bylaws**

Other
than
amendments
permitted
to
be
made
without
stockholder
approval
under
the
MGCL,
our
charter
generally
may
be
amended

**Nine Months
Ended
September 30**

Three Months Ended September 30

only
if
such
amendment
is
declared
advisable
by
our
board
of
directors
and
approved
by
the
affirmative
vote
of
stockholders
entitled
to
cast
two-thirds
of
the
votes
entitled
to
be
cast
on
the
matter.
Our
board
of
directors
has
the
exclusive
power
to
adopt,
alter
or
repeal
any

**Nine Months
Ended
September 30**

Three Months Ended September 30

provision
of
our
bylaws
or
to
make
new
bylaws.

**Meetings
of
Stockholders**

Under
our
bylaws,
annual
meetings
of
stockholders
will
be
held
each
year
at
a
date
and
time
determined
by
our
board
of
directors.
Special
meetings
of
stockholders
may
be
called
only
by
our
board

**Nine Months
Ended
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of
directors,
the
chairman
of
our
board
of
directors,
our
president
or
our
chief
executive
officer.
Additionally,
subject
to
the
provisions
of
our
bylaws,
special
meetings
of
the
stockholders
to
act
on
any
matter
that
may
properly
be
considered
at
a
meeting
of
stockholders
must
be
called
by

Three Months Ended September 30	Nine Months Ended September 30
--	---

our
secretary
upon
the
written
request
of
stockholders
entitled
to
cast
at
least
10%
of
the
votes
entitled
to
be
cast
at
such
meeting
on
such
matter
who
have
requested
the
special
meeting
in
accordance
with
the
procedures
set
forth
in,
and
provided
the
information
required
by,
our

Three Months Ended September 30

**Nine Months
Ended
September 30**

bylaws.
Only
matters
set
forth
in
the
notice
of
the
special
meeting
may
be
considered
and
acted
upon
at
such
a
meeting.

**Advance
Notice
of
Director
Nominations
and
New
Business**

Our
bylaws
provide
that:

with respect
to an annual
meeting of
stockholders,
nominations
of individuals
for election to
our board of
directors and

**Nine Months
Ended
September 30**

Three Months Ended September 30

the proposal
of business to
be considered
by
stockholders
at the annual
meeting may
be made
only:

pursuant
to our
notice of
the
meeting;

by or at
the
direction
of our
board of
directors;
or

by a
stockholder
who was a
stockholder
of record
both at the
time the
stockholder
provides the
notice
required by
our bylaws
and at the
time of the
annual
meeting,
who is
entitled to
vote at the
meeting and
who has

**Nine Months
Ended
September 30**

Three Months Ended September 30

complied
with the
advance
notice
procedures
set forth in,
and
provided the
information
required by,
our bylaws;
and

with respect
to special
meetings of
stockholders,
only the
business
specified in
our company's
notice of
meeting may
be brought
before the
meeting of
stockholders,
and
nominations
of individuals
for election to
our board of
directors may
be made
only:

pursuant
to our
notice of
the
meeting;

by or at
the
direction

	Three Months Ended September 30	Nine Months Ended September 30
of our board of directors; or		

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Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

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of
Contents

provided that the meeting has been called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time the stockholder provides the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated, and who has complied with the advance notice provisions set forth in, and

**Nine Months
Ended
September 30**

Three Months Ended September 30

provided the
information
required by,
our bylaws.

The
purpose
of
requiring
stockholders
to
give
advance
notice
of
nominations
and
other
proposals
is
to
afford
our
board
of
directors
the
opportunity
to
consider
the
qualifications
of
the
proposed
nominees
or
the
advisability
of
the
other
proposals
and,
to
the
extent
considered
necessary

Three Months Ended September 30	Nine Months Ended September 30
--	---

by
our
board
of
directors,
to
inform
stockholders
and
make
recommendations
regarding
the
nominations
or
other
proposals.

Although
our
bylaws
do
not
give
our
board
of
directors
the
power
to
disapprove
stockholder
nominations
and
proposals
that
comply
with
our
bylaws,
our
bylaws
may
have
the
effect
of

**Nine Months
Ended
September 30**

Three Months Ended September 30

precluding
a
contest
for
the
election
of
directors
or
proposals
for
other
action
if
the
proper
procedures
are
not
followed,
and
of
discouraging
or
deterring
a
third
party
from
conducting
a
solicitation
of
proxies
to
elect
its
own
slate
of
directors
to
our
board
of
directors
or
to

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

approve
its
own
proposal.

**Anti-takeover
Effect
of
Certain
Provisions
of
Maryland
Law
and
Our
Charter
and
Bylaws**

Our
charter
and
bylaws
and
Maryland
law
contain
provisions
that
may
delay,
defer
or
prevent
a
change
of
control
or
other
transaction
that
might
involve
a
premium
price
for

Three Months Ended September 30	Nine Months Ended September 30
--	---

our
common
stock
or
otherwise
be
in
the
best
interests
of
our
stockholders,
including
business
combination
provisions,
supermajority
vote
and
cause
requirements
for
removal
of
directors,
provisions
that
certain
vacancies
on
our
board
of
directors
may
be
filled
only
by
the
remaining
directors,
for
the
full
term
of

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
class
of
directors
in
which
the
vacancy
occurred,
the
power
of
our
board
to
issue
additional
shares
of
stock
of
any
class
or
series
and
to
fix
the
terms
of
one
or
more
classes
or
series
of
stock
without
stockholder
approval,
the
restrictions
on
ownership
and
transfer

Three Months Ended September 30	Nine Months Ended September 30
of our stock and advance notice requirements for director nominations and stockholder proposals. Likewise, if the provision in the bylaws opting out of the control share acquisition provisions of the MGCL were rescinded, these provisions of the MGCL could have similar anti-takeover effects.	
Indemnification and Limitation of	

**Nine Months
Ended
September 30**

Three Months Ended September 30

**Directors
and
Officers
Liability**

Maryland
law
permits
a
Maryland
corporation
to
include
in
its
charter
a
provision
limiting
the
liability
of
its
directors
and
officers
to
the
corporation
and
its
stockholders
for
money
damages
except
for
liability
resulting
from
actual
receipt
of
an
improper
benefit
or
profit

Three Months Ended September 30	Nine Months Ended September 30
--	---

in
money,
property
or
services
or
active
and
deliberate
dishonesty
that
is
established
by
a
final
judgment
and
is
material
to
the
cause
of
action.
Our
charter
contains
such
a
provision
that
eliminates
such
liability
to
the
maximum
extent
permitted
by
Maryland
law.

The
MGCL
requires
a

**Nine Months
Ended
September 30**

Three Months Ended September 30

Maryland
corporation
(unless
its
charter
provides
otherwise,
which
our
charter
does
not)
to
indemnify
a
director
or
officer
who
has
been
successful,
on
the
merits
or
otherwise,
in
the
defense
of
any
proceeding
to
which
he
or
she
is
made
or
threatened
to
be
made
a
party
by

**Nine Months
Ended
September 30**

Three Months Ended September 30

reason
of
his
or
her
service
in
that
capacity.
The
MGCL
permits
a
Maryland
corporation
to
indemnify
its
present
and
former
directors
and
officers,
among
others,
against
judgments,
penalties,
fines,
settlements
and
reasonable
expenses
actually
incurred
by
them
in
connection
with
any
proceeding
to
which
they
may
be

Three Months Ended September 30	Nine Months Ended September 30
--	---

made
or
are
threatened
to
be
made
a
party
by
reason
of
their
service
in
those
or
other
capacities
unless
it
is
established
that:

the act or
omission of
the director
or officer
was
material to
the matter
giving rise
to the
proceeding
and:

was
committed
in bad
faith; or

was the
result of

	Three Months Ended September 30	Nine Months Ended September 30
active and deliberate dishonesty;		

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Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

**Table
of
Contents**

the
director
or officer
actually
received
an
improper
personal
benefit in
money,
property
or
services;
or

in the case
of any
criminal
proceeding,
the director
or officer
had
reasonable
cause to
believe that
the act or
omission
was
unlawful.

However,
under
the
MGCL,
a
Maryland
corporation
may
not
indemnify
a
director
or

Three Months Ended September 30	Nine Months Ended September 30
officer for an adverse judgment in a suit by or in the right of the corporation or if the director or officer was adjudged liable on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses.	

**Nine Months
Ended
September 30**

Three Months Ended September 30

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer, without requiring a preliminary determination of the director s or officer s ultimate entitlement to indemnification, upon the corporation s receipt of:

a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct

**Nine Months
Ended
September 30**

Three Months Ended September 30

necessary for
indemnification
by the
corporation; and

a written
undertaking
by the
director or
officer or on
his or her
behalf
(which need
not be
secured) to
repay the
amount paid
or
reimbursed
by the
corporation
if it is
ultimately
determined
that he or
she did not
meet the
standard of
conduct.

Our
charter
authorizes
us
to
obligate
our
company
and
our
bylaws
obligate
us,
to
the
fullest
extent
permitted

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

by
Maryland
law
in
effect
from
time
to
time,
to
indemnify
and
to
pay
or
reimburse
reasonable
expenses
in
advance
of
final
disposition
of
a
proceeding
to:

any present
or former
director or
officer who
is made or
threatened
to be made
a party to
the
proceeding
by reason
of his or
her service
in that
capacity; or

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, member, manager or trustee of another corporation, REIT, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit

Three Months Ended September 30	Nine Months Ended September 30
--	---

us,
with
the
approval
of
our
board
of
directors,
to
indemnify
and
advance
expenses
to
any
person
who
served
a
predecessor
of
ours
in
any
of
the
capacities
described
above
and
to
any
employee
or
agent
of
our
company
or
a
predecessor
of
our
company.

Insofar
as

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
foregoing
provisions
permit
indemnification
of
directors,
officers
or
persons
controlling
us
for
liability
arising
under
the
Securities
Act,
we
have
been
informed
that
in
the
opinion
of
the
SEC,
this
indemnification
is
against
public
policy
as
expressed
in
the
Securities
Act
and
is
therefore
unenforceable.

**Nine Months
Ended
September 30**

Three Months Ended September 30
**Indemnification
Agreements**

We
have
entered
into
indemnification
agreements
with
our
executive
officers
and
directors.

Under
the
terms
of
these
agreements,
we
have
agreed
(subject
to
certain
exclusions),
to
hold
harmless
and
indemnify
the
officer
or
director
who
has
entered
into
such
an
indemnification
agreement
against
any
and

Three Months Ended September 30	Nine Months Ended September 30
all expenses, judgments, penalties, fines and amounts paid in settlement, actually and reasonably incurred by such director or officer in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative to which such director or officer is, was or at any	

Three Months Ended September 30	Nine Months Ended September 30
--	---

time
becomes
a
party,
or
is
threatened
to
be
made
a
party,
by
reason
of
the
fact
that
such
director
or
officer
is,
was
or
at
any
time
becomes
a
director,
officer,
partner,
trustee,
employee
or
agent
of
our
company,
or
is
or
was
serving
or
at
any

Three Months Ended September 30	Nine Months Ended September 30
time serves at the request of our company as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, employee benefit plans), to the	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

fullest
extent
authorized
and
permitted
by
applicable
law
on
the
date
of
such
agreements
and
to
such
greater
extent
as
applicable
law
may
thereafter
permit.

In
addition,
the
indemnification
agreements
provide
that
we
will
make
an
advance
payment
of
expenses
to
the

Three Months Ended September 30	Nine Months Ended September 30
officers or directors who have entered into such indemnification agreements, in order to cover a claim relating to any fact or occurrence arising from or relating to events or occurrences specified in the prior paragraph, subject to receipt of an undertaking by or on behalf of such officer	

Three Months Ended September 30	Nine Months Ended September 30
--	---

or
director
to
repay
such
amount
if
it
shall
ultimately
be
determined
that
he
is
not
entitled
to
be
indemnified
by
the
company
as
authorized
under
these
agreements.

The
indemnification
agreements
also
include
provisions
that
specify
the
procedures
and
presumptions,
which
are
to
be
employed
to
determine

Three Months Ended September 30

**Nine Months
Ended
September 30**

whether
such
officer
or
director
is
entitled
to
indemnification
thereunder.

**Restrictions
on
Ownership
and
Transfer
of
our
Stock**

Because
the
board
of
directors
believes
it
is
essential
for
us
to
continue
to
qualify
as
a
REIT,
our
charter,
subject
to
certain
exceptions,
contains
a
provision,
which

Three Months Ended September 30	Nine Months Ended September 30
--	---

we refer to as the Ownership Limit, providing that no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in number of shares or value, of our outstanding common stock and preferred stock. For more information regarding

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

these
and
other
restrictions
on
the
ownership
and
transfer
of
our
stock,
see

Description
of
Common
Stock Restrictions
on
Ownership
and
Description
of
Preferred
Stock Restrictions
on
Ownership.

**REIT
Qualification**

Our
charter
provides
that
our
board
of
directors
may
revoke
or
otherwise
terminate
our
REIT
election,
without
approval

Three Months Ended September 30	Nine Months Ended September 30
--	---

of
our
stockholders,
if
it
determines
that
it
is
no
longer
in
our
best
interest
to
continue
to
be
qualified
as
a
REIT.

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**MATERIAL
U.S.
FEDERAL
INCOME
TAX
CONSIDERATIONS**

The following is a general summary of material U.S. federal income tax consequences regarding our company and the ownership and disposition of shares of our common stock, and, to a lesser extent, shares of our preferred

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

stock
and
our
debt
securities.

The
federal
income
tax
consequences
of
the
ownership
and
disposition
of
shares
of
our
preferred
stock,
debt
securities,
warrants
or
units
depend
to
a
high
degree
on
the
specific
rights
and
terms
of
the
securities
issued.
If
we
offer
shares
of
our

Three Months Ended September 30	Nine Months Ended September 30
preferred stock, debt securities, warrants or units, we intend to describe in any prospectus supplement related to the offering of such securities the material U.S. federal income tax consequences relating to the ownership and disposition of such securities as will be sold by us pursuant to that prospectus	

**Nine Months
Ended
September 30**

Three Months Ended September 30
supplement.

Because
this
is
a
summary
that
is
intended
to
address
only
material
United
States
federal
income
tax
consequences
relating
to
the
ownership
and
disposition
of
our
common
stock
and,
to
a
lesser
extent,
shares
of
our
preferred
stock
and
our
debt
securities
that
will
apply
to

**Nine Months
Ended
September 30**

Three Months Ended September 30

all
holders,
it
may
not
contain
all
the
information
that
may
be
important
to
you.
As
you
review
this
discussion,
you
should
keep
in
mind
that:

the tax
consequences
to you may
vary
depending on
your
particular tax
situation;

special rules
that are not
discussed
below may
apply to you
if, for
example, you
are a
tax-exempt

**Nine Months
Ended
September 30**

Three Months Ended September 30

organization, a
broker-dealer,
a non-U.S.
person, a trust,
an estate, a
regulated
investment
company, a
financial
institution, an
insurance
company, or
otherwise
subject to
special tax
treatment
under the
Code;

this summary
does not
address state,
local or
non-U.S. tax
considerations;

this summary
deals only
with holders
that hold our
securities as a
capital asset
within the
meaning of
Section 1221
of the Code;
and

this
discussion
is not
intended to
be, and
should not
be

**Nine Months
Ended
September 30**

Three Months Ended September 30

construed
as, tax
advice.
You
are
urged
both
to
review
the
following
discussion
and
to
consult
with
your
own
tax
advisor
to
determine
the
effect
of
ownership
and
disposition
of
our
securities
on
your
individual
tax
situation,
including
any
state,
local
or
non-U.S.
tax
consequences.

The
information
in

Three Months Ended September 30	Nine Months Ended September 30
--	---

this
section
is
based
on
the
Code,
final
and
temporary
Treasury
regulations,
the
legislative
history
of
the
Code,
administrative
interpretations
and
practices
of
the
Internal
Revenue
Service,
including
its
practices
and
policies
as
endorsed
in
private
letter
rulings,
which
are
not
binding
on
the
Internal
Revenue
Service
except

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

in
the
case
of
the
taxpayer
to
whom
a
private
letter
ruling
is
addressed,
and
existing
court
decisions
all
of
which
as
currently
in
effect
as
of
the
date
of
this
prospectus.
Future
legislation,
regulations,
administrative
interpretations
and
court
decisions
could
change
current
law
or
adversely
affect
existing

**Nine Months
Ended
September 30**

Three Months Ended September 30

interpretations
of
current
law.
Any
change
could
apply
retroactively.
We
have
not
obtained
any
rulings
from
the
Internal
Revenue
Service
concerning
the
tax
treatment
of
the
matters
discussed
below.
Thus,
it
is
possible
that
the
Internal
Revenue
Service
could
challenge
the
statements
in
this
discussion,
which
do
not

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

bind
the
Internal
Revenue
Service
or
the
courts,
and
that
a
court
could
agree
with
the
Internal
Revenue
Service.

**Taxation
of
Sun
as
a
REIT**

We
have
elected
to
be
taxed
as
a
REIT
under
the
Code.

A
REIT
generally
is
not
subject
to
federal
income

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

tax
on
the
income
that
it
distributes
to
stockholders
if
it
meets
the
applicable
REIT
distribution
requirements
and
other
requirements
for
qualification.

We
believe
that
we
are
organized
and
have
operated,
and
we
intend
to
continue
to
operate,
in
a
manner
allowing
us
to
qualify
as
a

Three Months Ended September 30	Nine Months Ended September 30
REIT, but there can be no assurance that we have qualified or will remain qualified as	

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

a
REIT.
Qualification
and
taxation
as
a
REIT
depend
upon
our
ability
to
meet,
through
actual
annual
(or
in
some
cases
quarterly)
operating
results,
requirements
relating
to
income,
asset
ownership,
distribution
levels
and
diversity
of
share
ownership,
and
the
various
other
REIT
qualification

Three Months Ended September 30	Nine Months Ended September 30
requirements imposed under the Code. Given the complex nature of the REIT qualification requirements, the ongoing importance of factual determinations and the possibility of future changes in our circumstances, we cannot provide any assurance that our actual operating results will satisfy the requirements for taxation as a REIT	

Three Months Ended September 30	Nine Months Ended September 30
--	---

under
the
Code
for
any
particular
taxable
year.

In
the
opinion
of
Jaffe,
Raitt,
Heuer &
Weiss,
Professional
Corporation,
commencing
with
our
taxable
year
which
ended
December 31,
1994,
we
have
been
organized
in
conformity
with
the
requirements
for
qualification
as
a
REIT,
and
our
method
of
operation
enabled

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

us
to
meet
the
requirements
for
qualification
and
taxation
as
a
REIT
under
the
Code.
It
must
be
emphasized
that
this
opinion
is
based
on
various
assumptions
and
is
conditioned
upon
certain
representations
made
by
us
as
to
factual
matters.
In
addition,
such
qualification
and
taxation
as
a

Three Months Ended September 30	Nine Months Ended September 30
REIT depends upon our ability to meet, through actual annual operating results, distribution levels, diversity of stock ownership, and the various qualification tests imposed under the Code discussed below, the results of which have not been and will not be reviewed by Jaffe, Raitt, Heuer & Weiss, Professional Corporation.	

**Nine Months
Ended
September 30**

Three Months Ended September 30

Accordingly,
no
assurance
can
be
given
that
the
actual
results
of
our
operations
in
any
particular
taxable
year
will
satisfy
such
requirements.

So
long
as
we
qualify
for
taxation
as
a
REIT,
we
generally
will
not
be
subject
to
federal
corporate
income
tax
on
our
net
income

**Nine Months
Ended
September 30**

Three Months Ended September 30

that
is
distributed
currently
to
our
stockholders.

This
treatment
substantially
eliminates
double
taxation
(that
is,
taxation
at
both
the
corporate
and
stockholder
levels)
that
generally
results
from
an
investment
in
a
corporation.

However,
we
will
be
subject
to
federal
income
tax
as
follows:

We will be
taxed at

**Nine Months
Ended
September 30**

Three Months Ended September 30

regular
corporate
rates on any
undistributed
REIT taxable
income.
REIT taxable
income is the
taxable
income of the
REIT subject
to specified
adjustments,
including a
deduction for
dividends
paid.

Under some
circumstances,
we may be
subject to the
alternative
minimum tax
on our items of
tax preference.

If we have net
income from
the sale or
other
disposition of
foreclosure
property that is
held primarily
for sale to
customers in
the ordinary
course of
business, or
other
non-qualifying
income from
foreclosure
property, we
will be subject

**Nine Months
Ended
September 30**

Three Months Ended September 30

to tax at the
highest
corporate rate
on this income.

Our net
income
from
prohibited
transactions
will be
subject to a
100% tax.
In general,
prohibited
transactions
are sales or
other
dispositions
of property
held
primarily
for sale to
customers in
the ordinary
course of
business
other than
foreclosure
property.

If we fail to
satisfy either
the 75%
gross income
test or the
95% gross
income test
discussed
below, but
nonetheless
maintain our
qualification
as a REIT
because other
requirements

**Nine Months
Ended
September 30**

Three Months Ended September 30

are met, we will be subject to a tax equal to the greater of (1) the amount by which 75% of our gross income exceeds the amount of our income qualifying under the 75% test for the taxable year or (2) the amount by which 95% of our gross income exceeds the amount of our income qualifying for the 95% income test for the taxable year, multiplied by a fraction intended to reflect our profitability.

If we fail to satisfy any of the asset tests (other than a failure by a de minimis amount of the 5% or 10% asset tests) and we

**Nine Months
Ended
September 30**

Three Months Ended September 30

qualify for
and satisfy
certain cure
provisions,
then we will
have to pay
an excise tax
equal to the
greater of
(1) \$50,000
and (2) an
amount
determined
by
multiplying
(x) the net
income
generated
during a
specified
period by the
assets that
caused the
failure by
(y) the
highest
federal
income tax
applicable to
corporations.

If we fail to
satisfy any
REIT
requirements
other than the
income test
or asset test
requirements
and we
qualify for a
reasonable
cause
exception,
then we will
have to pay a
penalty equal

Three Months Ended September 30	Nine Months Ended September 30
to \$50,000 for each such failure.	

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

Table
of
Contents

We will be subject to a 4% excise tax on the excess of the required distribution over the sum of amounts actually distributed and amounts retained for which federal income tax was paid, if we fail to distribute during each calendar year at least the sum of:

(1) 85% of our REIT ordinary income for the year;

(2) 95% of our REIT capital gain net income for the

	Nine Months Ended September 30
Three Months Ended September 30	
year;	
and	

(3)any
undistributed
taxable
income from
prior taxable
years.

We will be
subject to a
100% penalty
tax on some
payments we
receive (or on
certain
expenses
deducted by a
taxable REIT
subsidiary) if
arrangements
among us, our
tenants and
our taxable
REIT
subsidiaries
are not
comparable to
similar
arrangements
among
unrelated
parties.

If we should
acquire any
asset from a
C corporation
in a
carry-over
basis
transaction
and we
subsequently

**Nine Months
Ended
September 30**

Three Months Ended September 30

recognize gain on the disposition of such asset during the ten-year recognition period beginning on the date on which we acquired the asset, then, to the extent of any built-in gain, such gain will be subject to tax at the highest regular corporate rate. Built-in gain means the excess of (a) the fair market value of the asset as of the beginning of the applicable recognition period over (b) the adjusted basis in such asset as of the beginning of such recognition period.

Income earned by our taxable REIT subsidiaries

**Nine Months
Ended
September 30**

Three Months Ended September 30

will be
subject to
tax at
regular
corporate
rates.

We may be
required to pay
penalties to the
Internal
Revenue
Service in
certain
circumstances,
including if we
fail to meet
record-keeping
requirements
intended to
monitor our
compliance
with rules
relating to the
composition of
our
stockholders or
we elect to
preserve REIT
qualification in
the case of
certain
inadvertent
failures of the
REIT rules.

**Requirements
for
Qualification
as
a
REIT**

We
elected
to
be
taxable

Three Months Ended September 30	Nine Months Ended September 30
--	---

as
a
REIT
for
federal
income
tax
purposes
for
our
taxable
year
ended
December 31,
1994
and
for
all
subsequent
taxable
years.
In
order
to
have
so
qualified,
we
must
have
met
and
continue
to
meet
the
requirements
discussed
below,
relating
to
our
organization,
sources
of
income,
nature
of

**Nine Months
Ended
September 30**

Three Months Ended September 30

assets
and
distributions
of
income
to
stockholders.

The
Code
defines
a
REIT
as
a
corporation,
trust
or
association:

(1)that is
managed
by one or
more
trustees
or
directors;

(2)the
beneficial
ownership
of which is
evidenced
by
transferable
shares, or
by
transferable
certificates
of beneficial
interest;

(3)that would
be taxable as

**Nine Months
Ended
September 30**

Three Months Ended September 30

a domestic
corporation,
but for
Sections 856
through 859
of the Code;

(4) that is
neither a
financial
institution
nor an
insurance
company
subject to
applicable
provisions
of the
Code;

(5) the
beneficial
ownership
of which is
held by
100 or
more
persons;

(6) during the
last half of
each taxable
year not
more than
50% in
value of the
outstanding
shares of
which is
owned
directly or
indirectly
by five or
fewer
individuals,

**Nine Months
Ended
September 30**

Three Months Ended September 30

as defined
in the Code
to include
specified
entities;

(7) that makes an election to be taxable as a REIT, or has made this election for a previous taxable year which has not been revoked or terminated, and satisfies all relevant filing and other administrative requirements established by the Internal Revenue Service that must be met to elect and maintain REIT status;

(8) that uses a calendar year for federal income tax purposes and complies with the recordkeeping requirements of the Code and regulations promulgated thereunder;

	Three Months Ended September 30	Nine Months Ended September 30
and		

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

(9) that meets other applicable tests, described below, regarding the nature of its income and assets and the amount of its distributions.

Conditions

(1),
(2),
(3) and
(4) above
must
be
met
during
the
entire
taxable
year
and
condition
(5) above
must
be
met
during
at
least
335
days
of
a
taxable
year
of
12
months,

Three Months Ended September 30	Nine Months Ended September 30
--	---

or
during
a
proportionate
part
of
a
taxable
year
of
less
than
12
months.
For
purposes
of
determining
stock
ownership
under
condition
(6) above,
a
supplemental
unemployment
compensation
benefits
plan,
a
private
foundation
and
a
portion
of
a
trust
permanently
set
aside
or
used
exclusively
for
charitable
purposes
generally

Three Months Ended September 30	Nine Months Ended September 30
--	---

are
each
considered
an
individual.
A
trust
that
is
a
qualified
trust
under
Code
Section 401(a)
generally
is
not
considered
an
individual,
and
beneficiaries
of
a
qualified
trust
are
treated
as
holding
shares
of
a
REIT
in
proportion
to
their
actuarial
interests
in
the
trust
for
purposes
of
condition

**Nine Months
Ended
September 30**

Three Months Ended September 30

(6) above.

We believe that we have issued sufficient shares of common stock with sufficient diversity of ownership to allow us to satisfy conditions (5) and (6) above.

In addition, our charter contains restrictions regarding the transfer of shares of common stock that are intended to assist us in continuing

Three Months Ended September 30	Nine Months Ended September 30
--	---

to satisfy the share ownership requirements described in conditions (5) and (6) above. These restrictions, however, may not ensure that we will be able to satisfy these share ownership requirements.

To monitor its compliance with condition (6) above, a REIT is required to send annual letters to its stockholders requesting

**Nine Months
Ended
September 30**

Three Months Ended September 30

information
regarding
the
actual
ownership
of
its
shares.
If
we
comply
with
the
annual
letters
requirement
and
we
do
not
know
or,
exercising
reasonable
diligence,
would
not
have
known
of
our
failure
to
meet
condition
(6) above,
then
we
will
be
treated
as
having
met
condition
(6) above.

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

To
qualify
as
a
REIT,
we
cannot
have
at
the
end
of
any
taxable
year
any
undistributed
earnings
and
profits
that
are
attributable
to
a
non-REIT
taxable
year.
We
do
not
believe
that
we
have
any
non-REIT
earnings
and
profits
and
believe
that
we
therefore
satisfy
this
requirement.

**Nine Months
Ended
September 30**

Three Months Ended September 30

**Qualified
REIT
Subsidiaries**

If
a
REIT
owns
a
corporate
subsidiary
that
is
a
qualified
REIT
subsidiary,
the
separate
existence
of
that
subsidiary
will
be
disregarded
for
federal
income
tax
purposes.
Generally,
a
qualified
REIT
subsidiary
is
a
corporation,
other
than
a
taxable
REIT
subsidiary
(discussed
below),
all

Three Months Ended September 30	Nine Months Ended September 30
of the stock of which is owned by the REIT. All assets, liabilities and items of income, deduction and credit of the qualified REIT subsidiary will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of Sun	

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

will
not
be
subject
to
federal
corporate
income
taxation,
although
it
may
be
subject
to
state
and
local
taxation
in
some
states.

**Taxable
REIT
Subsidiaries**

A
taxable
REIT
subsidiary
of
Sun
is
a
corporation
in
which
we
directly
or
indirectly
own
stock
and
that
elects,
together

Three Months Ended September 30	Nine Months Ended September 30
--	---

with
us,
to
be
treated
as
a
taxable
REIT
subsidiary
under
Section 856(1)
of
the
Code.
In
addition,
if
one
of
our
taxable
REIT
subsidiaries
owns,
directly
or
indirectly,
securities
representing
35%
or
more
of
the
vote
or
value
of
a
subsidiary
corporation,
that
subsidiary
will
also
be
treated

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

as
our
taxable
REIT
subsidiary.

A
taxable
REIT
subsidiary
is
a
corporation
subject
to
federal
income
tax,
and
state
and
local
income
tax
where
applicable,
as
a
regular
C
corporation.

Generally,
a
taxable
REIT
subsidiary
can
perform
some
impermissible
tenant
services
without
causing
us
to
receive
impermissible

Three Months Ended September 30	Nine Months Ended September 30
tenant services income under the REIT income tests.	
A taxable REIT subsidiary also can recognize income that would be subject to the 100% prohibited transaction	
tax, or income that would be non-qualifying income under the gross income tests, if earned by a REIT. However, several provisions regarding the	

Three Months Ended September 30	Nine Months Ended September 30
arrangements between a REIT and its taxable REIT subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

ability
to
deduct
interest
payments
in
excess
of
a
certain
amount
made
to
us.
In
addition,
we
will
be
obligated
to
pay
a
100%
penalty
tax
on
some
payments
that
we
receive
or
on
certain
expenses
deducted
by
the
taxable
REIT
subsidiary
if

Three Months Ended September 30

**Nine Months
Ended
September 30**

the
economic
arrangements
between
us,
our
tenants
and
the
taxable
REIT
subsidiary
are
not
comparable
to
similar
arrangements
among
unrelated
parties.

**Ownership
of
Partnership
Interests
by
a
REIT**

A
REIT
that
is
a
partner
in
a
partnership
(or
a
member
in
a
limited
liability
company
or

Three Months Ended September 30	Nine Months Ended September 30
--	---

other
entity
that
is
treated
as
a
partnership
for
federal
income
tax
purposes)
will
be
deemed
to
own
its
proportionate
share
of
the
assets
of
the
partnership
and
will
be
deemed
to
earn
its
proportionate
share
of
the
partnership's
income.
The
assets
and
gross
income
of
the
partnership

Three Months Ended September 30	Nine Months Ended September 30
--	---

retain
the
same
character
in
the
hands
of
the
REIT
for
purposes
of
the
gross
income
and
asset
tests
applicable
to
REITs
as
described
below.
Thus,
our
proportionate
share
of
the
assets
and
items
of
income
of
any
entity
taxable
as
a
partnership
for
federal
income
tax
purposes

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

in
which
we
hold
an
interest,
such
as
the
Operating
Partnership,
will
be
treated
as
our
assets
and
liabilities
and
our
items
of
income
for
purposes
of
applying
the
requirements
described
in
this
prospectus.
The
assets,
liabilities
and
items
of
income
of
any
partnership
in
which
we
own

Three Months Ended September 30	Nine Months Ended September 30
--	---

an
interest
include
such
entity s
share
of
the
assets
and
liabilities
and
items
of
income
with
respect
to
any
partnership
in
which
it
holds
an
interest.

**Income
Tests
Applicable
to
REITs**

To
qualify
as
a
REIT,
we
must
satisfy
two
gross
income
tests.
First,
at
least

Three Months Ended September 30	Nine Months Ended September 30
75% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property, including rents from real property, gains on the disposition of real estate, distributions paid by another	

Three Months Ended September 30	Nine Months Ended September 30
REIT and interest on obligations secured by mortgages on real property or on interests in real property, or from some types of temporary investments. Second, at least 95% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from any combination	

Three Months Ended September 30	Nine Months Ended September 30
of income qualifying under the 75% test and distributions, interest, and gain from the sale or disposition of stock or securities.	
Rents received by us will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if several conditions	

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term rents from real property solely by reason of being based

Three Months Ended September 30	Nine Months Ended September 30
on a fixed percentage or percentages of receipts or sales. Second, rents received from a related party tenant will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a taxable REIT subsidiary and at least 90% of the property is	

Three Months Ended September 30	Nine Months Ended September 30
leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space, or the property leased to the taxable REIT subsidiary is a hotel and certain other requirements are satisfied. A tenant is	

Three Months Ended September 30	Nine Months Ended September 30
--	---

a
related
party
tenant
if
the
REIT,
or
an
actual
or
constructive
owner
of
10%
or
more
of
the
REIT,
actually
or
constructively
owns
10%
or
more
of
the
tenant.
Third,
if
rent
attributable
to
personal
property,
leased
in
connection
with
a
lease
of
real
property,
is
greater

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

than
15%
of
the
total
rent
received
under
the
lease,
then
the
portion
of
rent
attributable
to
the
personal
property
will
not
qualify
as
rents
from
real
property.

Generally,
for
rents
to
qualify
as
rents
from
real
property
for
the
purpose
of
satisfying
the
gross
income
tests,

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

we
may
provide
directly
only
an
insignificant
amount
of
services,
unless
those
services
are
usually
or
customarily
rendered
in
connection
with
the
rental
of
real
property
and
not
otherwise
considered
rendered
to
the
occupant.

Accordingly,
we
may
not
provide
impermissible
services
to
tenants
(except
through
an
independent

**Nine Months
Ended
September 30**

Three Months Ended September 30

contractor
from
whom
we
derive
no
revenue
and
that
meets
other
requirements
or
through
a
taxable
REIT
subsidiary)
without
giving
rise
to
impermissible
tenant
service
income.
Impermissible
tenant
service
income
is
deemed
to
be
at
least
150%
of
our
direct
cost
of
providing
the
service.
If
the
impermissible

	Three Months Ended September 30	Nine Months Ended September 30
tenant		
service		
income		

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--	--	---

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of
Contents**

exceeds
1%
of
our
total
income
from
a
property,
then
all
of
the
income
from
that
property
will
fail
to
qualify
as
rents
from
real
property.
If
the
total
amount
of
impermissible
tenant
service
income
from
a
property
does
not
exceed
1%
of

Three Months Ended September 30	Nine Months Ended September 30
--	---

our
total
income
from
the
property,
the
services
will
not
taint
the
other
income
from
the
property
(that
is,
it
will
not
cause
the
rent
paid
by
tenants
of
that
property
to
fail
to
qualify
as
rents
from
real
property),
but
the
impermissible
tenant
service
income
will
not

**Nine Months
Ended
September 30**

Three Months Ended September 30

qualify
as
rents
from
real
property.

We
have
provided
and
will
provide
services
with
respect
to
the
manufactured
housing
communities.

We
believe
that
the
services
with
respect
to
our
communities
that
have
been
and
will
be
provided
by
us
are
usually
or
customarily
rendered
in
connection
with

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
rental
of
space
for
occupancy
only
and
are
not
otherwise
rendered
to
particular
tenants,
or,
if
considered
impermissible
services,
income
from
the
provision
of
such
services
with
respect
to
a
given
property
has
not
and
will
not
exceed
1%
of
all
amounts
received
by
us
from
such

**Nine Months
Ended
September 30**

Three Months Ended September 30

property.
Therefore,
we
believe
that
the
provision
of
such
services
has
not
and
will
not
cause
rents
received
with
respect
to
our
communities
to
fail
to
qualify
as
rents
from
real
property.
We
believe
that
services
with
respect
to
our
communities
that
may
not
be
provided
by
us

**Nine Months
Ended
September 30**

Three Months Ended September 30

directly
without
jeopardizing
the
qualification
of
rent
as
rents
from
real
property
have
been
and
will
be
performed
by
independent
contractors
or
taxable
REIT
subsidiaries.

We
have
not
charged,
and
do
not
anticipate
charging,
rent
that
is
based
in
whole
or
in
part
on
the
income
or

Three Months Ended September 30	Nine Months Ended September 30
--	---

profits
of
any
person.
We
have
not
derived,
and
do
not
anticipate
deriving,
rent
attributable
to
personal
property
leased
in
connection
with
real
property
that
exceeds
15%
of
the
total
rents.

We
may
in
the
future
acquire
equity
stakes
in
additional
taxable
REIT
subsidiaries,
which
do
not

**Nine Months
Ended
September 30**

Three Months Ended September 30

constitute
real
estate
assets.
Gain
from
a
sale
or
other
taxable
disposition
of
these
interests
will
constitute
income
satisfying
the
95%
income
test,
but
not
the
75%
income
test.
The
need
to
satisfy
the
75%
income
test
may
adversely
affect
the
time
at
which
we
chose
to
sell

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

or
dispose
of
one
or
more
of
these
investments,
depending
on
the
appreciation
of
these
equity
interests,
if
any.

We
have
earned
and
continue
to
earn
amounts
of
non-qualifying
income.
For
example,
we
earn
fees
related
to
the
management
of
properties
that
are
not
wholly-owned
by
us.

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

We believe that the amount of non-qualifying income generated from these activities has not affected and will not affect our ability to meet the gross income tests.

Any gain realized by us on the sale of any property held as inventory or other property held primarily for

Three Months Ended September 30	Nine Months Ended September 30
sale to customers in the ordinary course of business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, unless such property has been held by us for not less than two years and certain other requirements are satisfied or the	

Three Months Ended September 30	Nine Months Ended September 30
gain is realized in a taxable REIT subsidiary. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances of a particular	

**Nine Months
Ended
September 30**

Three Months Ended September 30

transaction.

We generally intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning and operating properties, and to make occasional sales of properties as are consistent with our investment objectives. We cannot provide any assurance, however,

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

that
the
Internal
Revenue
Service
might
not
contend
that
one
or
more
of
these
sales
are
subject
to
the
100%
penalty
tax.
We
intend
to
hold
assets
developed
or
held
for
sale
in
taxable
REIT
subsidiaries.
Although
a
taxable
REIT
subsidiary
is
not
subject
to
the
100%
penalty

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

tax,
it
does
pay
tax
on
its
taxable
income
and
gains
at
regular
corporate
rates.

If
we
fail
to
satisfy
one
or
both
of
the
75%
or
95%
gross
income
tests
for
any
taxable
year,
we
may
nevertheless
qualify
as
a
REIT
for
that
year
if
we

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

are
entitled
to
relief
under
the
Code.
These
relief
provisions
generally
will
be
available
if
our
failure
to
meet
the
tests
is
due
to
reasonable
cause
and
not
due
to
willful
neglect
and,
following
our
identification
of
such
failure
for
any
taxable
year,
we
file
a
schedule
describing

Three Months Ended September 30	Nine Months Ended September 30
--	---

each
item
of
our
gross
income
described
in
the
gross
income
tests
in
accordance
with
the
applicable
Treasury
Regulations.
It
is
not
possible,
however,
to
state
whether
in
all
circumstances
we
would
be
entitled
to
the
benefit
of
these
relief
provisions.
For
example,
if
we
fail
to
satisfy

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

the
gross
income
tests
because
non-qualifying
income
that
we
intentionally
incur
exceeds
the
limits
on
non-qualifying
income,
the
Internal
Revenue
Service
could
conclude

50

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

that
the
failure
to
satisfy
the
tests
was
not
due
to
reasonable
cause.
If
these
relief
provisions
are
inapplicable
to
a
particular
set
of
circumstances
involving
us,
we
will
fail
to
qualify
as
a
REIT.
As
discussed
under
Taxation
of
Sun
as
a

Three Months Ended September 30	Nine Months Ended September 30
REIT, even if these relief provisions apply, a tax would be imposed based on the amount of non-qualifying income.	

**Asset
Tests
Applicable
to
REITs**

At
the
close
of
each
quarter
of
our
taxable
year,
we
must
satisfy
several
tests
relating
to
the
nature
of
our
assets:

	Nine Months Ended September 30
Three Months Ended September 30	

- (1) at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items (including receivables) and government securities;

- (2) not more than 25% of our total assets may be represented by securities other than those in the 75% asset class;

- (3) except for investments in qualified REIT subsidiaries, taxable REIT subsidiaries, equity interests in REITS or other securities that qualify as real estate

**Nine Months
Ended
September 30**

Three Months Ended September 30

assets for purposes of the test described in clause (1): the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets; we may not own more than 10% of any one issuer's outstanding voting securities; and we may not own more than 10% of the value of the outstanding securities of any one issuer; and

(4) not more than 25% of our total assets may be represented by securities of one or more taxable REIT subsidiaries.

Securities for purposes of

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
asset
tests
may
include
debt
securities.
However,
certain
debt
of
an
issuer
will
not
count
as
a
security
for
purposes
of
the
10%
value
test,
including:
(1) debt
securities
that
are
 straight
debt
as
defined
in
Section 1361
of
the
Code,
as
modified
by
Section 856(m);
(2) debt
from
an
issuer

Three Months Ended September 30	Nine Months Ended September 30
who is an individual; or (3) non-straight debt, but only if the REIT possesses an aggregate value of not more than one percent of the value of the issuer's outstanding securities.	
We believe that the aggregate value of our taxable REIT subsidiaries does not exceed 25% of the	

Three Months Ended September 30	Nine Months Ended September 30
aggregate value of our gross assets. With respect to each issuer in which we currently own an interest that does not qualify as a REIT, a qualified REIT subsidiary or a taxable REIT subsidiary, we believe that our pro rata share of the value of the securities, including	

Three Months Ended September 30	Nine Months Ended September 30
debt, of any such issuer does not exceed 5% of the total value of our assets and that we comply with the 10% voting securities limitation and 10% value limitation with respect to each such issuer. In this regard, however, we cannot provide any assurance that the Internal	

Three Months Ended September 30	Nine Months Ended September 30
--	---

Revenue
Service
might
not
disagree
with
our
determinations.

After
initially
meeting
the
asset
tests
at
the
close
of
any
quarter,
we
will
not
lose
our
status
as
a
REIT
if
we
fail
to
satisfy
the
25%
and
5%
asset
tests
and
the
10%
value
limitation
at
the

Three Months Ended September 30	Nine Months Ended September 30
end of a later quarter solely by reason of changes in the relative values of our assets. If the failure to satisfy the 25% or 5% asset tests or the 10% value limitation results from an acquisition of securities or other property during a quarter, the failure can	

Three Months Ended September 30	Nine Months Ended September 30
be cured by disposition of sufficient non-qualifying assets within 30 days after the close of that quarter.	
We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take any available actions within 30 days after the close	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

of
any
quarter
as
may
be
required
to
cure
any
noncompliance
with
the
25%
or
5%
asset
tests
or
10%
value
limitation.

Moreover,
if
we
fail
to
satisfy
any
of
the
asset
tests
at
the
end
of
a
calendar
quarter
during
a
taxable
year
and
such
failure

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

is
not
cured
within
30
days
as
described
above,
we
will
not
lose
our
REIT
status
if
one
of
the
following
additional
exceptions
applies:
(A) the
failure
is
due
to
a
violation
of
the
5%
or
10%
asset
tests
and
is
de
minimis
(for
this
purpose,
a
de
minimis

Three Months Ended September 30	Nine Months Ended September 30
failure is one that arises from our ownership of assets the total value of which does not exceed the lesser of 1% of the total value of our assets at the end of the quarter in which the failure occurred and \$10 million) and we either dispose of	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
assets
that
caused
the
failure
or
otherwise

51

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

satisfy
any
of
the
asset
tests
within
6
months
after
the
last
day
of
the
quarter
in
which
our
identification
of
the
failure
occurred;
or
(B) the
failure
is
due
to
a
violation
of
any
of
the
asset
tests
(other
than
a
de
minimis

**Nine Months
Ended
September 30**

Three Months Ended September 30

violations
of
the
5%
or
10%
asset
tests)
and
all
of
the
following
requirements
are
satisfied:
(i) the
failure
is
due
to
reasonable
cause
and
not
willful
neglect,
(ii) we
file
a
schedule
in
accordance
with
Treasury
Regulations
providing
a
description
of
each
asset
that
caused
the
failure,
(iii) we
either

Three Months Ended September 30	Nine Months Ended September 30
dispose of the assets that caused the failure or otherwise satisfy the asset tests within 6 months after the last day of the quarter in which our identification of the failure occurred, and (iv) we pay an excise tax equal to the greater of (x) \$50,000 and (y) an amount determined	

**Nine Months
Ended
September 30**

Three Months Ended September 30

by
multiplying
the
net
income
generated
during
a
specified
period
by
the
assets
that
caused
the
failure
by
the
highest
federal
income
tax
applicable
to
corporations.

**Annual
Distribution
Requirements
Applicable
to
REITs**

To
qualify
as
a
REIT,
we
are
required
to
distribute
dividends,
other
than
capital

Three Months Ended September 30	Nine Months Ended September 30
gain dividends, to our stockholders each year in an amount at least equal to (1) the sum of (a) 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain, and (b) 90% of the net income, after tax, from foreclosure property, minus	

**Nine Months
Ended
September 30**

Three Months Ended September 30

(2) the sum of certain specified items of noncash income. In addition, if we recognize any built-in gain, we will be required, under Treasury regulations, to distribute at least 90% of the built-in gain, after tax, recognized on the disposition of the applicable asset. See Taxation of Sun as

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

a
REIT
for
a
discussion
of
the
possible
recognition
of
built-in
gain.
These
distributions
must
be
paid
either
in
the
taxable
year
to
which
they
relate,
or
in
the
following
taxable
year
if
declared
before
we
timely
file
our
tax
return
for
the
prior
year
and
if
paid

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

with
or
before
the
first
regular
dividend
payment
date
after
the
declaration
is
made.

We
believe
that
we
have
made
and
intend
to
continue
to
make
timely
distributions
sufficient
to
satisfy
the
annual
distribution
requirements.

We
anticipate
having
sufficient
cash
or
liquid
assets
to
enable
us

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
satisfy
the
90%
distribution
requirement.
It
is
possible,
however,
that
we,
from
time
to
time,
may
not
have
sufficient
cash
or
other
liquid
assets
to
meet
this
distribution
requirement
or
to
distribute
such
greater
amount
as
may
be
necessary
to
avoid
income
and
excise
taxation,
due
to

Three Months Ended September 30	Nine Months Ended September 30
timing differences between (a) the actual receipt of income and the actual payment of deductible expenses and (b) the inclusion of such income and the deduction of such expenses in arriving at our taxable income, or as a result of nondeductible expenses such as principal amortization or capital expenditures in	

Three Months Ended September 30	Nine Months Ended September 30
--	---

excess
of
noncash
deductions.
In
the
event
that
such
timing
differences
occur,
we
may
find
it
necessary
to
arrange
for
borrowings
or,
if
possible,
pay
taxable
stock
dividends
in
order
to
meet
the
dividend
requirement.

Under
some
circumstances,
we
may
be
able
to
rectify
a
failure
to

Three Months Ended September 30	Nine Months Ended September 30
--	---

meet
the
distribution
requirement
for
a
year
by
paying
dividends
to
stockholders
in
a
later
year,
which
may
be
included
in
our
deduction
for
dividends
paid
for
the
earlier
year.
We
will
refer
to
such
dividends
as
deficiency
dividends.
Thus,
we
may
be
able
to
avoid
being
taxed

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

on
amounts
distributed
as
deficiency
dividends.
We
will,
however,
be
required
to
pay
interest
based
upon
the
amount
of
any
deduction
taken
for
deficiency
dividends.

To
the
extent
that
we
do
not
distribute
all
of
our
net
capital
gain
or
distribute
at
least
90%,
but
less
than

Three Months Ended September 30	Nine Months Ended September 30
100%, of our REIT taxable income, as adjusted, we are subject to tax on these amounts at regular corporate tax rates.	

We
will
be
subject
to
a
4%
excise
tax
on
the
excess
of
the
required
distribution
over
the
sum
of
amounts
actually
distributed
and
amounts
retained

Three Months Ended September 30	Nine Months Ended September 30
for	
which	
federal	
income	
tax	
was	
paid,	
if	
we	
fail	
to	
distribute	
during	
each	
calendar	
year	
at	
least	
the	
sum	
of:	

(1)85% of
our
REIT
ordinary
income
for the
year;

(2)95% of
our
REIT
capital
gain net
income
for the
year;
and

(3)any
undistributed
taxable
income from

	Three Months Ended September 30	Nine Months Ended September 30
	prior taxable	
	years.	

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

A
REIT
may
elect
to
retain
rather
than
distribute
all
or
a
portion
of
its
net
capital
gains
and
pay
the
tax
on
the
gains.
In
that
case,
a
REIT
may
elect
to
have
its
stockholders
include
their
proportionate
share
of
the
undistributed

Three Months Ended September 30	Nine Months Ended September 30
net capital gains in income as long-term capital gains and receive a credit for their share of the tax paid by the REIT. For purposes of the 4% excise tax described above, any retained amounts would be treated as having been distributed.	

**Record-Keeping
Requirements**

We
are

Three Months Ended September 30	Nine Months Ended September 30
required to comply with applicable record-keeping requirements. Failure to comply could result in monetary fines.	

**Failure
of
Sun
to
Qualify
as
a
REIT**

If
we
fail
to
satisfy
any
REIT
requirements
(other
than
the
income
test
or
asset
test
requirements,
to
which
specific
cure
provisions
apply),

Three Months Ended September 30	Nine Months Ended September 30
--	---

we generally will be eligible for relief from REIT disqualification if the failure is due to reasonable cause and not willful neglect and we pay a penalty of \$50,000 with respect to such failure. It is not possible to state whether in all circumstances we would be entitled

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
such
statutory
relief.

If
we
fail
to
qualify
for
taxation
as
a
REIT
in
any
taxable
year
and
the
relief
provisions
do
not
apply,
we
will
be
subject
to
tax
on
our
taxable
income
at
regular
corporate
rates,
including
any
applicable
alternative
minimum
tax.
Distributions
to

Three Months Ended September 30	Nine Months Ended September 30
stockholders in any year in which we fail to qualify will not be deductible by us nor will they be required to be made. In such event, to the extent of current or accumulated earnings and profits, all distributions to stockholders will be taxable as dividend income. Subject	

Three Months Ended September 30	Nine Months Ended September 30
--	---

to
limitations
of
the
Code,
corporate
stockholders
may
be
eligible
for
the
dividends-received
deduction
and
non-corporate
stockholders
may
be
eligible
to
treat
the
dividends
received
from
us
as
qualified
dividend
income
taxable
as
net
capital
gains
under
the
provisions
of
Section 1(h)(11)
of
the
Code.
Unless
we
are
entitled

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
relief
under
specific
statutory
provisions,
we
also
will
be
disqualified
from
electing
to
be
taxed
as
a
REIT
for
the
four
taxable
years
following
the
year
during
which
qualification
was
lost.

**Taxation
of
U.S.
Stockholders**

When
we
refer
to
a
United
States
stockholder,
we
mean

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

a
beneficial
owner
of
a
share
of
our
common
stock
that
is,
for
United
States
federal
income
tax
purposes:

(1) a citizen or
resident, as
defined in
Section 7701(b)
of the Code, of
the United
States;

(2) a
corporation
or
partnership,
or other
entity
treated as a
corporation
or
partnership
for federal
income tax
purposes,
created or
organized
under the
laws of the

**Nine Months
Ended
September 30**

Three Months Ended September 30

United
States, any
state or the
District of
Columbia;

(3)an estate
the
income of
which is
subject to
federal
income
taxation
regardless
of its
source; or

(4)in general, a
trust subject
to the
primary
supervision
of a United
States court
and the
control of
one or more
United
States
persons.

Generally,
in
the
case
of
a
partnership
that
holds
our
common
stock,
any
partner
that

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

would
be
a
U.S.
stockholder
if
it
held
the
common
stock
directly
is
also
a
U.S.
stockholder.
A
non-U.S.
stockholder
is
a
holder,
including
any
partner
in
a
partnership
that
holds
our
common
stock,
that
is
not
a
U.S.
stockholder.

***Distributions
by
Sun***

So
long
as

Three Months Ended September 30	Nine Months Ended September 30
--	---

we
qualify
as
a
REIT,
distributions
to
U.S.
stockholders
out
of
our
current
or
accumulated
earnings
and
profits
that
are
not
designated
as
capital
gain
distributions
will
be
taxable
as
dividend
income
and
will
not
be
eligible
for
the
dividends
received
deduction
generally
available
for
corporations
and
generally

	Three Months Ended September 30	Nine Months Ended September 30
will		

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

not
be
eligible
for
treatment
as
qualified
dividend
income
by
non-corporate
stockholders.
Distributions
in
excess
of
our
current
and
accumulated
earnings
and
profits
will
not
be
taxable
to
a
U.S.
stockholder
to
the
extent
that
the
distributions
do
not
exceed
the
adjusted
tax

**Nine Months
Ended
September 30**

Three Months Ended September 30

basis
of
the
stockholder s
shares.
Rather,
such
distributions
will
reduce
the
adjusted
basis
of
such
shares.
Distributions
in
excess
of
current
and
accumulated
earnings
and
profits
that
exceed
the
U.S.
stockholder s
adjusted
basis
in
its
shares
will
be
treated
as
gain
from
the
sale
or
exchange
of
such

Three Months Ended September 30	Nine Months Ended September 30
shares taxable as capital gains in the amount of such excess if the shares are held as a capital asset. If we declare a distribution in October, November or December of any year with a record date in one of these months and pay the distribution on or	

**Nine Months
Ended
September 30**

Three Months Ended September 30

before
January 31
of
the
following
year,
we
will
be
treated
as
having
paid
the
distribution,
and
the
stockholder
will
be
treated
as
having
received
the
distribution,
on
December 31
of
the
year
in
which
the
distribution
was
declared.

We
may
elect
to
designate
distributions
of
our
net
capital

Three Months Ended September 30	Nine Months Ended September 30
gain as capital gain dividends. Capital gain dividends are taxed to stockholders as gain from the sale or exchange of a capital asset held for more than one year, without regard to how long the U.S. stockholder has held its shares. If we designate any portion of a	

**Nine Months
Ended
September 30**

Three Months Ended September 30

distribution
as
a
capital
gain
dividend,
a
U.S.
stockholder
will
receive
an
Internal
Revenue
Service
Form
1099-DIV
indicating
the
amount
that
will
be
taxable
to
the
stockholder
as
capital
gain.
Corporate
stockholders,
however,
may
be
required
to
treat
up
to
20%
of
capital
gain
dividends
as
ordinary
income.

**Nine Months
Ended
September 30**

Three Months Ended September 30

Instead
of
paying
capital
gain
dividends,
we
may
choose
to
retain
all
or
part
of
our
net
capital
gain
and
designate
such
amount
as
undistributed
capital
gain.
We
will
be
subject
to
tax
at
regular
corporate
rates
on
any
undistributed
capital
gain.

A
U.S.
stockholder:

**Nine Months
Ended
September 30**

Three Months Ended September 30

(1) will include
in its income
as long-term
capital gains
its
proportionate
share of such
undistributed
capital gains;
and

(2) will be
deemed to
have paid its
proportionate
share of the
tax paid by us
on such
undistributed
capital gains
and receive a
credit or a
refund to the
extent that the
tax paid by us
exceeds the
U.S.
stockholder's
tax liability
on the
undistributed
capital gain.

A
U.S.
stockholder
will
increase
the
basis
in
its
common
stock
by
the
difference
between

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the amount of capital gain included in its income and the amount of tax it is deemed to have paid. Our earnings and profits will be adjusted appropriately.

We will classify portions of any designated capital gain dividend or undistributed capital gain as either:

**Nine Months
Ended
September 30**

Three Months Ended September 30

(1) a 15% rate
gain
distribution,
which would
be taxable to
non-corporate
U.S.
stockholders
at a maximum
rate of 20%;
or

(2) an
unrecaptured
Section 1250
gain
distribution,
which would
be taxable to
non-corporate
U.S.
stockholders
at a maximum
rate of 25%.

We
must
determine
the
maximum
amounts
that
we
may
designate
as
15%
and
25%
rate
capital
gain
dividends
by
performing
the
computation
required

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

by
the
Code
as
if
the
REIT
were
an
individual
whose
ordinary
income
were
subject
to
a
marginal
tax
rate
in
excess
of
25%.

Distributions
made
by
us
and
gain
arising
from
the
sale
or
exchange
by
a
U.S.
stockholder
of
shares
will
not
be
treated
as

Three Months Ended September 30	Nine Months Ended September 30
passive activity income, and as a result, U.S. stockholders generally will not be able to apply any passive losses against this income or gain. In addition, taxable distributions from our company generally will be treated as investment income for purposes of the investment interest limitation and the 3.8%	

Three Months Ended September 30	Nine Months Ended September 30
tax on net investment income. A U.S. stockholder may elect to treat capital gain dividends and capital gains from the disposition of shares as investment income for purposes of the investment interest limitation, in which case the applicable capital gains will be taxed at ordinary income rates. We	

	Three Months Ended September 30	Nine Months Ended September 30
will notify stockholders regarding the portions		

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

of
distributions
for
each
year
that
constitute
ordinary
income,
return
of
capital
and
capital
gain.
U.S.
stockholders
may
not
include
in
their
individual
income
tax
returns
any
net
operating
losses
or
capital
losses
of
our
company.
Our
operating
or
capital
losses
would
be

**Nine Months
Ended
September 30**

Three Months Ended September 30

carried
over
for
potential
offset
against
our
future
income,
subject
to
applicable
limitations.

***Sales
of
Shares***

Upon
any
taxable
sale
or
other
disposition
of
shares,
a
U.S.
stockholder
will
recognize
gain
or
loss
for
federal
income
tax
purposes
in
an
amount
equal
to
the
difference
between:

	Nine Months Ended September 30
Three Months Ended September 30	

(1) the amount of cash and the fair market value of any property received on the sale or other disposition; and

(2) the holder's adjusted basis in the shares for tax purposes.

This gain or loss will be a capital gain or loss if the shares have been held by the U.S. stockholder as a capital asset. The

**Nine Months
Ended
September 30**

Three Months Ended September 30

applicable
tax
rate
will
depend
on
the
stockholder s
holding
period
in
the
asset
(generally,
if
an
asset
has
been
held
for
more
than
one
year
it
will
produce
long-term
capital
gain)
and
the
stockholder s
tax
bracket.
The
Internal
Revenue
Service
has
the
authority
to
prescribe,
but
has
not

Three Months Ended September 30	Nine Months Ended September 30
yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for noncorporate stockholders) to a portion of capital gain realized by a noncorporate stockholder on the sale of REIT shares that would correspond to	

**Nine Months
Ended
September 30**

Three Months Ended September 30

the
REIT s
unrecaptured
Section 1250
gain.
Stockholders
are
urged
to
consult
with
their
own
tax
advisors
with
respect
to
their
capital
gain
tax
liability.
A
corporate
U.S.
stockholder
will
be
subject
to
tax
at
a
maximum
rate
of
35%
on
capital
gain
from
the
sale
of
our
company s
shares.

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

In general, any loss recognized by a U.S. stockholder upon the sale or other disposition of shares that have been held for six months or less, after applying the holding period rules, will be treated as a long-term capital loss, to the extent of distributions received by the

Three Months Ended September 30	Nine Months Ended September 30
U.S. stockholder from us that were required to be treated as long-term capital gains. All or a portion of any loss realized upon a taxable disposition of shares may be disallowed if other shares are purchased within 30 days before or after the date of disposition. Certain non-corporate	

**Nine Months
Ended
September 30**

Three Months Ended September 30

U.S.
stockholders
may
also
have
to
pay
a
3.8%
net
investment
tax
on
any
gain
recognized
upon
the
taxable
sale
of
shares,
subject
to
certain
adjusted
gross
income
limitations.

**Taxation
of
Tax-Exempt
Stockholders**

Provided
that
a
tax-exempt
stockholder
has
not
held
its
common
stock
as
debt

**Nine Months
Ended
September 30**

Three Months Ended September 30

financed
property
within
the
meaning
of
the
Code,
the
dividend
income
from
our
company
will
not
be
unrelated
business
taxable
income,
referred
to
as
UBTI,
to
a
tax-exempt
stockholder.
Similarly,
gain
from
the
sale
of
shares
will
not
constitute
UBTI
unless
the
tax-exempt
stockholder
has
held
its
shares

Three Months Ended September 30	Nine Months Ended September 30
--	---

as
debt
financed
property
within
the
meaning
of
the
Code
or
is
a
dealer
in
the
shares.

However,
for
tax-exempt
stockholders
that
are
social
clubs,
voluntary
employee
benefit
associations,
supplemental
unemployment
benefit
trusts
and
qualified
group
legal
services
plans
exempt
from
federal
income
taxation
under
Sections
501(c)(7),

Three Months Ended September 30	Nine Months Ended September 30
(c)(9), (c)(17) and (c)(20) of the Code, respectively, income from an investment in our company will constitute UBTI unless the organization properly sets aside or reserves such amounts for purposes specified in the Code. These tax-exempt stockholders should consult their own tax advisors concerning these set aside and	

**Nine Months
Ended
September 30**

Three Months Ended September 30

reserve
requirements.

Notwithstanding
the
above,
however,
a
portion
of
the
dividends
paid
by
a
pension
held
REIT
are
treated
as
UBTI
if
received
by
any
trust
which
is
described
in
Section 401(a)
of
the
Code,
is
tax-exempt
under
Section 501(a)
of
the
Code
and
holds
more
than
10%,
by

Three Months Ended September 30	Nine Months Ended September 30
value, of the interests in the REIT.	
Tax-exempt pension funds that are described in Section 401(a) of the Code are referred to below as pension trusts.	

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

A
REIT
is
a
pension
held
REIT
if
it
meets
the
following
two
tests:

(1) it qualified as a
REIT only by
reason of
Section 856(h)(3)
of the Code,
which provides
that stock owned
by pension trusts
will be treated, for
purposes of
determining if the
REIT is closely
held, as owned by
the beneficiaries
of the trust rather
than by the trust
itself; and

(2) either (a) at
least one
pension trust
holds more
than 25% of
the value of
the REIT's

**Nine Months
Ended
September 30**

Three Months Ended September 30

stock, or
(b) a group
of pension
trusts each
individually
holding
more than
10% of the
value of the
REIT s
shares,
collectively
owns more
than 50% of
the value of
the REIT s
shares.

The
percentage
of
any
REIT
dividend
treated
as
UBTI
is
equal
to
the
ratio
of
the
UBTI
earned
by
the
REIT,
treating
the
REIT
as
if
it
were
a
pension
trust

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

and
therefore
subject
to
tax
on
UBTI,
to
the
total
gross
income
of
the
REIT.

An
exception
applies
where
the
percentage
is
less
than
5%
for
any
taxable
year.

**U.S.
Taxation
of
Non-U.S.
Stockholders**

***Distributions
by
Sun***

Distributions
by
us
to
a
non-U.S.
stockholder
that

Three Months Ended September 30	Nine Months Ended September 30
--	---

are
neither
attributable
to
gain
from
sales
or
exchanges
by
us
of
U.S.
real
property
interests
nor
designated
by
us
as
capital
gains
dividends
will
be
treated
as
dividends
of
ordinary
income
to
the
extent
that
they
are
made
out
of
our
current
or
accumulated
earnings
and
profits.

**Nine Months
Ended
September 30**

Three Months Ended September 30

These distributions ordinarily will be subject to withholding of U.S. federal income tax on a gross basis at a rate of 30%, or a lower rate as permitted under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct of a U.S.

Three Months Ended September 30	Nine Months Ended September 30
trade or business. Under some treaties, however, lower withholding rates generally applicable to dividends do not apply to dividends from REITs. Dividends that are effectively connected with a trade or business will be subject to tax on a net basis, that is, after allowance for deductions, at graduated	

Three Months Ended September 30	Nine Months Ended September 30
--	---

rates,
in
the
same
manner
as
U.S.
stockholders
are
taxed
with
respect
to
these
dividends,
and
generally
will
not
be
subject
to
withholding.
Applicable
certification
and
disclosure
requirements
must
be
satisfied
to
be
exempt
from
withholding
under
the
effectively
connected
income
exemption.
Any
dividends
received
by
a
corporate

Three Months Ended September 30	Nine Months Ended September 30
non-U.S. stockholder that is engaged in a U.S. trade or business also may be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate.	
Distributions in excess of our current and accumulated earnings and profits that exceed the non-U.S. stockholder s adjusted	

Three Months Ended September 30	Nine Months Ended September 30
--	---

tax
basis
in
its
common
stock
will
be
taxable
to
a
non-U.S.
stockholder
as
gain
from
the
sale
of
common
stock,
which
is
discussed
below.
Distributions
in
excess
of
our
current
or
accumulated
earnings
and
profits
that
do
not
exceed
the
adjusted
tax
basis
of
the
non-U.S.
stockholder

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

in
its
common
stock
will
reduce
the
non-U.S.
stockholder s
adjusted
tax
basis
in
its
common
stock
and
will
not
be
subject
to
U.S.
federal
income
tax,
but
will
be
subject
to
U.S.
withholding
tax
as
described
below.

We
expect
to
withhold
U.S.
income
tax
at
the
rate

	Three Months Ended September 30	Nine Months Ended September 30
of		
30%		
on		
any		
dividend		
distributions		
(including		
distributions		
that		
later		
may		
be		
determined		
to		
have		
been		
in		
excess		
of		
current		
and		
accumulated		
earnings		
and		
profits)		
made		
to		
a		
non-U.S.		
stockholder		
unless:		

(1) a lower treaty rate applies and the non-U.S. stockholder files an Internal Revenue Service Form W-8BEN evidencing eligibility

**Nine Months
Ended
September 30**

Three Months Ended September 30

for that
reduced
treaty rate
with us; or

(2) the
non-U.S.
stockholder
files an
Internal
Revenue
Service
Form
W-8ECI
with us
claiming
that the
distribution
is income
effectively
connected
with the
conduct of a
trade or
business
within the
U.S.

Under
the
Foreign
Investment
in
Real
Property
Tax
Act,
which
is
referred
to
as
FIRPTA,
we
may
be
required
to

Three Months Ended September 30	Nine Months Ended September 30
withhold at least 10% of any distribution in excess of our current and accumulated earnings and profits, even if a lower treaty rate applies and the non-U.S. stockholder is not liable for tax on the receipt of that distribution. However, a non-U.S. stockholder may seek a refund of	

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

these amounts from the Internal Revenue Service if the non-U.S. stockholders U.S. tax liability with respect to the distribution is less than the amount withheld.

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

Distributions
to
a
non-U.S.
stockholder
that
are
designated
by
us
at
the
time
of
the
distribution
as
capital
gain
dividends,
other
than
those
arising
from
the
disposition
of
a
U.S.
real
property
interest,
generally
should
not
be
subject
to
U.S.
federal
income
taxation

**Nine Months
Ended
September 30**

Three Months Ended September 30

unless:

(1) the investment in the common stock is effectively connected with the non-U.S. stockholders' U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to any gain, except that a stockholder that is a foreign corporation also may be subject to the 30% branch profits tax, as discussed above, or

(2) the non-U.S. stockholder is a nonresident alien individual who is

**Nine Months
Ended
September 30**

Three Months Ended September 30

present in
the U.S. for
183 days or
more during
the taxable
year, in
which case
the
nonresident
alien
individual
generally
will be
subject to a
30% tax on
the
individual's
capital
gains.

Under
FIRPTA,
subject
to
the
exception
discussed
below
for
5%
or
smaller
holders
of
regularly
traded
classes
of
stock,
distributions
to
a
non-U.S.
stockholder
that
are
attributable
to
gain

Three Months Ended September 30	Nine Months Ended September 30
from sales or exchanges by us of U.S. real property interests, whether or not designated as a capital gain dividend, will cause the non-U.S. stockholder to be treated as recognizing gain that is income effectively connected with a U.S. trade or business. Non-U.S. stockholders will be taxed on	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

this
gain
at
the
same
rates
applicable
to
U.S.
stockholders,
subject
to
a
special
alternative
minimum
tax
in
the
case
of
nonresident
alien
individuals.

Also,
this
gain
may
be
subject
to
a
30%
branch
profits
tax
in
the
hands
of
a
non-U.S.
stockholder
that
is
a
corporation.

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

We will be required to withhold and remit to the Internal Revenue Service 35% of any distributions to non-U.S. stockholders that are designated as capital gain dividends, or, if greater, 35% of a distribution that could have been designated as a capital gain dividend. Distributions can be designated

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

as capital gains to the extent of our net capital gain for the taxable year of the distribution. The amount withheld is creditable against the non-U.S. stockholders' United States federal income tax liability. A non-U.S. stockholder whose U.S. federal income tax liability under FIRPTA exceeds amounts withheld by

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

us
will
be
required
to
file
a
U.S.
federal
income
tax
return
for
the
taxable
year.

A
non-U.S.
stockholder
that
owns
no
more
than
5%
of
our
common
stock
at
all
times
during
the
one-year
period
ending
on
the
date
of
the
distribution
will
not
be
subject

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

to
federal
income
tax
under
FIRPTA
with
respect
to
distributions
that
are
attributable
to
gain
from
our
sale
or
exchange
of
U.S.
real
property
interests,
provided
that
our
common
stock
is
regularly
traded
on
an
established
securities
market.

Although
the
law
is
not
clear
on
the
matter,

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

it appears that amounts designated by us as undistributed capital gains in respect of the common stock held by U.S. stockholders generally should be treated with respect to non-U.S. stockholders in the same manner as actual distributions by us of capital gain dividends. Under that approach, the non-U.S.

**Nine Months
Ended
September 30**

Three Months Ended September 30

stockholders
would
be
able
to
offset
as
a
credit
against
their
United
States
federal
income
tax
liability
resulting
therefrom
an
amount
equal
to
their
proportionate
share
of
the
tax
paid
by
us
on
the
undistributed
capital
gains,
and
to
receive
from
the
Internal
Revenue
Service
a
refund
to

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
extent
their
proportionate
share
of
this
tax
paid
by
our
company
exceeds
their
actual
United
States
federal
income
tax
liability.

***Sale
of
Common
Stock***

Gain
recognized
by
a
non-U.S.
stockholder
upon
the
sale
or
exchange
of
our
common
stock
generally
would
not
be
subject
to

**Nine Months
Ended
September 30**

Three Months Ended September 30

United
States
taxation
unless:

(1) the gain is effectively connected with the conduct of a U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as domestic stockholders with respect to any gain;

(2) the non-U.S. stockholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year, in which case the nonresident alien individual will be

Three Months Ended September 30	Nine Months Ended September 30
subject to a 30% tax on the individual s net capital gains for the taxable year; or	

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

**Table
of
Contents**

(3)our
common
stock
constitutes
a U.S. real
property
interest
within the
meaning of
FIRPTA,
as
described
below.

Our
common
stock
will
not
constitute
a
U.S.
real
property
interest
if
we
are
a
domestically
controlled
qualified
investment
entity.
We
will
be
a
domestically
controlled
qualified
investment
entity
if,

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

at
all
times
during
a
specified
testing
period,
less
than
50%
in
value
of
our
stock
is
held
directly
or
indirectly
by
non-U.S.
stockholders.

Because
our
common
stock
is
publicly
traded,
we
cannot
guarantee
that
we
are
or
will
continue
to
be
a
domestically
controlled
qualified
investment

**Nine Months
Ended
September 30**

Three Months Ended September 30

entity.

Even
if
we
are
a
domestically
controlled
qualified
investment
entity,
upon
disposition
of
our
stock,
a
non-U.S.
stockholder
may
be
treated
as
having
gain
from
the
sale
or
exchange
of
a
U.S.
real
property
interest
if
the
non-U.S.
stockholder
(1) disposes
of
an
interest
in
our
stock

**Nine Months
Ended
September 30**

Three Months Ended September 30

during
the
30-day
period
preceding
the
ex-dividend
date
of
a
distribution,
any
portion
of
which,
but
for
the
disposition,
would
have
been
treated
as
gain
from
sale
or
exchange
of
a
U.S.
real
property
interest
and
(2) acquires,
enters
into
a
contract
or
option
to
acquire,
or
is
deemed

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

to
acquire,
other
shares
of
our
stock
during
the
61-day
period
that
begins
on
the
same
day
as
the
30-day
period
described
in
clause
(1) of
this
sentence.
This
rule
does
not
apply
if
the
exception
for
distributions
to
5%
or
smaller
holders
of
regularly
traded
classes
of
stock

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---------------------------------------

is
satisfied.

Even
if
we
do
not
qualify
as
a
domestically
controlled
qualified
investment
entity
at
the
time
a
non-U.S.
stockholder
sells
its
common
stock,
our
stock
sold
by
such
stockholder
would
not
be
considered
a
U.S.
real
property
interest
if:

(1) the class or
series of
stock sold

**Nine Months
Ended
September 30**

Three Months Ended September 30

is
considered
regularly
traded
under
applicable
Treasury
regulations
on an
established
securities
market,
such as the
NYSE; and

(2) the selling
non-U.S.
stockholder
owned,
actually or
constructively,
5% or less in
value of the
outstanding
class or series
of stock being
sold
throughout the
five-year
period ending
on the date of
the sale or
exchange.

If
gain
on
the
sale
or
exchange
of
our
common
stock
were
subject
to

Three Months Ended September 30	Nine Months Ended September 30
taxation under FIRPTA, the non-U.S. stockholder would be subject to regular U.S. income tax with respect to any gain in the same manner as a taxable U.S. stockholder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals.	

**Nine Months
Ended
September 30**

Three Months Ended September 30

**Information
Reporting
and
Backup
Withholding
Tax
Applicable
to
Stockholders**

*U.S.
Stockholders*

In
general,
information
reporting
requirements
will
apply
to
payments
of
distributions
on
our
common
stock
and
payments
of
the
proceeds
of
the
sale
of
our
common
stock
to
some
stockholders,
unless
an
exception
applies.
Further,

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
payer
will
be
required
to
withhold
backup
withholding
tax
at
the
rate
of
28%
if:

(1) the payee
fails to
furnish a
taxpayer
identification
number, or
TIN, to the
payer or to
establish an
exemption
from backup
withholding;

(2) the
Internal
Revenue
Service
notifies
the payer
that the
TIN
furnished
by the
payee is
incorrect;
or

**Nine Months
Ended
September 30**

Three Months Ended September 30

(3)the payee
fails to
certify under
the penalty
of perjury
that the
payee is not
subject to
backup
withholding
under the
Code.

Some
stockholders,
including
corporations,
will
be
exempt
from
backup
withholding.

Any
amounts
withheld
under
the
backup
withholding
rules
from
a
payment
to
a
stockholder
will
be
allowed
as
a
credit
against

Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

the
stockholder s
United
States
federal
income
tax
and
may
entitle
the
stockholder
to
a
refund,
provided
that
the
required
information
is
furnished
to
the
Internal
Revenue
Service.

***Non-U.S.
Stockholders***

Generally,
information
reporting
will
apply
to
payments
of
distributions
on
our
common

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

stock,
and
backup
withholding
at
a
rate
of
28%
may
apply,
unless
the
payee
certifies
that
it
is
not
a
U.S.
person
or
otherwise
establishes
an
exemption.

The
payment
of
the
proceeds
from
the
disposition
of
Sun
common
stock
to
or
through
the
U.S.
office
of
a

Three Months Ended September 30	Nine Months Ended September 30
--	---

U.S.
or
foreign
broker
will
be
subject
to
information
reporting
and,
possibly,
backup
withholding
unless
the
non-U.S.
stockholder
certifies
as
to
its
non-U.S.
status
or
otherwise
establishes
an
exemption,
provided
that
the
broker
does
not
have
actual
knowledge
that
the
stockholder
is
a
U.S.
person
or
that
the

**Nine Months
Ended
September 30**

Three Months Ended September 30

conditions
of
any
other
exemption
are
not,
in
fact,
satisfied.
The
proceeds
of
the
disposition
by
a
non-U.S.
stockholder
of
our
common
stock
to
or
through
a
foreign
office
of
a
broker
generally
will
not
be
subject
to
information
reporting
or
backup
withholding.
However,
if
the
broker
is

Three Months Ended September 30	Nine Months Ended September 30
a U.S. person, a controlled foreign corporation for U.S. tax purposes or a foreign person 50% or more of whose gross income from all sources for specified periods is from activities that are effectively connected with a U.S. trade or business, information reporting generally will apply unless the	

**Nine Months
Ended
September 30**

Three Months Ended September 30

broker
has
documentary
evidence
as
to
the
non-U.S.
stockholder s
foreign
status
and
has
no
actual
knowledge
to
the
contrary.

Applicable
Treasury
regulations
provide
presumptions
regarding
the
status
of
stockholders
when
payments
to
the
stockholders
cannot
be
reliably
associated
with
appropriate
documentation
provided
to
the
payer.
Because
the

**Nine Months
Ended
September 30**

Three Months Ended September 30

application
of
these
Treasury
regulations
varies
depending
on
the
stockholder s
particular
circumstances,
you
are
urged
to
consult
your
tax
advisor
regarding
the
information
reporting
requirements
applicable
to
you.

**Other
Tax
Consequences
for
Sun
and
Its
Stockholders**

We
and
our
stockholders
may
be
subject
to
state
and

**Nine Months
Ended
September 30**

Three Months Ended September 30

local
taxation
in
various
state
or
local
jurisdictions,
including
those
in
which
we
or
they
transact
business
or
reside.
The
state
and
local
tax
treatment
of
us
and
our
stockholders
may
not
conform
to
the
federal
income
tax
consequences
discussed
above.
Consequently,
prospective
investors
should
consult
their
own

Three Months Ended September 30	Nine Months Ended September 30
--	---

tax
advisors
regarding
the
effect
of
state
and
local
tax
laws
on
an
investment
in
our
securities.

To
the
extent
that
we
and
the
taxable
REIT
subsidiaries
are
required
to
pay
federal,
state
or
local
taxes,
we
will
have
less
cash
available
for
distribution
to
stockholders.

**Nine Months
Ended
September 30**

Three Months Ended September 30

**Legislative
or
Other
Actions
Affecting
REITs
and
Stockholders**

The present federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and

Three Months Ended September 30	Nine Months Ended September 30
--	---

by
the
Internal
Revenue
Service
and
the
U.S.
Treasury
Department,
which
may
result
in
statutory
changes
as
well
as
revisions
to
regulations
and
interpretations.
Dividends
paid
by
REITs
will
generally
not
constitute
qualified
dividend
income
eligible
for
the
15%
tax
rate
for
stockholders
that
are
taxable
as
individuals,

**Nine Months
Ended
September 30**

Three Months Ended September 30

trusts
and
estates
and
will
generally
be
taxable
at
the
higher
ordinary
income
tax
rates.

**Taxation
of
Holders
of
Our
Debt
Securities**

The
following
summary
describes
the
material
United
States
federal
income
tax
consequences
of
acquiring,
owning
and
disposing
of
our
debt
securities.
This
discussion
assumes

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
debt
securities
will
be
issued
with
no
more
than
a
de
minimis
amount
of
original
issue
discount
for
United
States
federal
income
tax
purposes.
In
addition,
this
discussion
is
limited
to
persons
purchasing
the
debt
securities
for
cash
at
original
issue
and
at
their

	Three Months Ended September 30	Nine Months Ended September 30
59		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

original
issue
price
within
the
meaning
of
Section 1273
of
the
Code
(i.e.,
the
first
price
at
which
a
substantial
amount
of
the
debt
securities
is
sold
to
the
public
for
cash).
If
we
issue
any
debt
securities
pursuant
to
this
prospectus,
we
intend

Three Months Ended September 30	Nine Months Ended September 30
--	---

to
describe
in
the
related
prospectus
supplement
the
material
United
States
federal
income
tax
considerations
relating
to
the
ownership
and
disposition
of
such
debt
securities,
including,
if
applicable,
the
taxation
of
any
debt
securities
that
will
be
sold
with
original
issue
discount
or
acquired
with
market
discount
or

**Nine Months
Ended
September 30**

Three Months Ended September 30

amortizable
bond
premium.

***Taxable
U.S.
Holders
of
Our
Debt
Securities***

Generally,
this
subsection
describes
the
tax
consequences
to
a
U.S.
debt
security
holder.
You
are
a
U.S.
debt
security
holder
if
you
are
a
beneficial
owner
of
a
fixed
rate
debt
security
to
which
this
section

**Nine Months
Ended
September 30**

Three Months Ended September 30

applies
and
you
are:

a citizen
or
resident
of the
United
States,

a domestic
corporation,

an estate
whose
income is
subject to
United
States
Federal
income
tax
regardless
of its
source, or

a trust if a
United States
court can
exercise
primary
supervision
over the trust's
administration
and one or
more United
States persons
are authorized
to control all
substantial
decisions of

**Nine Months
Ended
September 30**

Three Months Ended September 30

the trust.

Interest.

A

U.S.

holder

generally

will

be

required

to

recognize

and

include

in

gross

income

any

stated

interest

as

ordinary

income

at

the

time

it

is

paid

or

accrued

on

the

debt

securities

in

accordance

with

such

U.S.

holder s

method

of

accounting

for

United

States

federal

income

Three Months Ended September 30	Nine Months Ended September 30
tax purposes.	
<i>Sale or Other Taxable Disposition of the Debt Securities.</i>	
A U.S. holder will recognize gain or loss on the sale, exchange, redemption (including a partial redemption), retirement or other taxable disposition of a debt security equal to the difference between the sum of the cash	

Three Months Ended September 30	Nine Months Ended September 30
and the fair market value of any property received in exchange therefor (less a portion allocable to any accrued and unpaid stated interest, which generally will be taxable as ordinary income if not previously included in such U.S. holder s income) and the U.S. holder s adjusted tax basis in	

Three Months Ended September 30	Nine Months Ended September 30
--	---

the
debt
security.
A
U.S.
holder s
adjusted
tax
basis
in
a
debt
security
(or
a
portion
thereof)
generally
will
be
the
U.S.
holder s
cost
therefor
decreased
by
any
payment
on
the
debt
security
other
than
a
payment
of
qualified
stated
interest.
This
gain
or
loss
generally
will
be

Three Months Ended September 30	Nine Months Ended September 30
--	---

long-term
capital
gain
or
loss
if
the
U.S.
holder
has
held
the
debt
securities
for
more
than
one
year
at
the
time
of
such
disposition.
The
deductibility
of
capital
losses
is
subject
to
limitation.

*Backup
Withholding
and
Information
Reporting.*

A
U.S.
holder
may
be
subject
to
information

Three Months Ended September 30	Nine Months Ended September 30
reporting and backup withholding when such U.S. holder receives interest and principal payments on the debt securities or proceeds upon the sale or other disposition of such debt securities (including a redemption or retirement of the debt securities). Certain holders (including, among others, corporations and certain tax-exempt organizations)	

**Nine Months
Ended
September 30**

Three Months Ended September 30

are
generally
not
subject
to
information
reporting
or
backup
withholding.

A
U.S.
holder
will
be
subject
to
backup
withholding
if
such
holder
is
not
otherwise
exempt
and:

such U.S.
holder fails to
furnish its
taxpayer
identification
number, or
TIN, which,
for an
individual is
ordinarily his
or her social
security
number;

the IRS
notifies
the payor

**Nine Months
Ended
September 30**

Three Months Ended September 30

that such
holder
furnished
an
incorrect
TIN;

in the case
of interest
payments,
such U.S.
holder is
notified by
the IRS of
a failure to
properly
report
payments
of interest
or
dividends;
or

in the case of
interest
payments,
such U.S.
holder fails
to certify,
under
penalties of
perjury, that
such U.S.
holder has
furnished a
correct TIN
and that the
IRS has not
notified such
U.S. holder
that it is
subject to
backup
withholding.

	Three Months Ended September 30	Nine Months Ended September 30
60		

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

A
U.S.
holder
should
consult
its
tax
advisor
regarding
its
qualification
for
an
exemption
from
backup
withholding
and
the
procedures
for
obtaining
such
an
exemption,
if
applicable.
Backup
withholding
is
not
an
additional
tax.
Any
amounts
withheld
under
the
backup
withholding
rules
from

Three Months Ended September 30	Nine Months Ended September 30
--	---

a
payment
to
a
U.S.
holder
will
be
allowed
as
a
credit
against
the
holder s
United
States
federal
income
tax
liability
or
may
be
refunded,
provided
the
required
information
is
furnished
in
a
timely
manner
to
the
IRS.

***Non-U.S.
Holders
of
Our
Debt
Securities***

This
section

Three Months Ended September 30	Nine Months Ended September 30
applies to you if you are a non-U.S. holder of the debt securities. Special rules may apply to certain non-U.S. holders such as controlled foreign corporations and passive foreign investment companies. Such entities are encouraged to consult their tax advisors to determine the United States federal, state, local	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

and
other
tax
consequences
that
may
be
relevant
to
them.

Interest.

Interest
paid
to
a
non-U.S.
holder
on
its
debt
securities
that
is
not
effectively
connected
with
such
non-U.S.
holder s
conduct
of
a
United
States
trade
or
business
will
not
be
subject
to
United
States
federal
withholding

**Nine Months
Ended
September 30**

Three Months Ended September 30

tax,
provided
that:

such non-U.S.
holder does
not actually or
constructively
own a 10% or
greater interest
in the total
combined
voting power
of all classes
of our voting
stock;

such non-U.S.
holder is not a
controlled foreign
corporation with
respect to which
we are a related
person within the
meaning of
Section 864(d)(4)
of the Code;

such
non-U.S.
holder is
not a bank
that
received
such
interest on
an
extension
of credit
made
pursuant to
a loan
agreement
entered

**Nine Months
Ended
September 30**

Three Months Ended September 30

into in the
ordinary
course of
its trade or
business;
and

the non-U.S.
holder
certifies in a
statement
provided to
us or our
paying agent,
under
penalties of
perjury, that
it is not (a) a
United States
person within
the meaning
of the Code
and provides
its name and
address, (b) a
securities
clearing
organization,
bank or other
financial
institution
that holds
customers
securities in
the ordinary
course of its
trade or
business and
holds the
debt
securities on
behalf of the
non-U.S.
holder
certifies to us
or our paying
agent under

**Nine Months
Ended
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Three Months Ended September 30

penalties of
perjury that
it, or the
financial
institution
between it
and the
non-U.S.
holder, has
received from
the non-U.S.
holder a
statement,
under
penalties of
perjury, that
such
non-U.S.
holder is not
a United
States person
and provides
us or our
paying agent
with a copy
of such
statement or
(c) the
non-U.S.
holder holds
its debt
securities
directly
through a
qualified
intermediary
and certain
conditions
are satisfied.

A
non-U.S.
holder
generally
will
also
be
exempt
from

**Nine Months
Ended
September 30**

Three Months Ended September 30

withholding
tax
on
interest
if
such
amount
is
effectively
connected
with
such
non-U.S.
holder s
conduct
of
a
United
States
trade
or
business
and
the
non-U.S.
holder
provides
us
with
appropriate
certification
(as
discussed
below
under
United
States
Trade
or
Business).

If
a
non-U.S.
holder
does
not
satisfy

Three Months Ended September 30	Nine Months Ended September 30
--	---

the requirements above, interest paid to such non-U.S. holder generally will be subject to a 30% United States federal withholding tax. Such rate may be reduced or eliminated under a tax treaty between the United States and the non-U.S. holder's country of residence. To claim a reduction or

Three Months Ended September 30	Nine Months Ended September 30
exemption under a tax treaty, a non-U.S. holder must generally complete an IRS Form W-8BEN (or applicable successor form) and claim the reduction or exemption on the form.	
<i>Sale or Other Taxable Disposition of the Debt Securities.</i>	
A non-U.S. holder generally will not be subject to United	

Three Months Ended September 30	Nine Months Ended September 30
States federal income tax or withholding tax on gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of a debt security unless (1) the gain is effectively connected with the conduct by the non-U.S. holder of a United States trade or business (and, if a tax	

Three Months Ended September 30	Nine Months Ended September 30
treaty applies, the gain is attributable to a United States permanent establishment maintained by such non-U.S. holder) and (2) in the case of a non-U.S. holder who is an individual, such non-U.S. holder is present in the United States for 183 days or more in the taxable year of	

**Nine Months
Ended
September 30**

Three Months Ended September 30

disposition
and
certain
other
requirements
are
met.
Gain
described
in
(1) above
will
be
subject
to
tax
in
the
manner
described
below
under
United
States
Trade
or
Business.
A
Non-U.S.
holder
described
in
(2) above
will
be
subject
to
a
30%
tax
on
the
individual s
capital
gains
(reduced
by
certain

	Three Months Ended September 30	Nine Months Ended September 30
capital losses).		

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Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

*United
States
Trade
or
Business.*
If
interest
paid
on
a
debt
security
or
gain
from
a
disposition
of
a
debt
security
is
effectively
connected
with
a
non-U.S.
holder s
conduct
of
a
United
States
trade
or
business
(and,
if
an
income
tax
treaty
applies,

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------------

the
non-U.S.
holder
maintains
a
United
States
permanent
establishment
to
which
such
amounts
are
generally
attributable),
the
non-U.S.
holder
generally
will
be
subject
to
United
States
federal
income
tax
on
the
interest
or
gain
on
a
net
basis
in
the
same
manner
as
if
it
were
a
U.S.

Three Months Ended September 30	Nine Months Ended September 30
holder. If a non-U.S. holder is subject to United States federal income tax on the interest on a net basis, the 30% withholding tax described above will not apply (assuming an appropriate certification is provided, generally on IRS Form W-8ECI). A non-U.S. holder that is a corporation may	

Three Months Ended September 30	Nine Months Ended September 30
be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments, unless it qualifies for a lower rate under an applicable income tax treaty. For this purpose, interest on a debt security or gain	

**Nine Months
Ended
September 30**

Three Months Ended September 30

from
a
disposition
of
a
debt
security
will
be
included
in
earnings
and
profits
if
the
interest
or
gain
is
effectively
connected
with
the
conduct
by
the
corporation
of
a
United
States
trade
or
business.

*Backup
Withholding
and
Information
Reporting.*

A
non-U.S.
holder
generally
will
not
be

**Nine Months
Ended
September 30**

Three Months Ended September 30

subject
to
backup
withholding
and
information
reporting
with
respect
to
payments
that
we
make
to
the
non-U.S.
holder,
provided
that
we
do
not
have
actual
knowledge
or
reason
to
know
that
such
non-U.S.
holder
is
a
United
States
person,
within
the
meaning
of
the
Code,
and
the
non-U.S.

**Nine Months
Ended
September 30**

Three Months Ended September 30

holder
has
given
us
the
statement
described
above
under

Interest.

In
addition,
a
non-U.S.
holder
will
not
be
subject
to
backup
withholding
or
information
reporting
with
respect
to
the
proceeds
of
the
sale
or
other
disposition
of
our
debt
securities
(including
a
retirement
or
redemption
of
such
debt

**Nine Months
Ended
September 30**

Three Months Ended September 30

securities)
within
the
United
States
or
conducted
through
certain
U.S.-related
brokers,
if
the
payor
receives
the
statement
described
above
and
does
not
have
actual
knowledge
or
reason
to
know
that
such
non-U.S.
holder
is
a
United
States
person
or
the
non-U.S.
holder
otherwise
establishes
an
exemption.
However,
we

Three Months Ended September 30	Nine Months Ended September 30
--	---

may
be
required
to
report
annually
to
the
IRS
and
to
the
non-U.S.
holder
the
amount
of,
and
the
tax
withheld
with
respect
to,
any
interest
paid
to
the
non-U.S.
holder,
regardless
of
whether
any
tax
was
actually
withheld.
Copies
of
these
information
returns
may
also
be
made

Three Months Ended September 30	Nine Months Ended September 30
available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides.	

A
non-U.S.
holder
generally
will
be
entitled
to
credit
any
amounts
withheld
under
the
backup
withholding
rules
against
the
non-U.S.
holders
United
States
federal

Three Months Ended September 30	Nine Months Ended September 30
income	
tax	
liability	
or	
may	
claim	
a	
refund	
provided	
that	
the	
required	
information	
is	
furnished	
to	
the	
IRS	
in	
a	
timely	
manner.	

**Recent
Tax
Law
Changes**

***Reporting
and
Withholding
on
Foreign
Financial
Accounts***

On
March 18,
2010,
the
Hiring
Incentives
to
Restore
Employment
Act,
or
the

**Nine Months
Ended
September 30**

Three Months Ended September 30

HIRE
Act,
was
signed
into
law.
Certain
provisions
of
this
law
known
as
The
Foreign
Account
Tax
Compliance
Act
(commonly
referred
to
as
FATCA)
imposes
a
30%
U.S.
federal
withholding
tax
on
dividends
on,
and
gross
proceeds
from
the
sale
or
other
disposition
of,
our
capital
stock
to

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

a
foreign
financial
institution
or
non-financial
foreign
entity
(whether
such
institution
or
entity
is
the
beneficial
owner
or
an
intermediary),
unless
(i) in
the
case
of
a
foreign
financial
institution,
such
institution
enters
into
an
agreement
with
the
U.S.
tax
authorities
to
collect
and
provide
substantial
information
regarding
U.S.

**Nine Months
Ended
September 30**

Three Months Ended September 30

account
holders
of
such
institution
(which
includes
certain
equity
and
debt
holders
of
such
institution,
as
well
as
certain
account
holders
that
are
foreign
entities
with
U.S.
owners)
and
to
withhold
on
certain
payments,
or
otherwise
complies
with
FATCA
and
any
applicable
inter-governmental
agreements
implementing
FATCA,
and
(ii) in

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
case
of
a
non-financial
foreign
entity,
such
entity
provides
the
withholding
agent
with
a
certification
that
it
does
not
have
any
substantial
U.S.
owners
or
a
certification
identifying
the
substantial
U.S.
owners
of
the
entity,
which
generally
includes
certain
U.S.
persons
who
directly
or
indirectly
own
more

Three Months Ended September 30	Nine Months Ended September 30
than 10% of the entity, or otherwise complies with FATCA and any applicable intergovernmental agreements implementing FATCA. Withholding under FATCA on dividends on our capital stock generally began after June 30, 2014, although under Notice 2014-33, the IRS will take into account the extent to which a withholding agent	

Three Months Ended September 30	Nine Months Ended September 30
has made good faith efforts to comply with FATCA. Withholding on gross proceeds from the sale or other disposition of our capital stock generally is to begin after December 31, 2016. We	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

will
not
pay
any
additional
amounts
to
shareholders
subject
to
withholding
under
FATCA.
Under
certain
circumstances,
an
investor
may
be
eligible
for
refunds
or
credits
of
any
taxes
imposed
under
FATCA.
Prospective
investors
should
consult
their
tax
advisors
regarding
the
effect,
if
any,

**Nine Months
Ended
September 30**

Three Months Ended September 30

of
FATCA
on
their
acquisition,
ownership
and
disposition
of
our
capital
stock.

**SELLING
SECURITY
HOLDERS**

Information
about
selling
security
holders,
where
applicable,
will
be
set
forth
in
a
prospectus
supplement,
in
a
post-effective
amendment
or
in
filings
we
make
with
the
SEC
under
the
Exchange
Act

	Three Months Ended September 30	Nine Months Ended September 30
that are incorporated by reference.		

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Three Months Ended September 30 **Nine Months
Ended
September 30**

**Table
of
Contents**

**PLAN
OF
DISTRIBUTION**

We
may
sell
the
securities
domestically
or
abroad
to
one
or
more
underwriters
for
public
offering
and
sale
by
them
or
may
sell
the
securities
to
investors
directly
or
through
dealers
or
agents,
or
through
a
combination
of
methods.

Three Months Ended September 30	Nine Months Ended September 30
Any underwriter, dealer or agent involved in the offer and sale of the securities, including but not limited to at-the-market equity offerings, will be named in the applicable prospectus supplement.	
Underwriters may offer and sell the securities at: (1) a fixed price or prices, which may be changed,	

**Nine Months
Ended
September 30**

Three Months Ended September 30

(2) market
prices
prevailing
at
the
time
of
sale,
(3) prices
related
to
the
prevailing
market
prices
at
the
time
of
sale
or
(4) negotiated
prices.
Underwriters
could
make
sales
in
privately
negotiated
transactions
and/or
any
other
method
permitted
by
law,
including
sales
deemed
to
be
an
at
the
market
offering

Three Months Ended September 30	Nine Months Ended September 30
--	---

as
defined
in
Rule
415
promulgated
under
the
Securities
Act,
which
includes
sales
made
directly
on
the
NYSE,
the
existing
trading
market
for
our
common
stock,
or
sales
made
to
or
through
a
market
maker
other
than
on
an
exchange.
We
also
may,
from
time
to
time,
authorize

Three Months Ended September 30	Nine Months Ended September 30
underwriters acting as their agents to offer and sell the securities upon the terms and conditions as are set forth in the applicable prospectus supplement. In connection with the sale of securities, underwriters may be deemed to have received compensation from us in the form of underwriting discounts	

Three Months Ended September 30	Nine Months Ended September 30
or commissions and may also receive commissions from purchasers of securities for whom they may act as agent. Underwriters may sell securities to or through dealers, and the dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers	

Three Months Ended September 30	Nine Months Ended September 30
--	---

for
whom
they
may
act
as
agent.

Any
underwriting
compensation
paid
by
us
to
underwriters,
dealers
or
agents
in
connection
with
the
offering
of
securities,
and
any
discounts,
concessions
or
commissions
allowed
by
underwriters
to
participating
dealers,
will
be
set
forth
in
the
applicable
prospectus
supplement.
In

Three Months Ended September 30	Nine Months Ended September 30
compliance with the guidelines of the Financial Industry Regulatory Authority, or FINRA, the aggregate maximum discount, commission or agency fees or other items constituting underwriting compensation to be received by any FINRA member or independent broker-dealer will not exceed 8% of the offering proceeds from any offering pursuant	

Three Months Ended September 30	Nine Months Ended September 30
--	---

to
this
prospectus
and
any
applicable
prospectus
supplement.
Dealers
and
agents
participating
in
the
distribution
of
the
securities
may
be
deemed
to
be
underwriters,
and
any
discounts
and
commissions
received
by
them
and
any
profit
realized
by
them
on
resale
of
the
securities
may
be
deemed
to
be

Three Months Ended September 30	Nine Months Ended September 30
underwriting discounts and commissions under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us and the Operating Partnership, to indemnification against and contribution toward civil liabilities, including liabilities under the Securities Act. We will describe any indemnification agreement in the applicable	

Three Months Ended September 30	Nine Months Ended September 30
prospectus supplement.	
Unless we specify otherwise in the applicable prospectus supplement, any series of securities issued hereunder will be a new issue with no established trading market (other than our common stock, which is listed on the NYSE). If we sell any shares of our common stock	

Three Months Ended September 30	Nine Months Ended September 30
--	---

pursuant
to
a
prospectus
supplement,
such
shares
will
be
listed
on
the
NYSE,
subject
to
official
notice
of
issuance.
We
may
elect
to
list
any
other
securities
issued
hereunder
on
any
exchange,
but
we
are
not
obligated
to
do
so.
Any
underwriters
or
agents
to
or
through
whom

Three Months Ended September 30	Nine Months Ended September 30
such securities are sold by us or the Operating Partnership for public offering and sale may make a market in such securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice. We cannot assure	

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

you
as
to
the
liquidity
of
the
trading
market
for
any
such
securities.

If
indicated
in
the
applicable
prospectus
supplement,
we
may
authorize
underwriters
or
other
persons
acting
as
our
agents
to
solicit
offers
by
institutions
or
other
suitable
purchasers
to
purchase
the
securities
from
us
at

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
public
offering
price
set
forth
in
the
prospectus
supplement,
pursuant
to
delayed
delivery
contracts
providing
for
payment
and
delivery
on
the
date
or
dates
stated
in
the
prospectus
supplement.
These
purchasers
may
include,
among
others,
commercial
and
savings
banks,
insurance
companies,
pension
funds,
investment
companies
and
educational

Three Months Ended September 30	Nine Months Ended September 30
and charitable institutions. Delayed delivery contracts will be subject to the condition that the purchase of the securities covered by the delayed delivery contracts will not at the time of delivery be prohibited	

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	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

under
the
laws
of
any
jurisdiction
in
the
United
States
to
which
the
purchaser
is
subject.
The
underwriters
and
agents
will
not
have
any
responsibility
with
respect
to
the
validity
or
performance
of
these
contracts.

To
facilitate
the
offering
of
the
securities,

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Ended
September 30**

Three Months Ended September 30

certain
persons
participating
in
the
offering
may
engage
in
transactions
that
stabilize,
maintain,
or
otherwise
affect
the
price
of
the
securities.
This
may
include
over-allotments
or
short
sales
of
the
securities,
which
involves
the
sale
by
persons
participating
in
the
offering
of
more
securities
than
we
sold
to

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

them.
In
these
circumstances,
these
persons
would
cover
the
over-allotments
or
short
positions
by
making
purchases
in
the
open
market
or
by
exercising
their
over-allotment
option.
In
addition,
these
persons
may
stabilize
or
maintain
the
price
of
the
securities
by
bidding
for
or
purchasing
securities
in
the
open

Three Months Ended September 30	Nine Months Ended September 30
market or by imposing penalty bids, whereby selling concessions allowed to dealers participating in the offering may be reclaimed if securities sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the market price of the securities	

	Three Months Ended September 30	Nine Months Ended September 30
at		
a		
level		
above		
that		
which		
might		
otherwise		
prevail		
in		
the		
open		
market.		
These		
transactions		
may		
be		
discontinued		
at		
any		
time.		
The		
underwriters,		
dealers		
and		
agents		
and		
their		
affiliates		
may		
be		
customers		
of,		
engage		
in		
transactions		
with		
and		
perform		
services		
for		
us		
and		
the		
Operating		
Partnership		
in		

**Nine Months
Ended
September 30**

Three Months Ended September 30

the
ordinary
course
of
business.

**LEGAL
MATTERS**

Certain
legal
matters
will
be
passed
upon
for
us
by
Jaffe,
Raitt,
Heuer &
Weiss,
Professional
Corporation,
Southfield,
Michigan.
Arthur
A.
Weiss
is
a
member
of
our
board
of
directors
and
a
shareholder
of
Jaffe,
Raitt,
Heuer &
Weiss,
Professional
Corporation.

**Nine Months
Ended
September 30**

Three Months Ended September 30

Certain
legal
matters
with
respect
to
the
validity
of
shares
of
our
capital
stock
and
certain
other
legal
matters
relating
to
Maryland
law
will
be
passed
upon
for
us
by
Ober,
Kaler,
Grimes &
Shriver,
a
Professional
Corporation,
Baltimore,
Maryland.
Additional
legal
matters
may
be
passed
upon
for
us,

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

the
selling
security
holders
or
any
underwriters,
dealers
or
agents,
by
counsel
that
we
will
name
in
the
applicable
prospectus
supplement.

EXPERTS

The
audited
consolidated
financial
statements,
schedule
and
management s
assessment
of
the
effectiveness
of
internal
control
over
financial
reporting
of
Sun
Communities,
Inc.
incorporated
by

Three Months Ended September 30	Nine Months Ended September 30
reference in this prospectus supplement and elsewhere in the registration statement of which this prospectus supplement is a part have been so incorporated by reference in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting	

Three Months Ended September 30	Nine Months Ended September 30
and auditing.	
The combined statements of revenues and certain operating expenses of Green Courte Communities for the years ended December 31, 2014 and 2013, incorporated in this prospectus by reference from Sun Communities Inc. s Current Report on Form 8-K/A filed on April 17, 2015 has been audited	

Three Months Ended September 30	Nine Months Ended September 30
--	---

by
Deloitte &
Touche
LLP,
independent
auditors,
as
stated
in
their
report
incorporated
herein
by
reference
(which
report
expresses
an
unmodified
opinion
and
includes
an
emphasis-of-matter
paragraph
referring
to
the
purpose
of
the
statements),
and
is
incorporated
in
reliance
upon
the
report
of
such
firm
given
upon
their
authority

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

as
experts
in
accounting
and
auditing.

**WHERE
YOU
CAN
FIND
MORE
INFORMATION**

We
are
subject
to
the
informational
requirements
of
the
Exchange
Act,
and,
in
accordance
therewith,
we
file
annual,
quarterly
and
current
reports,
proxy
statements
and
other
information
with
the
SEC.
You
may
read
and

Three Months Ended September 30	Nine Months Ended September 30
--	---

copy
any
document
we
file
with
the
SEC
at
the
SEC s
Public
Reference
Room
at
100 F
Street,
N.E.,
Washington,
D.C.,
20549.
Please
call
the
SEC
at
1-800-SEC-0330
for
further
information
on
the
operation
of
the
Public

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

**Table
of
Contents**

Reference
Room.
The
SEC
maintains
an
Internet
site
that
contains
reports,
proxy
and
information
statements,
and
other
information
regarding
issuers
that
file
electronically
with
the
SEC.
The
address
of
that
site
is
<http://www.sec.gov>.
In
addition,
our
common
stock
is
listed
on
the
NYSE

Three Months Ended September 30	Nine Months Ended September 30
--	---

and such reports, proxy statements and other information concerning us can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005. Additionally, we make these filings available, free of charge, through the Investors section of our website at www.suncommunities.com as soon as reasonably practicable after

Three Months Ended September 30	Nine Months Ended September 30
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we electronically file such materials with, or furnish them to, the SEC. The information on the website listed above, except as described in the section titled "Incorporation of Certain Documents by Reference below, is not, and should not be, considered part of this prospectus and is not incorporated by reference

	Three Months Ended September 30	Nine Months Ended September 30
--	--	---

into
this
document.

We
have
filed
with
the
SEC
a
registration
statement
on
Form
S-3
under
the
Securities
Act
with
respect
to
the
securities
offered
in
connection
with
this
prospectus.
This
prospectus,
which
is
part
of
the
registration
statement,
does
not
contain
all
of
the
information
set

Three Months Ended September 30	Nine Months Ended September 30
--	---

forth
in
the
registration
statement,
certain
parts
of
which
are
omitted
in
accordance
with
the
rules
and
regulations
of
the
SEC.
For
further
information
regarding
us
and
the
securities,
please
refer
to
the
registration
statement
and
the
documents
filed
or
incorporated
by
reference
as
exhibits
to
the
registration

**Nine Months
Ended
September 30**

Three Months Ended September 30

statement.
Statements
contained
in
this
prospectus
as
to
the
contents
of
any
contract
or
other
document
are
not
necessarily
complete
and,
in
each
instance,
you
should
refer
to
the
copy
of
such
contract
or
document
filed
as
an
exhibit
to
or
incorporated
by
reference
in
the
registration
statement.

**Nine Months
Ended
September 30**

Three Months Ended September 30

Each statement as to the contents of such contract or document is qualified in all respects by such reference. You may obtain copies of the registration statement and its exhibits from the SEC as indicated above or from us.

**INCORPORATION
OF
CERTAIN
DOCUMENTS
BY
REFERENCE**

Three Months Ended September 30	Nine Months Ended September 30
--	---

The
SEC
allows
us
to
incorporate
by
reference
the
information
we
file
with
it,
which
means
that
we
can
disclose
important
information
to
you
by
referring
you
to
those
documents.
The
information
incorporated
by
reference
is
considered
to
be
part
of
this
prospectus,
and
information
that
we
file

Three Months Ended September 30	Nine Months Ended September 30
--	---

later
with
the
SEC
will
automatically
update
and
supersede
this
information.
We
incorporate
by
reference
the
documents
listed
below
and
any
future
filings
we
will
make
with
the
SEC
prior
to
the
termination
of
the
offering
under
Sections
13(a),
13(c),
14
or
15(d)
of
the
Exchange
Act
(solely

Three Months Ended September 30	Nine Months Ended September 30
--	---

to
the
extent
that
such
information
set
forth
in
any
such
document
is
filed
with,
as
opposed
to
furnished
to,
the
SEC
under
the
Exchange
Act):

Our Annual
Report on
Form 10-K for
the fiscal year
ended
December 31,
2014, filed on
March 2,
2015;

Our
definitive
proxy
statement
on
Schedule
14A filed
with the

**Nine Months
Ended
September 30**

Three Months Ended September 30

SEC on
May 16,
2014;

Our Current
Reports on
Form 8-K
and 8-K/A,
as
applicable,
filed on
January 12,
2015, April
2, 2015 and
April 17,
2015;

The
description of
our common
stock
contained in
the
Registration
Statement on
Form 8-A filed
on
November 23,
1993 (File
No. 1-12616),
including any
amendment or
report filed to
update such
description;

The description
of our 7.125%
Series A
Cumulative
Redeemable
Preferred Stock
contained in the
Registration
Statement on

**Nine Months
Ended
September 30**

Three Months Ended September 30

Form 8-A filed
November 9,
2012 (File
No. 001-12616),
including any
amendment or
report filed to
update such
description;

The
description of
our 6.50%
Series A-4
Cumulative
Convertible
Preferred
Stock
contained in
the
Registration
Statement on
Form 8-A
filed
January 7,
2015 (File
No. 1-12616),
including any
amendment or
report filed to
update such
description;
and

The description
of certain
distribution
rights associated
with our
common stock
contained in the
Registration
Statement on
Form 8-A filed
June 3, 2008
(File

Three Months Ended September 30	Nine Months Ended September 30
No. 001-12616), including any amendment or report filed to update such description.	

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	Three Months Ended September 30	Nine Months Ended September 30
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of
Contents**

All documents subsequently filed by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference

Three Months Ended September 30	Nine Months Ended September 30
--	---

into
this
prospectus
and
a
part
hereof
from
the
date
of
filing
of
these
documents,
and
will
update,
supplement
and
supersede
the
information
in
this
prospectus.
Notwithstanding
the
foregoing,
information
furnished
under
Items
2.02
and
7.01
of
our
Current
Reports
on
Form
8-K,
including
the
related
exhibits,
is

Three Months Ended September 30	Nine Months Ended September 30
--	---------------------------------------

not
incorporated
by
reference
in
this
prospectus.
We
will
provide
to
each
person,
including
any
beneficial
owner,
to
whom
this
prospectus
is
delivered,
a
copy
of
any
or
all
of
the
information
that
has
been
incorporated
by
reference
in
the
prospectus
but
not
delivered
with
this
prospectus.
We

Three Months Ended September 30	Nine Months Ended September 30
--	---

will
provide
this
information
upon
written
or
oral
request
at
no
cost
to
the
requester.
You
may
request
a
copy
of
any
of
this
information
by
writing
us
at
the
following
address:
Sun
Communities,
Inc.,
27777
Franklin
Road,
Suite
200,
Southfield,
Michigan,
48034,
Attention:
Investor
Relations;
or
by

Three Months Ended September 30	Nine Months Ended September 30
calling our Investor Relations Department at telephone number (248) 208-2500.	

	Three Months Ended September 30	Nine Months Ended September 30
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of
Contents**

**3,250,000
Shares**

**Common
Stock**

**PROSPECTUS
SUPPLEMENT**

**September
8,
2016**

Citigroup

**BofA
Merrill
Lynch**