

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-K**  
ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2006

Commission File No. 0-15940

**UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND,  
A Michigan Limited Partnership**

(Exact name of registrant as specified in its charter)

**MICHIGAN**

(State or other jurisdiction of  
incorporation or organization)

**38-2593067**

(I.R.S. employer  
identification number)

**280 Daines Street, Birmingham, Michigan 48009**

(Address of principal executive offices) (Zip Code)

**(248) 645-9220**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:  
units of limited partnership interest

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. Large Accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [X]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes [ ] No [X]

The estimated aggregate Net Asset Value of the units as of March 1, 2007 (based on a 2007 appraisal of Partnership properties) held by non-affiliates was approximately \$22,790,600. As of March 1, 2007 the number of units of limited partnership interest of the registrant outstanding was 30,000.

**DOCUMENTS INCORPORATED BY REFERENCE**  
**NONE**

**PART I**

This Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Risks and other factors that might cause such a difference include, but are not limited to, the effect of economic and market conditions; financing risks, such as the inability to obtain debt financing on favorable terms; the level and volatility of interest rates; and failure of the Partnership's properties to generate additional income to offset increases in operating expenses, as well as other risks listed herein under Item 1.

**ITEM 1. BUSINESS**

*General Development of Business*

Unipro Manufacturing Housing Communities Income Fund, a Michigan Limited Partnership (the "Partnership"), acquired, maintains, operates and ultimately will dispose of income producing residential real properties consisting of four manufactured housing communities (the "Properties"). The Partnership was organized and formed under the laws of the State of Michigan on May 16, 1985. Its principal offices are located at 280 Daines Street, Birmingham, Michigan 48009 and its telephone number is (248) 645-9220.

The Partnership filed an S-11 Registration Statement (Registration No. 2-98180) in June 1985, which was declared effective by the Securities and Exchange Commission on September 24, 1985. The Partnership thereafter offered a maximum of 30,000 units of limited partnership interest representing capital contributions by the limited partners to the Partnership of \$1,000 per unit (the "Units"). The sale of all 30,000 Units was completed in March 1986, generating \$30 million of contributed capital to the Partnership.

On February 10, 1986, the Partnership acquired Aztec Estates, a 645-site manufactured housing community in Margate, Florida and Kings Manor, a 314-site manufactured housing community in Ft. Lauderdale, Florida. On March 4, 1986, the Partnership acquired Old Dutch Farms, a 293-site manufactured housing community in Novi, Michigan. On March 27, 1986, the Partnership acquired The Park of the Four Seasons, a 572-site manufactured housing community in Blaine, Minnesota.

The Partnership operates the Properties as manufactured housing communities with the primary investment objectives of: (1) providing cash from operations to investors; (2) obtaining capital appreciation; and (3) preserving capital of the Partnership. There can be no assurance that such objectives can be achieved.

On March 25, 1997 the Partnership borrowed \$33,500,000 from Nomura Asset Capital Corporation and secured the borrowing with liens on its Properties (the "Nomura Financing"). The note was payable in monthly installments of \$251,439, including interest, through March 2027. The interest rate was 8.24% per annum through July 2007. On March 26, 1997 the Partnership distributed \$30,000,000 to the Limited Partners, representing a full return of original capital contributions of \$1,000 per unit held. The Partnership continues to own and operate its properties and the Limited Partners continue to have an interest in the Partnership as only the original capital contributions were returned on March 26, 1997.

On August 11, 2006, the Partnership defeased the Nomura Financing and refinanced its debt with a new mortgage payable to Marathon Structured Finance Fund L.P. (the "Marathon Financing") in the amount of \$34,468,750 secured by the four properties of the Partnership. The mortgage note payable provides for future advances of \$3,031,250. The mortgage is payable in monthly installments of interest only through August 2010. Interest on this note is accrued at a variable rate of 2.25% in excess of one month LIBOR, which was 7.6% as of December 31, 2006.

The Company defeased the prior mortgage note payable having a balance of \$30,454,577 by purchasing Treasury securities sufficient to make the monthly debt service payments and the balloon payment due under the mortgage agreement. The Treasury securities were then substituted for the four properties that originally served as collateral for the mortgage.

As part of the defeasance, the Treasury securities and mortgage debt was transferred to a third party successor borrower that is responsible for all remaining obligations under this debt. As such, the mortgage debt is not reflected in the accompanying balance sheets as of December 31, 2006. In connection with the defeasance, the Partnership incurred early extinguishment of debt costs of approximately \$416,492.

### *Financial Information About Industry Segment*

The Partnership's business and only industry segment is the operation of its four manufactured housing communities. For a description of the Partnership's revenues, operating profit and assets please refer to Items 6 and 8 of this Form 10-K.

## Narrative Description of Business

### General

The Properties were selected from 23 manufactured housing communities then owned by affiliates of P.I. Associates Limited Partnership, a Michigan limited partnership, the General Partner (the "General Partner") of the Partnership. The Partnership rents home sites in the Properties to owners of manufactured homes. It was intended that the Partnership would hold the Properties for extended periods of time, originally anticipated to be seven to ten years after their acquisition. The General Partner has the discretion to determine when a Property is to be sold; provided, however, that the determination of whether a particular Property should be disposed of will be made by the General Partner only after consultation with an independent consultant, Manufactured Housing Services Inc. (the "Consultant"). In making their decisions they will consider relevant factors, including, current operating results of the particular Property and prevailing economic conditions, with a view to achieving maximum capital appreciation to the Partnership while considering relevant tax consequences and the Partnership's investment objectives.

### Competition

The business of owning and operating residential manufactured housing communities is highly competitive, and the Partnership may be competing with a number of established companies having greater financial resources. Moreover, there has been a trend for manufactured housing community residents to purchase (where zoning permits) their home sites on a collective basis. This trend may result in increased competition with the Partnership for residents. In addition, the General Partner, its affiliates or both, have participated, and may in the future participate, directly or through other partnerships or investment vehicles in the acquisition, ownership, development, operation and sale of projects, which may be in direct competition with one or more of the Properties.

Each of the Properties competes with numerous similar facilities located in its geographic area. The Margate/Fort Lauderdale area contains approximately seven communities offering approximately 2,758 sites competing with Aztec Estates. The Davie/Fort Lauderdale area contains approximately six communities offering approximately 3,133 sites competing with Kings Manor. Old Dutch Farms competes with approximately ten communities offering approximately 4,724 sites. Park of the Four Seasons competes with approximately 11 communities offering approximately 3,193 sites. The Properties also compete against other forms of housing, including apartment and condominium complexes, and site built homes.

### Governmental Regulations

The Properties owned by the Partnership are subject to certain state regulations regarding the conduct of the Partnership operations. For example, the State of Florida regulates agreements and relationships between the Partnership and the residents of Aztec Estates and Kings Manor. Under Florida law, the Partnership is required to deliver to new residents of those Properties a prospectus describing the Property and all tenant rights,

Property rules and regulations, and changes to Property rules and regulations. Florida law also requires minimum lease terms, requires notice of rent increases, grants to tenant associations certain rights to purchase the community if being sold by the owner and regulates other aspects of the management of such properties. The Partnership is required to give 90 days notice to the residents of Florida properties of any rate increase, reduction in services or utilities or change in rules and regulations. If a majority of the residents object to such changes as unreasonable, the matter must be submitted to the Florida Department of Business Regulations for mediation prior to any legal adjudication of the matter. In addition, if the Partnership seeks to sell Florida Properties to the general public, it must notify any homeowners' association for the residents, and the association shall have the right to purchase the Property for the price, terms and conditions being offered to the public within 45 days of notification by the owner. If the Partnership receives an unsolicited bonafide offer to purchase the Property from any party, it must notify any such homeowners' association that it has received an offer, state to the homeowners' association the price, terms and conditions upon which the Partnership would sell the Property, and consider (without obligation) accepting an offer from the homeowners' association. The Partnership has, to the best of its knowledge, complied in all material respects with all requirements of the States of Florida, Michigan and Minnesota, where its operations are conducted.

### Employees

The Partnership employs three part-time employees to perform partnership management and investor relations services. The Partnership retains an affiliate, Uniprop AM, LLC, as the property manager for each of its Properties. Uniprop AM, LLC is paid a fee equal to the lesser of 5% of the annual gross receipts from each of the Properties or the amount which would be payable to unaffiliated third parties for comparable services. Uniprop AM, LLC retains local managers on behalf of the Partnership at each of the Properties. Salaries and fringe benefits of such local managers are paid by the Partnership and are not included in any property management fee payable to Uniprop AM, LLC. The yearly salaries and expenses for local managers range from \$22,000 to \$52,000. Local managers have no direct management authority; make no decisions regarding operations and act only in accordance with instructions from the property manager.

## **ITEM 1A. RISK FACTORS**

### FACTORS THAT MAY AFFECT FUTURE OPERATING RESULTS

The following risks and uncertainties could cause our business, financial condition or results of operations to be materially adversely affected. In that case, we might not be able to pay distributions on our Units, the net asset values of the Units could decline, and a Unit holder might lose all or a portion of its investment.

1. **Real Estate Investments.** The Partnership's investments are subject to the same risks generally incident to the ownership of real estate including: the uncertainty of cash flow to meet fixed or variable obligations, adverse changes in economic conditions, changes in the investment climate for real estate, adverse changes in local market conditions, changes in interest rates and the availability of mortgage

funds or chattel financing, changes in real estate tax rates, governmental rules and regulations, acts of God and the inability to attract or retain residential tenants.

Residential real estate, including manufactured housing communities, is subject to adverse housing pattern changes and uses, vandalism, rent controls, rising operating costs and adverse changes in local market conditions such as a decrease in demand for residential housing due to a decrease in employment. State governments also often regulate the relationship between manufactured housing community owners and residents.

2. **The General Partner and its Affiliates have Conflicts of Interest.** Although the General Partner has a fiduciary duty to manage the Partnership in a manner beneficial to the Unit holders, the directors and officers of the General Partner have a fiduciary duty to manage the General Partner in a manner beneficial to its owners. Furthermore, certain directors and officers of the General Partner are directors or officers of affiliates of the General Partner. Conflicts of interest may arise between the General Partner and its affiliates and the Unit holders. As a result of these conflicts, the General Partner may favor its own interests and the interests of its affiliates over the interests of the Unit holders.
3. **Reliance on General Partner's Direction and Management of the Properties.** The success of the Partnership will, to a large extent, depend on the quality of the management of the Properties by the General Partner and affiliates of the General Partner and their collective judgment with respect to the operation, financing and disposition of the Properties. To the extent that the General Partner and its affiliates are unable to hire and retain quality management talent, the Partnership's financial results and operations may be adversely affected.
4. **Federal Income Tax Risks.** Federal income tax considerations will affect materially the economic consequences of an investment in the Properties. The tax consequences of the Partnership's activities are complex and subject to many uncertainties. Changes in the federal income tax laws or regulations may adversely affect the Partnership's financial results and its ability to make distributions to the Unit holders. Additionally, the tax benefits enjoyed by the Unit holders may be reduced or eliminated.
5. **Limited Liquidity of the Units.** The transfer of Units is subject to certain limitations. The public market for such Units is limited. Unit Holders may not be able to liquidate their investment promptly or at favorable prices, if at all.
6. **Competition.** The business of owning and operating residential manufactured housing communities is highly competitive. The Partnership competes with a number of established communities having greater financial resources. Moreover, there has been a trend for manufactured housing community residents to purchase home sites either collectively or individually. Finally, the popularity and affordability of site built homes has also increased in recent years while the availability of chattel

financing has decreased. These trends have resulted in increased competition for tenants to occupy the Partnership properties.

7. **Management and Control of Partnership Affairs.** The General Partner is vested with full authority as to the general management and supervision of the business affairs of the Partnership. The Unit Holders do not have the right to participate in the management of the Partnership or its operations. However, the vote of Unit Holders holding more than 50% of the outstanding voting interests is required to: (a) amend the Partnership Agreement; (b) approve or disprove the sale of one property or a series of transactions of all or substantially all of the assets of the Partnership; (c) dissolve the Partnership; (d) remove the General Partner; or (e) approve certain actions by the General Partner that the Consultant recommends against.
8. **Uninsured Losses.** The Partnership carries comprehensive insurance, including liability, fire and extended coverage, and rent loss insurance which is customarily obtained for real estate projects. There are certain types of losses, however, that may be uninsurable or not economically insurable such as certain damage caused by a hurricane. If such losses were to be incurred, the financial position and operations of the Partnership as well as the Partnership's ability to make distributions would be adversely affected.
9. **Environmental Matters.** Because the Partnership deals with real estate, it is subject to various federal, state and local environmental laws, rules and regulations. Changes in such laws, rules and regulations may cause the Partnership to incur increased costs of compliance which may have a material adverse effect on the operations of the Partnership and its ability to make distributions to Unit holders.
10. **No Guarantee of Distributions.** The General Partner may withhold cash for extended periods of time if such cash is necessary to build cash reserves or for the conduct of the Partnership's business. A Unit holder will be required to pay federal income taxes, and, in some cases, state and local income taxes on the Unit holder's share of the Partnership's taxable income, whether or not cash distributions are made by the Partnership. A Unit holder may not receive cash distributions from the Partnership equal to the holder's share of taxable income or even equal to the tax liability that results from the Unit holder's share of the Partnership's taxable income.
11. **The Partnership May Not be Able to Generate Sufficient Working Capital to Fund its Operations.** There can be no assurance that the Partnership will generate sufficient working capital from operations to operate the business or to fund distributions. Further, there can be no assurance that the Partnership will be able to borrow additional funds on terms favorable to the Partnership, if at all, to meet unanticipated working capital needs or to make distributions to the Unit holders.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 2. PROPERTIES**

The Partnership purchased all four manufactured housing communities for cash. As a result of the 1997 financing and subsequent refinance in August 2006, the Properties are now encumbered with mortgages.

Each of the Properties is a modern manufactured housing community containing lighted and paved streets, side-by-side off-street parking and complete underground utility systems. The Properties consist of only the underlying real estate and improvements, not the actual homes themselves. Each of the Properties has a community center which includes offices, meeting rooms and game rooms. Each of the Properties, except Old Dutch Farms, has a swimming pool and tennis courts. The Kings Manor community center was destroyed by Hurricane Wilma and has not yet been rebuilt.

The table below contains certain information concerning the Partnership's four properties.

<u>Property Name and Location</u>	<u>Year Constructed</u>	<u>Acreage</u>	<u>Number of Sites</u>
Aztec Estates Sundial Circle Margate, FL	1970	100	645
Kings Manor State Road 84 & Flamingo Road Ft. Lauderdale, FL	1972	45	314
Old Dutch Farms Napier Road Novi, MI	1972	47	293
Park of the Four Seasons 113 <sup>th</sup> Ave, N.E. Blaine, MN	1972	107	572

## **ITEM 3. LEGAL PROCEEDINGS**

In the opinion of the Partnership and its legal counsel, there are no material legal proceedings pending except such ordinary routine matters as are incident to the kind of business conducted by the Partnership. To the knowledge of the Partnership and its counsel, no legal proceedings have been instituted or are being contemplated by any governmental authority against the Partnership.

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

The voting privileges of the Limited Partners are restricted to certain matters of fundamental significance to the Partnership. The Limited Partners must approve certain major decisions of the General Partner if the General Partner proposes to act without the approval of the Consultant. The Limited Partners also have a right to vote with respect to the removal and replacement of the General Partner, dissolution of the Partnership, material amendments to the Partnership Agreement and the sale or other disposition of all or substantially all of the Partnership's assets except in the ordinary course of the Partnership's disposing of the Properties.. Such matters must be approved by Limited Partners holding in the aggregate more than 50% of the then outstanding Units.

During 2006, a proxy vote was held to approve the refinancing of the Nomura Financing, to pay the remaining balance of \$1,970,000 of the Contingent Purchase Price and to authorize an amendment to the Partnership Agreement to allow for the payment to the General Partner (or an affiliate) a fee of 1.25% of the gross proceeds of any financing for services rendered in connection with any new financing. This vote passed although only \$810,000 of the remaining balance of the Contingent Purchase Price was actually paid.

### **PART II**

#### **ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

There is no established public trading market for the Units and it is not anticipated that one will ever develop. Each year, less than five percent of the Units are transferred including transfers on account of death or intra-family transfers. The Partnership believes there is no formal secondary market, or the substantial equivalent thereof, and none will develop.

The General Partner calculates the estimated net asset value of each Unit by dividing the amount of distributions that would be made to the Limited Partners in the event of the current sale of the Properties at their current appraised value, less mortgage debt and sales expenses (but without consideration to tax consequences of the sale), by 30,000. In March 2007, the Properties were appraised at an aggregate fair market value of \$66,100,000. Assuming a sale of the four properties at the appraised value in March 2007, less payment of 3.0% selling expenses, mortgage debt of \$34,468,750, the \$1,160,000 Contingent Purchase Price due to certain partners of the General Partner, and after the 80/20% split of sale or financing proceeds with the General Partner, the net aggregate proceeds available for distribution to the Limited Partners is \$22,790,600, or \$759.69 per Unit. There can be no assurance that the estimated net asset value could ever be realized. As of December 31, 2006, the Partnership had 2,079 Limited Partners holding 30,000 Units.

The following table sets forth the distributions per limited partnership unit for each calendar quarter in the last two fiscal years. Distributions were paid in the periods immediately subsequent to the periods in which such distributions were declared.

Quarter Ended	<u>Distribution per Limited Partnership Unit</u>	<u>Distribution to General Partners</u>
March 31, 2006	\$ .00	\$157,125
June 30, 2006	\$ .00	\$157,125
September 30, 2006	\$ .00	\$157,125
December 31, 2006	\$ .00	\$157,125
March 31, 2005	\$3.00	\$181,000
June 30, 2005	\$3.00	\$184,000
September 30, 2005	\$3.00	\$184,000
December 31, 2005	\$ .00	\$100,000

The Partnership intends to declare quarterly distributions. However, distributions are determined by the General Partner and depend on the results of the Partnership's operations. During the Fourth Quarter of 2005, as fully described in Form 8-K filed on December 2, 2005, Hurricane Wilma interrupted the Partnership's operations by damaging physical property and damaging approximately 100 resident-owned homes in both Aztec Estates and Kings Manor. The lost rental income from these homes was temporarily replaced by the FEMA lease. The FEMA lease is expected to terminate in the Second Quarter of 2007. As a result of the Aztec situation and declining occupancy at the other three communities, the distribution remains suspended.

As fully described in Form 8-K dated August 30, 2006, the General Partner believes that the land value of Aztec Estates in a mixed-use residential designation exceeds the land value as a manufactured home community especially considering the occupancy losses precipitated by Hurricane Wilma. This rezoning process is ongoing but is expected to be completed during 2007. Marketing of the property will commence upon successful completion of the rezoning.

The Partnership has no equity compensation plans.

## **ITEM 6. SELECTED FINANCIAL DATA**

The following table summarizes selected financial data for Unipro Manufacturing Communities Income Fund, a Michigan Limited Partnership, for the periods ended December 31, 2006, 2005, 2004, 2003 and 2002:

	<b>Fiscal Year Ended December 31, 2006</b>	<b>Fiscal Year Ended December 31, 2005</b>	<b>Fiscal Year Ended December 31, 2004</b>	<b>Fiscal Year Ended December 31, 2003</b>	<b>Fiscal Year Ended December 31, 2002</b>
Total Assets	<u>\$19,433,210</u>	<u>\$19,094,555</u>	<u>\$19,330,739</u>	<u>\$20,446,593</u>	<u>\$20,890,327</u>
Note Payable	<u>\$34,468,750</u>	<u>\$30,762,766</u>	<u>\$31,190,519</u>	<u>\$31,576,444</u>	<u>\$31,939,585</u>
Revenue	\$9,952,138	\$10,259,267	\$10,430,726	\$10,713,194	\$10,797,708
Expenses	<u>(10,595,983)</u>	<u>(11,287,475)</u>	<u>(10,324,437)</u>	<u>(9,905,031)</u>	<u>(9,793,992)</u>
Net (Loss) Income	<u>\$(643,845)</u>	<u>\$(1,028,208)</u>	<u>\$106,289</u>	<u>\$ 808,163</u>	<u>\$ 1,003,716</u>
Distributions to Limited Partners, per Unit	\$0.00	\$9.00	\$12.00	\$12.00	\$12.00
Income (loss) per Unit:					
Class A	(\$32)	(\$41)	(\$9)	\$9	\$15
Class B	\$14	\$1	\$28	\$47	\$51
Weighted average number of Units outstanding:					
Class A	20,230	20,230	20,230	20,230	20,230
Class B	9,770	9,770	9,770	9,770	9,770

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

### **Capital Resources**

The capital formation phase of the Partnership began on February 10, 1986, when Aztec Estates and Kings Manor were purchased by the Partnership and operations commenced. On March 4, 1986, and March 27, 1986, Old Dutch Farms and Park of the Four Seasons were purchased, respectively. From the \$30,000,000 capital raised from the sale of the units, \$26,400,000 was used to purchase the four Properties after deducting sales commissions, advisory fees and other organization and offering costs.

In an effort to provide Limited Partners with a full return of original capital contributions of \$1,000 per unit, the General Partner, with majority consent from the Limited Partners, mortgaged the four Properties owned by the Partnership on March 25, 1997 in the aggregate amount of \$33,500,000. The General Partner acknowledges that mortgages impose some risks to the Partnership, but considers that such risks are not greater than risks typically associated with real estate financing.

As part of the Marathan Financing that occurred on August 11, 2006, the Nomura Financing has been defeased. This defeasance required the Partnership to establish an irrevocable defeasance trust through a successor borrower funded with U.S. treasury bills sufficient to fund all required mortgage payments through the optional prepayment date of January 11, 2007.

The defeasance trust was subsequently assigned to a successor borrower and the Partnership has no ongoing obligation. As a result, the Partnership wrote off financing costs of approximately \$66,000 associated with the original loan.

On February 28, 2006, the Partnership sold its manufactured home inventory to an affiliate of the General Partner for its fair market value of \$875,197. The fair market value was determined using The Manufactured Housing Appraisal Guide of the National Automobile Dealers Association as well as comparables in each market. The consideration for the sale was used to reduce the \$756,179 line of credit with the buyer, Uniprop Homes, Inc., and the balance of \$119,019 was received in cash.

On August 11, 2006, the Partnership borrowed \$34,468,750 from Marathon Structured Finance Fund, L.P. The note provides for future advance of \$3,031,250. The borrowing is secured by the four Properties. The note is payable in monthly installments of interest only through August 2010. Interest on this note is accrued at a variable rate of 2.25% in excess of One month LIBOR, which was 7.6% as of December 31, 2006.

In connection with the new mortgage debt, the Fund has entered into an interest rate cap with Fifth Third Bank to reduce a portion of the risk relating to the variable interest rate. The notional amount of the interest rate cap is \$34,000,000. The strike rate is 7% based on the One month LIBOR index. The interest rate cap expires on September 1, 2008. The cost of the interest rate cap was \$10,400.

The Partnership incurred \$1,154,449 in financing costs as a result of the refinancing which will be amortized over the remaining life of the Loan of approximately 4 years.

In addition; \$810,000 was paid to certain partners of the General Partner to reduce the Contingent Purchase Price of \$1,970,000 to \$1,160,000.

### Liquidity

The Partnership has, since inception, generated adequate amounts of cash to meet its operating needs including debt service and capital reserves. The Partnership retains cash reserves, which it believes will be adequate to maintain the Properties. Funds available beyond current and anticipated needs are distributed to the Partners quarterly. Since the damage caused by Hurricane Wilma and occupancy losses on the other properties, distributions have been suspended.

While the Partnership is not required to maintain a working capital reserve, it has not distributed all the cash generated from operations in order to maintain cash reserves. As of December 31, 2006, the Partnership's cash balance amounted to \$657,371. The amount of any funds placed in reserve is at the discretion of the General Partner. The Partnership expects to generate adequate amounts of cash to meet its operating needs and debt service during the next fiscal year.

The Partnership held a line of credit with National City Bank of Michigan/Illinois for \$1,000,000. Interest on this note was accrued at a variable rate of 1.80% in excess of One month LIBOR. This note was paid in full on August 11, 2006, as a result of the refinance, described previously, and has not been renewed.

The Partnership had a renewable \$1,000,000 line of credit with Uniprop Homes, Inc, an affiliated entity that expired during 2006. The interest rate was prime rate minus .5%. The sole purpose of the line of credit was to purchase new and used homes to be used as model homes offered for sale within the Partnership's communities. On February 28, 2006, the Partnership sold its manufactured home inventory to Uniprop Homes, Inc. - an affiliate of the General Partner - for its fair market value of \$875,197. The fair market value was determined using The Manufactured Housing Appraisal Guide of the National Automobile Dealers Association as well as comparables in each market. The consideration for the sale was used to reduce the \$756,179 balance on the line of credit with the buyer, Uniprop Homes, Inc., and the balance of \$119,019 was received in cash.

The Partnership had an unsecured note with an affiliated entity that was to expire in January 2011 used for financing the purchase of managers' homes. Interest on the outstanding balance was charged at a fixed rate of 12%. This note was paid in full on October 18, 2006 as a result of the refinance.

The Partnership currently holds a term loan with a bank in the original amount of \$750,000 that matures in October 2010. The note is payable in monthly installments of \$12,500 plus interest of 1.80% in excess of the one month LIBOR rate, which was 7.15% at December 31, 2006. This term loan was undertaken for the cost of the sewer connection at Old Dutch Farms. The outstanding balance under this agreement was \$587,500 as of December 31, 2006.

On August 11, 2006, the Partnership refinanced its existing mortgage note payable and executed a new mortgage payable in the amount of \$34,468,750 secured by the four properties of the Partnership. The mortgage note payable provides for future advances of \$3,031,250. The mortgage is payable in monthly installments of interest only through August 2010. Interest on this note is accrued at a variable rate of 2.25% in excess of one month LIBOR, which was 7.6% as of December 31, 2006.

Future maturities on the note payable for the next five years are as follows:  
2007 - \$0; 2008 - \$0, 2009 - \$0 and 2010 - \$34,468,750.

The yearly Partnership Management Distribution due to the General Partner for 2006 was \$628,500, or 1.0% of the 2006 appraised value of the properties held by the

Partnership (\$62,850,000 x 1%). Actual Partnership Management Distribution paid to the General Partner during 2006 was \$571,375, a portion of which was calculated based on the 2006 appraised value of the properties held by the Partnership. The General Partner suspended payment of the Incentive Management distribution during 2006.

### Results of Operations

#### a. Distributions

For the years ended December 31, 2006 and 2005, the Partnership paid distributions to Limited Partners of \$0.00 and 9.00 per Unit held, or \$0 and \$270,000, respectively.

The General Partner receives a quarterly Partnership Management Distribution equal to .25% of the appraised value of the properties of the Partnership (equal to \$628,500 annually based on 2006 appraisals). Thereafter, distributions are made at the discretion of the General Partner, and are allocated 20% to the General Partner as an Incentive Management Interest and 80% to the Limited Partners. The General Partner received distributions totaling \$571,375, \$710,500, and \$716,375 during the years ended December 31, 2006, 2005, and 2004, respectively.

#### b. Revenue

The manufactured housing industry in general has experienced lower retail home sales over the last three years due to restrictive financing and to the ease at which site built homes can be acquired and financed. The Partnership sold its manufactured home inventory to an affiliated entity in 2006. The proceeds of the sale were used to payoff the debt associated with the home inventory, and generated \$119,019 in cash flow to the Partnership. As a result, gross revenue decreased by \$307,129 in 2006 as compared to 2005.

#### c. Net Income (loss)

For the years ended December 31, 2006, 2005 and 2004, net (loss) income was (\$643,845), (\$1,028,208) and \$106,289 on total revenues of \$9,952,138, \$10,259,267 and \$10,430,726 respectively.

Distributions to all Partners were \$571,375, \$980,500 and \$1,076,375 for the years ended December 31, 2006, 2005, and 2004, respectively.

#### d. Partnership Management

Certain employees of the Partnership are also employees of affiliates of the General Partner. The Partnership paid these employees an aggregate of \$145,415, \$120,905 and \$116,323, in 2006, 2005 and 2004, respectively, to perform partnership management and investor relations services for the Partnership.

#### e. Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 is effective for fiscal years beginning after December 15, 2006. This interpretation clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS 109, “Accounting for Income Taxes” and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on various related matters such as derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Partnership is a tax-free entity, and under FIN 48, the Partnership does not expect any impact.

In September 2006, the Securities and Exchange Commission Staff issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements” (“SAB No. 108”). SAB No. 108 was issued to eliminate the diversity in practice surrounding how public companies quantify financial misstatements. SAB No. 108 requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. The adoption of SAB No. 108 did not have any impact on the Partnership’s financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Partnership is currently evaluating the impact of this pronouncement on the Partnership’s financial position and results of operations.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS 159”), which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company’s choice to use fair value on its earnings. SFAS 159 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. SFAS 159 does not eliminate disclosure requirements of other accounting standards, including fair value measurement disclosures in SFAS 157. This statement is effective as of the beginning of an entity’s first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to

apply the provisions of Statement 157. The Partnership is currently evaluating the impact of this pronouncement on the Partnership's financial position and results of operations.

f. Critical Accounting Policies

In the course of developing and evaluating accounting policies and procedures, we use estimates, assumptions and judgments to determine the most appropriate methods to be applied. Such processes are used in determining capitalization of costs related to real estate investments and potential impairment of real estate investments.

Real estate assets are stated at cost less accumulated depreciation. Expenditures for property maintenance are charged to operations as incurred, while significant renovations are capitalized. Depreciation of the buildings is recorded on the straight-line method using an estimated useful life of thirty years.

In determining the fair value of real estate investments, we consider future cash flow projections on a property by property basis, current interest rates and current market conditions of the geographical location of each property.

The following table outlines our contractual obligations (in thousands) as of December 31, 2006.

	<u>Totals</u>	<u>Yr 1</u>	<u>Yrs 2-3</u>	<u>Yrs 4-5</u>	<u>Over 5 Yrs</u>
Term debt	\$588	\$150	\$300	\$138	
Mortgages payable	<u>\$34,469</u>	<u>\$0</u>	<u>\$0</u>	<u>\$34,469</u>	<u>\$0</u>
Total	<u>\$35,057</u>	<u>\$150</u>	<u>\$300</u>	<u>\$34,607</u>	<u>\$0</u>

The future payments listed above for long-term debt repayments exclude interest payments.

g. Property Operations

Overall, the four Properties had a combined average occupancy of 59% for the year ended December 31, 2006; as compared to 77% the year ended December 31, 2005; and 78% the year ended December 31, 2004. The average collected monthly rent for the year ended December 31, 2006 (not a weighted average) was approximately \$499 per home-site as compared to \$490 for the year ended December 31, 2005 and \$479 for the year ended December 31, 2004.

	<b>Total Sites</b>	<b>Occupied Sites at December 31</b>	<b>Occupancy Rate at December 31</b>	<b>Average Rent</b>

		<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Aztec Estates	645	314	624	482	49%	97%	75%	\$543	\$529	\$517
Kings Manor	314	260	287	295	83	91	94	550	535	514
Old Dutch Farms	293	125	155	201	43	53	69	450	450	450
Park 4 Seasons	<u>572</u>	<u>355</u>	<u>380</u>	<u>455</u>	<u>62</u>	<u>66</u>	<u>80</u>	<u>454</u>	<u>445</u>	<u>434</u>
Overall	1,824	1,054	1,446	1,433	59%	77%	78%	\$499	\$490	\$479

The following table summarizes gross revenues and net operating income for the Partnership and Properties during 2006, 2005 and 2004.

	GROSS REVENUE			NET OPERATING (LOSS) INCOME AND NET (LOSS) INCOME		
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Aztec Estates	\$4,645,318	\$4,274,079	\$4,431,458	\$2,464,433	\$1,763,404	\$1,459,081
Kings Manor	2,223,228	2,679,828	2,188,251	1,307,416	1,234,269	1,081,113
Old Dutch Farms	942,673	968,920	1,229,045	122,309	(156,219)	502,302
Park of the Four Seasons	<u>2,109,083</u>	<u>2,306,409</u>	<u>2,573,639</u>	<u>1,051,013</u>	<u>1,126,581</u>	<u>1,428,857</u>
	\$ 9,920,302	\$10,229,236	\$10,422,393	\$4,945,176	\$3,968,035	\$4,471,353
Partnership Management	\$31,836	\$30,031	\$8,333	(416,344)	(446,443)	(293,844)
Other Expenses				(950,382)	(698,604)	(488,124)
Interest Expense				(3,273,602)	(2,925,821)	(2,715,486)
Depreciation				<u>(948,688)</u>	<u>(925,375)</u>	<u>(867,610)</u>
TOTAL:	\$9,952,138	\$10,259,267	\$10,430,726	(\$643,845)	(\$1,028,208)	\$106,289

Net Operating Income (“NOI”) is a non-GAAP financial measure equal to net income, the most comparable GAAP financial measure, plus depreciation, interest expense, partnership management expense, and other expenses. The Partnership believes that NOI is useful to investors and the Partnership’s management as an indication of the Partnership’s ability to service debt and pay cash distributions. NOI presented by the Partnership may not be comparable to NOI reported by other companies that define NOI

differently, and should not be considered as an alternative to net income as an indication of performance or to cash flows as a measure of liquidity or ability to make distributions.

### **Comparison of Year Ended December 31, 2006 to Year Ended December 31, 2005**

Total revenues decreased \$307,129 or 3%, to \$9,952,138 in 2006, compared to \$10,259,267 in 2005. The decrease was primarily due to the elimination of the home sales business at the Partnership as discussed previously.

The Partnership's operating expenses decreased \$691,492, from \$11,287,475 in 2005, to \$10,595,983 in 2006. Again, the decrease was primarily due to the elimination of the home sales business at the Partnership.

As a result of the aforementioned factors, the Partnership had a net loss of (\$643,845) in 2006, compared to net loss of (\$1,028,208) in 2005.

### **Comparison of Year Ended December 31, 2005 to Year Ended December 31, 2004**

Total revenues decreased \$171,459 or less than 2%, to \$10,259,267 in 2005, compared to \$10,430,726 in 2004. The decrease was primarily the result of lower occupancy levels for the year ended December 31, 2005. Rental revenues decreased \$433,933 for the year ended December 31, 2005.

The Partnership's operating expenses increased \$963,038, from \$10,324,437 in 2004, to \$11,287,475 in 2005. The increase was primarily the result of higher property operations expense, including a \$264,000 disposal cost of the waste water treatment plant at Old Dutch Farms, higher home sale expense due to an inventory impairment charge of \$209,000 and \$248,000 of higher interest expense relating to the cancelled refinancing.

As a result of the aforementioned factors, the Partnership had a net loss of (\$1,028,208) in 2005, compared to net income of \$106,289 in 2004.

## **IMPORTANT DISCLOSURES**

The General Partner believes it is important to disclose certain recent events to the Limited Partners along with a description of the actions taken by the General Partner to respond to the events.

During 2006, industry conditions remained depressed due to the lack of available retail financing as well as the ease of financing site-built homes. Declining retail home sales for manufactured homes and high default rates on chattel mortgage loans for manufactured homes continued through 2006. The surplus of quality, pre-owned homes available in the market has now diminished. Uniprop Homes, as the selling agent for the Partnership, does continue to look for these opportunities when available. While the lack of availability of chattel financing is an industry-wide phenomenon, this factor is having a particularly adverse effect on Park of the Four Seasons and Old Dutch Farms. The recent

reductions in prices of both new and pre-owned site built homes in many markets is also making competition for buyers much more challenging. As a result, occupancy levels have decreased in recent years, and management does not expect a short term turnaround. As lending standards for site built homes begin to tighten because of high default rates in that market, demand for manufactured housing may increase but this increase, if it occurs, may take years to materialize. The planned rezoning of Aztec Estates, as previously described in Item 5 of this Form 10K, is a direct response to these market conditions.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Partnership is exposed to interest rate risk primarily through its borrowing activities. There is inherent roll over risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Partnership's future financing requirements.

Note Payable: At December 31, 2006, the Partnership had a note payable in the amount of \$37,500,000. Interest is accrued at a variable rate of 2.25% in excess of One Month LIBOR. The outstanding balance of this note at December 31, 2006, was \$34,468,750, and provides for future advance of \$3,031,250.

Term Loan: At December 31, 2006 the Partnership holds a term loan with National City Bank of the Midwest in the original amount of \$750,000. Interest on this note is accrued at a variable rate of 1.80% in excess of the One Month LIBOR rate. This line of credit was established for the cost of the sewer connection at Old Dutch Farms. As of December 31, 2006, the outstanding balance was \$587,500 and the One Month LIBOR rate was 7.15%.

A 10% adverse change in interest rates on the portion of the Partnership's debt bearing interest at variable rates would result in an increase in interest expense of more than \$260,000. As part of the refinance, the Partnership negotiated a lower variable interest rate which could expose the Partnership to higher interest expense if LIBOR were to increase dramatically. As previously described, the Partnership has entered into an interest rate cap to mitigate some of the variable rate interest exposure. Management does not expect it to have any effect on interest expense, absent some unforeseen economic event which cannot be predicted.

The Partnership does not enter into financial instruments transactions for trading or other speculative purposes.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The following Partnership's financial statements for the fiscal years ended December 31, 2006, 2005 and 2004, and supplementary data are filed with this Report:

- (i) Report of Independent Registered Public Accounting Firm

- (ii) Balance Sheets as of December 31, 2006 and 2005.
- (iii) Statements of Operations for the fiscal years ended December 31, 2006, 2005 and 2004
- (iv) Statements of Partners' Equity (Deficit) for the fiscal years ended December 31, 2006, 2005 and 2004
- (v) Statements of Cash Flows for the fiscal years ended December 31, 2006, 2005 and 2004

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

There has been no change in the Partnership's independent registered public accounting firm nor have there been any disagreements during the Partnership's two most recent fiscal years.

**ITEM 9A. CONTROLS AND PROCEDURES**

The Partnership maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Partnership's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to the Partnership's management, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a – 14(c). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. As of the end of the period covered by this report (the-evaluation date) the Partnership conducted an evaluation under the supervision and with the participation of its Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a – 14(c) under the Securities Exchange Act of 1934 ("the Exchange Act")). Based on this evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the evaluation date, the Partnership's disclosure controls and procedures were effective to reasonably ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There was no change in the Partnership's internal control over financial reporting during its most recently completed quarter that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

### PART III

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Partnership, as an entity, does not have any officers or directors. The General Partner of the Partnership is P.I. Associates Limited Partnership. P.I. Associates is a Michigan limited partnership. From November 1985 until March 19, 1997, Paul M. Zlotoff served as the sole general partner of P.I. Associates. In order to address concerns raised by the lender in connection with the Financing, on March 19, 1997, GP P.I. Associates Corp. was admitted as a corporate General Partner of P.I. Associates. GP P.I. Associates Corp. is wholly owned by Paul M. Zlotoff.

Information concerning Mr. Zlotoff's age and principal occupations during the last five years or more is as follows:

Paul M. Zlotoff, 57, became the Chairman of Uniprop, Inc. in May 1986 and was its President from 1979 through 1997. He is currently Director/Chairman of Uniprop, Inc. which is the General Partner of Genesis Associates Limited Partnership. Genesis Associates Limited Partnership is the General Partner of Uniprop Manufactured Housing Communities Income Fund II, a public limited partnership, which owns and operates nine manufactured housing communities. Mr. Zlotoff currently, and in the past, has acted as the General Partner for various other limited partnerships owning manufactured home communities, as well as some commercial properties.

The following individuals are the directors and officers of P.I. Associates Corp.:

<u>Name and Age</u>	<u>Position Held</u>
Paul M. Zlotoff, 57	Director and President
Joel Schwartz, 45	Secretary/Treasurer
Robert Sher, 68	Director
Roger Zlotoff, 46	Vice President

Joel Schwartz CPA, 45, became Chief Financial Officer of Uniprop Inc. on June 1, 2004. Mr. Schwartz is responsible for all financial affairs including accounting operations, banking relationships, raising mortgage capital, asset management and investor relations. From 1998 to 2004, Mr. Schwartz was Chief Financial Officer for Village Green Companies. From 1990 to 1998, Mr. Schwartz was Project Manager for Ford Motor Land Services Corporation. Mr. Schwartz was also an Associate at Plante

& Moran CPA's from 1983 to 1989. Mr. Schwartz received his B.A. from Michigan State University in 1983 with a major in accounting and received an MBA from the University of Michigan in 1990.

Robert Sher, CPA, 68 became Independent Director of GP PI Associates on September 1, 2004. As Independent Director, Mr. Sher is responsible for the oversight and approval of management decisions and strategic planning for the Fund. He also serves as the Audit Committee. Currently, a semi-retired real estate investor and Business Coach, Mr. Sher was Chief Financial Officer, Partner and Director of Schostak Brothers and Company, Inc, a family owned realty company from 1970 to 2004. Previously, Mr. Sher was an associate and partner with S. J. Bechek & Company, CPA's from 1964 to 1970.

Roger Zlotoff, 45 became Chief Investment Officer of Uniprop, Inc. on October 18, 1999. He became Vice President of Uniprop, Inc. in 2004. Mr. Zlotoff is primarily responsible for raising equity capital, managing partnership investments, evaluating acquisitions of existing properties and leading the development process for new properties. From 1997 to 1999, Mr. Zlotoff served as Director of Business Development for Vistana, Inc. in Orlando, FL. Previously, Mr. Zlotoff was Managing Director for Sterling Finance International from 1994 to 1997 and was a corporate banker, with First Union National Bank from 1988 to 1994. Mr. Zlotoff received his B.A. from the University of Central Florida as a philosophy major, and received his Master Degree in International Business from the University of South Carolina.

Paul M. Zlotoff and Roger Zlotoff are brothers.

### **CODE OF ETHICS**

Because the Partnership has no executive officers, the Partnership has not adopted a Code of Ethics for the Partnership. A code of ethics has been established for Directors, Officers, and Employees of Uniprop AM, LLC. A copy of the Code of Ethics is available at no charge upon request.

### **ITEM 11. EXECUTIVE COMPENSATION**

The Partnership has no executive officers and therefore, no officers received a salary or remuneration exceeding \$100,000 during the last fiscal year. The General Partner of the Partnership and an affiliate, Uniprop AM, LLC, received certain compensation and fees during the fiscal year in the amounts described in Item 13. The Partnership anticipates that it will provide similar compensation to the General Partner and Uniprop AM, LLC during the next fiscal year.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The Partnership is a limited partnership formed pursuant to the Michigan Uniform Limited Partnership Act, as amended. The General Partner, P.I. Associates Limited Partnership is vested with full authority as to the general management and supervision of the business and other affairs of the Partnership, subject to certain constraints in the partnership agreement and consulting agreement. Limited Partners have no right to participate in the management of the Partnership and have limited voting privileges only on certain matters of fundamental significance. To the Partnership's knowledge, no person owns of record or beneficially, more than five percent of the Partnership's Units.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The following discussion describes all of the types of compensation, fees or other distributions paid by the Partnership or others to the General Partner or its affiliates from the operations of the Partnership during the last fiscal year, as well as certain of such items which may be payable during the next fiscal year. Certain of the following arrangements for compensation and fees were not determined by arm's length negotiations between the General Partner, its affiliates and the Partnership.

Paul M. Zlotoff has an interest in the successors to the sellers of all the Properties acquired by the Partnership and may be entitled to share in a Contingent Purchase Price with respect to each Property, when and if the successors to the sellers become entitled thereto. Each of the sellers has been dissolved and liquidated and their interests in the Contingent Purchase Price have been assigned to certain partners of the General Partner. The Contingent Purchase Price for each Property was determined by reference to the average of two independent real estate appraisals that were obtained by the General Partner. Such appraisals are only estimates of value and are not necessarily indicative of the actual real estate value. Each seller becomes entitled to any unpaid Contingent Purchase Price upon the sale, financing or other disposition of one or more Properties, but, only after the receipt by each Limited Partner of any shortfall in his 9% cumulative preferred return plus the return of his adjusted capital contribution. Because the Nomura Financing resulted in a complete return of the Limited Partners' capital contributions, and because the Limited Partners have received their cumulative preferred return in full, the successors to the sellers did receive \$1,500,000 in partial payment of the Contingent Purchase Price on or about May 15, 1997. The maximum amounts which could be payable to the successors to the sellers are as follows: Aztec Estates, \$1,374,323; Kings Manor, \$529,724; Old Dutch Farms, \$452,359; and Park of the Four Seasons, \$1,113,594. The partial payment made for each property was as follows: Aztec Estates, \$594,088; Kings Manor, \$228,987; Old Dutch Farms, \$195,544; and Park of the 4 Seasons, \$481,381. As part of the Marathon Refinancing, the successors to the sellers received \$810,000 in partial payment of the Contingent Purchase Price on or about August 22, 2006. The partial payment made for each property was as follows: Aztec Estates, \$337,527; Kings Manor, \$130,086; Old Dutch Farms, \$111,051; and Park of the 4 Seasons, \$231,336. The maximum amounts remaining which could be payable to the successors of the sellers are as follows: Aztec Estates,

\$411,746; Kings Manor, \$158,737; Old Dutch Farms, \$135,658; and Park of the Four Seasons, \$453,858. The actual amounts to be received, if any, will depend upon the results of the Partnership's operations and the amounts received upon the sale, financing or other disposition of the Properties and are not determinable at this time.

The Partnership has suspended payment of the Incentive Management Interest to the General Partner for managing the Partnership's affairs, including: determining distributions, negotiating agreements, selling or financing properties, preparing records and reports, and performing other ongoing Partnership responsibilities. As a result of the Nomura Financing and full return of the \$30,000,000 original capital contributions of the Limited Partners, no further Preferred Return or Cumulative Return will apply and any future payments of the Incentive Management Interest will not be contingent on the satisfaction of those returns. The Incentive Management Interest is discretionary and is based on 20% of the net cash from operations (cash revenues less cash operating expenses and specified reserves) in any taxable year. For the year ended December 31, 2006, this distribution to the General Partner was suspended. The actual amount to be received in future years will depend upon the results of the Partnership's operations and is not determinable at this time. Because the Limited Partners have received the return of their adjusted capital contributions, the General Partner also has a right to receive 20% of any sale or financing proceeds.

The General Partner is also entitled to a quarterly Partnership Management Distribution equal to one-fourth of 1% of the most recent appraised value of the Properties of the Partnership. The Partnership Management Distribution for each quarter is paid in arrears, 45 days after the end of each fiscal quarter. The Partnership Management Distribution was proposed by the General Partner and approved by the Limited Partners to compensate, in part, for the substantial reduction in the amounts expected to be paid to the General Partner pursuant to the Incentive Management Interest following the Financing. Based on the Properties' March 2006 aggregate appraised value of \$62,850,000, the Partnership Management Distribution due to the General Partner was \$628,500. The Partnership Management Distribution paid to the General Partner during 2006 was \$571,375, a portion of which was calculated on the 2005 aggregate appraised value of \$64,600,000. The Distribution for fourth quarter, 2005, payable in 2006, was reduced below 1% based on the cash available at that time. Based on the Properties' March 2007 aggregate appraised value of \$66,100,000, the Partnership Management Distribution due the General Partner for the Partnership's 2007 fiscal year will be \$661,000 ( $66,100,000 \times 1.0\% = \$661,000$ ).

Uniprop AM, LLC, an affiliate of the General Partner, received and will receive property management fees for each Property managed by it. Uniprop AM, LLC is primarily responsible for the day-to-day management of the Properties and for the payment of the costs of operating each Property out of the rental income collected. The property management fees are equal to the lesser of 5% of the annual gross receipts from the Properties managed by Uniprop AM, LLC, or the amount which would be payable to an unaffiliated third party for comparable services. During the last fiscal year, Uniprop AM, LLC received property management fees totaling \$447,289. In addition, certain employees of the Partnership are also employees of affiliates of the General Partner. During the last

fiscal year, these employees received an aggregate of \$145,415 for performing partnership management and investor relations' services for the Partnership. The actual amounts to be received during the next fiscal year will depend upon the results of the Partnership's operations and are not determinable at this time. Uniprop Inc. had been the Partnership's management entity until it was replaced by Uniprop AM, LLC in 2003. Uniprop Homes, Inc., an affiliate of the General Partner, received commissions totaling \$3,235 for certain services provided as a broker/dealer of manufactured homes for the communities. Uniprop Homes represented the communities in the sale of new and pre-owned homes to community residents.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The Partnership retained BDO Seidman, LLP to audit its financial statements for the year ended December 31, 2006. The Partnership also retained BDO Seidman LLP to provide other services in 2006.

The aggregate fees billed to the Partnership for professional services performed by BDO Seidman, LLP were as follows.

	2006	2005
(1) Audit Fees	\$48,200	\$23,600
(2) Audit-Related Fees	\$0	\$0
(3) Tax Fees	\$13,000	\$12,500
(4) All Other Fees	\$0	\$0
(5) Total	\$61,200	\$36,100

**Audit fees:** pertain to the audit of the Partnerships annual financial statements, including reviews of the interim financial statements contained in the Partnerships Quarterly Reports of Form 10-Q.

**Tax fees:** pertain to services performed for tax compliance, including preparation of tax returns and partners Schedule K-1 processing. The services performed by BDO Seidman in 2006 were pre-approved by the General Partner.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) *Financial Statements*

(1) The following financial statements and related documents are filed with this Report:

- (i) Report of Independent Registered Public Accounting Firm
- (ii) Balance Sheets as of December 31, 2006 and 2005.
- (iii) Statements of Operations for the fiscal years ended December 31, 2006, 2005 and 2004

- (iv) Statements of Partners' Equity (Deficit) for the fiscal years ended December 31, 2006, 2005 and 2004
  - (v) Statements of Cash Flows for the fiscal years ended December 31, 2006, 2005 and 2004
- (2) The following financial statement schedule is filed with this report:

Schedule III - Real Estate and Accumulated Depreciation for the fiscal years ended December 31, 2006, 2005 and 2004

- (3) Exhibits

The following exhibits are incorporated by reference to the S-11 Registration Statement of the Partnership filed June 4, 1985, as amended on August 1, 1985 and September 11, 1985:

- 3(a) Amended Certificate of Limited Partnership for the Partnership
- 3(b) Agreement of Limited Partnership for the Partnership
- 10(a) Form of Management Agreement between the Partnership and Uniprop, Inc. as amended.

The following exhibits are incorporated by reference to the Form 10-K for fiscal year ended December 31, 1997:

- 3(c) Certificate of Amendment to the Certificate of Limited Partnership for the Partnership (originally filed with Form 10-Q for the fiscal quarter ended June 30, 1986).
- 4 Form of Certificate of Limited Partnership Interest in the Partnership (Originally filed with Form 10-K for the fiscal year ended December 31, 1986)
- 10(c) Contingent Purchase Price Agreement between the Partnership, Aztec Estates (Originally filed with Form 10-K for the fiscal year ended December 31, 1987)
- 10(d) Contingent Purchase Price Agreement between the Partnership and O.D.F. Mobile Home Park (Originally filed with Form 10-K for the fiscal year ended December 31, 1987)
- 10(e) Contingent Purchase Price Agreement between the Partnership and The Park of the Four Seasons (Originally filed with Form 10-K for the fiscal year ended December 31, 1987)

10(f) Refinancing loan Agreement between the Partnership and Nomura Asset Capital Corporation dated March 24, 1997

10(g) Line of Credit Loan Agreement between the Partnership and National City Bank of Michigan/Illinois dated August 24, 1994

The following exhibits are incorporated by reference to the Form 10-K for fiscal year ended December 31, 2004:

10(h) Line of Credit Loan between the Partnership and Uniprop Homes dated August 8, 2004

The following exhibits are incorporated by reference to the Form 10-K for fiscal year ended December 31, 2005:

10(b) Second Amended and Restated Consulting Agreement among the Partnership, the General Partner and the Consultant.

10(i) Term Loan between the Partnership and National City Bank of the Midwest dated October 19, 2005

The following exhibit is incorporated by reference to the Form 8-K that was filed on August 30, 2006

10(j) Letter summary of refinance with Marathon Structured Finance, formal Notice of Eviction and Notice of Application to Re-Zone Aztec Estates for potential redevelopment

The following exhibits are attached to this Report:

28 Letter summary of the estimated fair market values of the Partnership's four Manufactured housing communities as of March 1, 2007.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Uniprop Manufactured Housing Communities Income Fund, a Michigan Limited Partnership, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Uniprop Manufactured Housing Communities  
Income Fund, a Michigan Limited Partnership

BY: P.I. Associates Limited Partnership,  
General Partner

BY: GP P.I. Associates Corp.,  
General Partner

BY: /s/ Paul M. Zlotoff  
Paul M. Zlotoff, President

Dated: March 29, 2007

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

By: /s/ Joel Schwartz  
Joel Schwartz  
(Principal Financial Officer)

By: /s/ Paul M. Zlotoff  
Paul M. Zlotoff  
(Principal Executive Officer,  
President & Director of  
GP P.I. Associates Corp.)

By: /s/ Susann E. Szepytowski  
Susann E. Szepytowski  
(Chief Accounting Officer)

Dated: March 29, 2007

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul M Zlotoff, certify that:

1. I have reviewed this annual report on Form 10-K of Unipro Manufacturing Income Fund;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2007

Signature: /s/ Paul M. Zlotoff

Paul M. Zlotoff, Principal Executive Officer  
President & Director of GP P.I. Associates Corp.

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joel Schwartz, certify that:

1. I have reviewed this annual report on Form 10-K of Uniprop Manufactured Housing Income Fund;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2007

Signature: /s/ Joel Schwartz

Joel Schwartz, Principal Financial Officer  
Chief Financial Officer of Uniprop AM, LLC

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Unipro Manufacturing Communities Income Fund (the "Company") on Form 10-K for the year ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Paul M. Zlotoff, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and
2. The information contained in the Report fairly presents, in all material respect, the financial condition and results of operations of the Company.

/s/ Paul M. Zlotoff  
Principal Executive Officer,  
General Partner of P.I. Associates Limited Partnership  
President & Director of GP P.I. Associates Corp.

March 29, 2007

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Uniprop Manufactured Housing Communities Income Fund (the "Company") on Form 10-K for the year ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Joel Schwartz, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

3. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and
4. The information contained in the Report fairly presents, in all material respect, the financial condition and results of operations of the Company.

/s/ Joel Schwartz  
Principal Financial Officer,  
Chief Financial Officer of Uniprop AM, LLC

March 29, 2007

## EXHIBIT INDEX

	<b><u>DESCRIPTION</u></b>	<b><u>METHOD OF FILING</u></b>
3(a)	Amended Certificate of Limited Partnership for the Partnership	Incorporated by reference to the S-11 Registration Statement of the Partnership filed June 4, 1985, as amended on August 1, 1985 and September 11, 1985 ("Registration Statement").
3(b)	Agreement of Limited Partnership for the Partnership	Incorporated by reference to The Registration Statement.
3(c)	Certificate of Amendment to the Certificate of Limited Partnership for the Partnership (originally filed with Form 10-Q for the fiscal Quarter ended June 30, 1986).	Incorporated by reference to Form 10-K for fiscal year ended December 31, 1992.
3(d)	First Amendment to Agreement of Limited Partnership	Incorporated by reference to Form 10-K for the fiscal year ended December 31, 1996.
3(e)	Second Amendment to Agreement of Limited Partnership	Incorporated by reference to Form 10-K for the fiscal year ended December 31, 1996.
4	Form of Certificate of Limited Partnership Interest in the Partnership (originally filed with Form 10-K for the fiscal year ended December 31, 1986).	Incorporated by reference to Form 10-K for fiscal year ended December 1997.
10(a)	Form of Management Agreement between the Partnership and Uniprop AM, LLC	Incorporated by reference to The Registration Statement.

10(b)	Second Amended Consulting Agreement between the Partnership, the General Partner and Consultant	Incorporated by reference to Form 10-K for fiscal year ended December 2005
10(c)	Contingent Purchase Price Agreement between the Partnership, Aztec Estates, Ltd., and Kings Manor Associates (originally filed with Form 10-K for the fiscal year ended December 31, 1987)	Incorporated by reference to Form 10-K for fiscal year ended December 1997.
10(d)	Contingent Purchase Price Agreement between the Partnership and O.D.F. Mobile Home Park (originally filed with Form 10-K for the fiscal year ended December 31, 1987)	Incorporated by reference to Form 10-K for fiscal year ended December 1997.
10(e)	Contingent Purchase Price Agreement between the Partnership and The Park of the Four Seasons (originally filed with Form 10-K for the fiscal year ended December 31, 1987)	Incorporated by reference to Form 10-K for fiscal year ended December 1997.
10(f)	Refinancing loan Agreement between the Partnership and Nomura Asset Capital Corporation March 24, 1997	Incorporated by reference to Form 10-K for fiscal year ended December 1997
10(g)	Line of Credit Loan Agreement between the Partnership and National City Bank of Michigan/Illinois dated August 24, 1994	Incorporated by reference to Form 10-K for fiscal year ended December 1997
10(h)	Line of Credit Loan between the Partnership and Uniprop Homes dated August 8, 2004	Incorporated by reference to Form 10-K for fiscal year ended December 2004
10(i)	Term Loan between the	Incorporated by reference to Form 10-K for fiscal year ended December 2005.

	Partnership and National City Bank of the Midwest dated October 19, 2005	Incorporated by reference to the Form 8-K that was filed on August 30, 2006
10(j)	Letter summary of refinance with Marathon Structured Finance, formal Notice of Eviction and Notice of Application to Re-Zone Aztec Estates for potential redevelopment	Filed herewith
28	Letter summary of the estimated fair market values of the Partnership's nine manufactured housing communities, as of March 1, 2007.	
31.1	Certificate of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
31.2	Certificate of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
*32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.
*32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.

\* This certificate is being furnished solely to accompany the report pursuant to 18 U.S.C. 1350 and is not being filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Partnership, whether made before or after the date hereof, regardless of any general incorporation language in such filing.