

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 the Quarter Ended June 30, 2008**  
 TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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:  
\$1,000 per unit, units of limited partnership interest

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 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-Q or any amendment to this Form 10-Q

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes  No

UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND,  
A MICHIGAN LIMITED PARTNERSHIP

**INDEX**

	<u>Page</u>
<b>PART I</b>	<b>FINANCIAL INFORMATION</b>
<b>ITEM 1.</b>	<b>FINANCIAL STATEMENTS</b>
	Balance Sheets June 30, 2008 (Unaudited) and December 31, 2007
	3
	Statements of Operations Six and Three months ended June 30, 2008 and 2007 (Unaudited)
	4
	Statement of Partners' Equity (Deficit) Six months ended June 30, 2008 (Unaudited)
	4
	Statements of Cash Flows Six months ended June 30, 2008 and 2007 (Unaudited)
	5
	Notes to Financial Statements June 30, 2008 (Unaudited)
	6
<b>ITEM 2.</b>	<b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</b>
	9
<b>ITEM 3.</b>	<b>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</b>
	14
<b>ITEM 4.</b>	<b>CONTROLS AND PROCEDURES</b>
	15
<b>PART II</b>	<b>OTHER INFORMATION</b>
<b>ITEM 1.</b>	<b>LEGAL PROCEEDINGS</b>
	16
<b>ITEM 1A.</b>	<b>RISK FACTORS</b>
	16
<b>ITEM 6.</b>	<b>EXHIBITS</b>
	19

**UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND  
A MICHIGAN LIMITED PARTNERSHIP**

**BALANCE SHEETS**

<b>ASSETS</b>	<b><u>June 30, 2008</u></b> <b>(Unaudited)</b>	<b><u>December 31, 2007</u></b>
Properties:		
Land	\$724,087	\$724,087
Buildings and Improvements	4,806,009	4,806,009
Furniture and Fixtures	<u>55,833</u>	<u>55,833</u>
	5,585,929	5,585,929
Less Accumulated Depreciation	<u>(2,761,895)</u>	<u>(2,678,874)</u>
	2,824,034	2,907,055
Cash And Cash Equivalents	0	0
Other Assets	28,675	11,911
Assets of Discontinued Operations	<u>14,280,333</u>	<u>14,077,368</u>
Total Assets	<u>\$17,133,042</u>	<u>\$16,996,334</u>
<b>LIABILITIES and PARTNERS' DEFICIT</b>	<b><u>June 30, 2008</u></b> <b>(Unaudited)</b>	<b><u>December 31, 2007</u></b>
Note Payable-Bank	\$475,000	\$475,000
Accounts Payable	16,903	18,580
Other Liabilities	129,668	63,616
Mortgage Payable	37,127,106	36,410,872
Liabilities of Discontinued Operations	<u>806,910</u>	<u>490,543</u>
Total Liabilities	\$38,555,587	\$37,458,611
Partners' Equity (Deficit) :		
General Partner	(7,595,883)	(7,403,829)
Class A Limited Partners	(14,461,959)	(13,884,720)
Class B Limited Partners	<u>635,297</u>	<u>826,272</u>
Total Partners' Deficit	<u>(21,422,545)</u>	<u>(20,462,277)</u>
Total Liabilities And Partners' Deficit	<u>\$17,133,042</u>	<u>\$16,996,334</u>

See Notes to Financial Statements

**UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND I  
A MICHIGAN LIMITED PARTNERSHIP**

<b>STATEMENTS OF OPERATIONS (unaudited)</b>	<b>SIX MONTHS ENDED</b>		<b>THREE MONTHS ENDED</b>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Income:				
Rental Income	\$267,460	\$308,642	\$130,653	\$149,518
Other	<u>28,340</u>	<u>27,843</u>	<u>9,730</u>	<u>13,810</u>
Total Income	<u>\$295,800</u>	<u>\$336,485</u>	<u>\$140,383</u>	<u>\$163,328</u>
Operating Expenses:				
Administrative Expenses (Including \$81,686, \$130,588, \$40,164 and \$57,407, in Property Management Fees Paid to an Affiliate for the Six and Three Month Period ended June 30, 2008 and 2007 Respectively)	94,233	111,799	47,139	57,859
Property Taxes	76,425	76,752	38,187	38,361
Utilities	24,589	24,074	10,819	9,878
Property Operations	20,492	57,889	10,940	17,937
Depreciation	83,021	86,820	40,194	43,030
Interest	<u>104,137</u>	<u>153,659</u>	<u>46,882</u>	<u>70,400</u>
Total Operating Expenses	<u>\$402,897</u>	<u>\$510,993</u>	<u>\$194,161</u>	<u>\$237,465</u>
Loss from Continued Operations	<u>(\$107,097)</u>	<u>(\$174,508)</u>	<u>(\$53,778)</u>	<u>(\$74,137)</u>
Loss from Discontinued Operations	<u>(\$853,171)</u>	<u>(\$1,776,006)</u>	<u>(382,584)</u>	<u>(884,894)</u>
Net Loss	<u>(\$960,268)</u>	<u>(\$1,950,514)</u>	<u>(\$436,362)</u>	<u>(\$959,031)</u>
Loss Per Unit:				
Continuing Operations Class A	(3.93)	(5.77)	(1.90)	(2.53)
Continuing Operations Class B	(0.64)	(2.34)	(0.31)	(0.83)
Discontinued Operations Class A	(24.60)	(54.18)	(11.18)	(26.94)
Discontinued Operations Class B	(18.91)	(33.25)	(8.33)	(16.68)
Distribution Per Limited Partnership Unit				
Class A	0.00	0.00	0.00	0.00
Class B	0.00	0.00	0.00	0.00
Weighted Average Number Of Limited Partnership Units Outstanding				
Class A	20,230	20,230	20,230	20,230
Class B	9,770	9,770	9,770	9,770

<b>STATEMENT OF PARTNERS' EQUITY (DEFICIT) (Unaudited)</b>				
	<b>Total</b>	<b>General Partner</b>	<b>Class A Limited</b>	<b>Class B Limited</b>
Balance as of December 31, 2007	(\$20,462,277)	(\$7,403,829)	(\$13,884,720)	\$826,272
Net Loss	<u>(960,268)</u>	<u>(192,054)</u>	<u>(577,239)</u>	<u>(190,975)</u>
Distributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance as of June 30, 2008</b>	<u><b>(21,422,545)</b></u>	<u><b>(7,595,883)</b></u>	<u><b>(14,461,959)</b></u>	<u><b>635,297</b></u>

See Notes to Financial Statements  
4

**UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND**  
**A MICHIGAN LIMITED PARTNERSHIP**

**STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>THREE MONTHS ENDED</b>	
	<b><u>June 30,2008</u></b>	<b><u>June 30, 2007</u></b>
Cash Flows From Operating Activities:		
Net Loss	<u>(\$960,268)</u>	<u>(\$1,950,514)</u>
Adjustments To Reconcile Net Loss		
To Net Cash Used In		
Operating Activities:		
Depreciation	83,021	471,826
Amortization	144,306	144,306
Decrease in Security Deposit Escrow	14,400	150,158
Increase In Other Assets	(432,415)	(180,263)
Increase (Decrease) In Accounts Payable	24,749	(100,475)
Increase In Other Liabilities	<u>355,648</u>	<u>301,673</u>
Total Adjustments:	<u>189,709</u>	<u>787,225</u>
Net Cash Used In Operating Activities	<u>(770,559)</u>	<u>(1,163,289)</u>
Cash Flows Used In Investing Activities:		
Capital Expenditures	<u>0</u>	<u>(17,765)</u>
Cash Flows From Financing Activities:		
Net Payments on Line of Credit	0	(75,000)
Distributions To Partners	0	(157,125)
Proceeds from Mortgage Payable	<u>716,234</u>	<u>1,087,783</u>
Net Cash Provided by Financing Activities	<u>716,234</u>	<u>855,658</u>
Decrease In Cash and Equivalents	(54,325)	(325,396)
Cash and Equivalents, Beginning	<u>125,537</u>	<u>657,371</u>
Cash and Equivalents, Ending (1)	<u>\$71,212</u>	<u>\$331,975</u>

(1) Includes cash and cash equivalents of \$71,212 and \$331,975 classified in assets of discontinued operations.

See Notes to Financial Statements

UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND,  
A MICHIGAN LIMITED PARTNERSHIP

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008 (Unaudited)

**1. Basis of Presentation:**

The accompanying unaudited 2008 financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The balance sheet at December 31, 2007 has been derived from the audited financial statements at that date. Operating results for the six months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008, or for any other interim period. For further information, refer to the consolidated financial statements and footnotes thereto included in the Partnership's Form 10-K for the year ended December 31, 2007.

**2. Recent Accounting Pronouncements:**

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements*, which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure requirements about fair value measurements. In February 2008, the FASB issued Staff Position SFAS No. 157-2 ("FSP") which delays the effective date of SFAS No. 157 for one year for non financial assets and non financial liabilities, except items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and for interim periods within those fiscal years. The Partnership adopted SFAS No. 157 for financial assets and liabilities on January 1, 2008. It did not have any impact on its results of operations or financial position and did not result in any additional disclosures. The Partnership is in the process of evaluating the effect, if any, the adoption of FSP No. 157-2 will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits companies to make a one-time election to carry eligible types of financial assets and liabilities at fair value, even if measurement is not required by GAAP. The statement is effective for fiscal years beginning after November 15, 2007. The Partnership adopted SFAS No. 159 on January 1, 2008, resulting in no impact on its financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosure about Derivative Instruments and Hedging Activities – An Amendment to FASB Statement No. 133*.

SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activities. SFAS No. 161 will be effective for financial statements issued for fiscal years beginning after November 15, 2008. The Partnership does not expect SFAS No. 161 will have a material impact on its financial statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*". SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). SFAS No. 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AICPA Professional Standards AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The adoption of SFAS No. 162 is not expected to have a material impact on the Partnership's financial statements.

### **3. Mortgage Payable:**

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, of which \$2,658,356 has been advanced as of June 30, 2008. The note is payable in monthly installments of interest only through August 2010, at which time all outstanding principle balance is due. Interest on this note is accrued at a variable rate of 2.25% in excess of one month LIBOR, which was 4.70% as of June 30, 2008, and the balance on the note was \$37,127,106.

### **4. Discontinued Operations and Asset Held for Sale:**

As described in Form 8-K dated November 2, 2007, the Aztec Estates property was approved for rezoning and listed for sale with Cushman and Wakefield. At this time, the Partnership continues to field offers on the property although none have been accepted to date. The Partnership continues to seek offers that will maximize the value of the Aztec property.

In response to the declining values of Florida real estate in general and the Aztec property in particular, the General Partner announced in Form 8-K dated January 16, 2008, that the remaining three manufactured housing communities, Old Dutch Farms, Kings Manor, and Park of the Four Seasons will also be offered for sale. This action is deemed necessary to comply with the future requirements of the mortgage lender.

During the first quarter all four properties were listed for sale with Cushman and Wakefield. The Partnership received acceptable offers from a qualified buyer for the Kings Manor and Park of Four Seasons communities. As described in Form 8-K dated May 16, 2008, a Contract for Sale and Purchase Agreement was entered into with a private buyer for the purchase of both the Kings Manor and Park of Four Seasons communities. On July 11, 2008, the buyer closed on a purchase price of \$23,741,572

less closing costs of \$946,000 for a net proceeds amount of \$22,795,572, all of which was used to retire debt. The Partnership estimates a gain on the sale of approximately \$17,480,300. At this time, no acceptable offers have been received for the purchase of either Aztec Estates or Old Dutch Farms.

The Partnership classified the Aztec Estates, Kings Manor and Park of Four Seasons communities and their associated financial results as “discontinued operations” in the accompanying financial statements.

The carrying amounts of the major classes of assets and liabilities of discontinued operations as of June 30, 2008, were as follows:

Property and equipment, net	\$12,697,159
Other assets	1,583,174
<b>Total Assets of Discontinued Operations</b>	<b>\$14,280,333</b>
Accounts payable	\$ 209,849
Other liabilities	597,061
<b>Total Liabilities of Discontinued Operations</b>	<b>\$ 806,910</b>

The carrying amounts of the major classes of assets and liabilities of discontinued operations as of December 31, 2007, were as follows:

Property and equipment, net	\$12,697,159
Other assets	1,380,209
<b>Total Assets of Discontinued Operations</b>	<b>\$14,077,368</b>
Accounts payable	\$ 183,078
Other liabilities	307,465
<b>Total Liabilities of Discontinued Operations</b>	<b>\$ 490,543</b>

The major classes of revenue and expenses of discontinued operations for the six months ended June 30, 2008 and 2007 were as follows:

<i>Six Months Ended June 30,</i>	<b>2008</b>	<b>2007</b>
Rental income	\$ 1,316,102	\$2,036,178
Other Income	<b>21,945</b>	253,315
Administrative expenses	<b>(412,359)</b>	(766,605)
Property tax expense	<b>(463,110)</b>	(467,532)
Utilities expense	<b>(123,581)</b>	(182,438)
Property operations	<b>(114,773)</b>	(844,460)
Depreciation expense	-	(385,006)
Interest expense	<b>(1,077,395)</b>	(1,419,458)
<b>(Loss) From Discontinued Operations</b>	<b>(853,171)</b>	(1,776,006)

## 5. Management's Plans:

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business and continuation of the Partnership as a going concern. Liquidation values may be substantially different from carrying values as shown on the financial statements and these financial statements do not give effect to adjustments, if any, that would be necessary to the carrying values and classification of assets and liabilities should the Partnership be unable to continue as a going concern.

For the six months ended June 30, 2008, the Partnership incurred a net loss of \$960,268. As of June 30, 2008, the Partnership had an accumulated deficit of \$21,422,545 and insufficient cash on hand to meet its expected liquidity requirements after the next three to five months. These factors raise substantial doubt as to the Partnership's ability to continue as a going concern. Management's strategy is to have the Partnership remain as a going concern until all properties are sold.

The Partnership will deplete its liquid resources during the third or fourth quarter of fiscal 2008. The successful sale of the Kings Manor and Park of Four Seasons communities on July 11, 2008, generated net proceeds in the amount of \$22,795,572, all of which was used to pay down the mortgage debt. Management is currently renegotiating the terms of the mortgage with the lender until the remaining properties can be sold. However, there can be no assurance that management will be able to sell these properties. Management is uncertain that the Partnership can raise additional capital and as such can provide no assurance. In the event that management is unable to raise additional capital from the sales of these properties, the Partnership may be forced to curtail or cease operations.

## ITEM 2.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements*, which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure requirements about fair value measurements. In February 2008, the FASB issued Staff Position SFAS No. 157-2 ("FSP") which delays the effective date of SFAS No. 157 for one year for non financial assets and non financial liabilities, except items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and for interim periods within those fiscal years. The Partnership adopted SFAS No. 157 for financial assets and liabilities on January 1, 2008. It did not have any impact on its results of operations or financial position and did

not result in any additional disclosures. The Partnership is in the process of evaluating the effect, if any, the adoption of FSP No. 157-2 will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits companies to make a one-time election to carry eligible types of financial assets and liabilities at fair value, even if measurement is not required by GAAP. The statement is effective for fiscal years beginning after November 15, 2007. The Partnership adopted SFAS No. 159 on January 1, 2008, resulting in no impact on its financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosure about Derivative Instruments and Hedging Activities – An Amendment to FASB Statement No. 133*. SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activities. SFAS No. 161 will be effective for financial statements issued for fiscal years beginning after November 15, 2008. The Partnership does not expect SFAS No. 161 will have a material impact on its financial statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). SFAS No. 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AICPA Professional Standards AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The adoption of SFAS No. 162 is not expected to have a material impact on the Partnership's financial statements.

### Capital Resources

The Partnership's capital resources consist primarily of its three manufactured housing communities and Aztec Estates. On March 25, 1997 the Partnership borrowed \$33,500,000 from Nomura Asset Capital Corporation (the "Financing"). It secured the Financing by placing liens on its four communities. As a result of the Financing, the Partnership distributed \$30,000,000 to the Limited Partners, which represented a full return of the original capital contributions of \$1,000 per unit. As part of the refinancing which occurred on August 11, 2006, this note has been defeased, which required the Partnership to establish an irrevocable defeasance trust through a successor borrower, by placing risk free treasury bills into the trust to fund this mortgage. This mortgage was fully paid off by the successor borrower from funds in the irrevocable defeasance trust on January 11, 2007.

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, of which \$2,658,356 has been advanced as of June 30, 2008. The note is payable in monthly installments of interest only through August 2010, at which time all

outstanding principal is due. Interest on this note is accrued at a variable rate of 2.25% in excess of one month LIBOR, which was 4.70% as of June 30, 2008, and the balance on the note was \$37,127,106. The maturity date on the loan is August 11, 2010 and the Partnership is currently in discussion with the lender to renegotiate the terms of this loan.

To reduce a portion of the risk relating to the variable interest rate, the Partnership has entered into an interest rate cap with a bank. 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 accounting for this agreement does not qualify for hedge accounting in accordance with the provisions of Financial Accounting Standards Board ("SFAS") No. 133 *Accounting for Derivative Instruments and Hedging Activities*, thus, the change in fair value of the contract flows through the Statements of Operations. At June 30, 2008, the fair value of the contract was not material to the financial statements taken as a whole.

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.

### Liquidity

The Partnership's long-term liquidity is based, in part, upon its investment strategy. The properties owned by the Partnership were anticipated to be held for seven to ten years after their acquisition. All of the properties have been owned by the Partnership more than ten years. The General Partner may elect to have the Partnership own the properties for as long as, in the opinion of the General Partner, it is in the best interest of the Partnership to do so. All four properties are now being actively marketed for sale. As of June 30, 2008, the Partnership's cash balance amounted to \$71,212. The level of cash balance maintained is at the discretion of the General Partner.

The Partnership currently holds a term loan with a bank in the original principal amount of \$750,000 that matures in October 2010. The note is payable in monthly installments of \$12,500 plus interest at a variable rate of 1.80% in excess of the one month LIBOR rate; the Partnership's interest rate at June 30, 2008 was 4.28%. This term loan was undertaken for the cost of the sewer connection at Old Dutch Farms. As of June 30, 2008, the outstanding balance was \$475,000.

Beginning with the October, 2007 payment, National City Bank agreed to defer the principal portion of the monthly payment as a result of Management's efforts to conserve cash. The deferred principal payments will be due in October 2010. No additional interest charges were incurred as a result of the principal payment deferral. This deferral was achieved by having a principal of the General Partner personally guarantee the note, receiving no compensation for the guaranty.

The partnership agreement provides for a quarterly Partnership Management Distribution to be made to the General Partner. For the quarter ended June 30, 2008, the Partnership Management Distribution was calculated to be \$132,500, or one-fourth of 1.0% of the most recent appraised value of the properties held by the Partnership ( $\$53,000,000 \times \frac{1}{4} \% = \$132,500$ ). The payment of this distribution has been suspended to maintain cash flow.

The General Partner has continued to suspend payment of the Incentive Management Distribution during this quarter.

In an effort to maintain cash reserves, the Partnership is carefully monitoring cash flow, and has taken measures to reduce certain expenditures. As mentioned previously, the HLC portfolio was sold, the term note with National City Bank was renegotiated and where possible, administrative and property operations expenses have been reduced.

### Results of Operations

Overall, as illustrated in the tables below, the three operating properties had a combined average occupancy of 47% at the end of June 2008, versus 58% a year ago. The average monthly rent in June 2008 was approximately \$494; compared to \$490 average monthly rent in June 2007 (average rent not a weighted average).

	Total Capacity	Occupied Sites	Occupancy Rate	Average* Rent
Aztec Estates	0	0	0%	\$ 0
Kings Manor	314	158	50	565
Old Dutch Farms	293	102	35	450
Park of the Four Seasons	<u>572</u>	<u>321</u>	<u>56</u>	<u>468</u>
Total on 6/30/08:	1,179	581	47%	\$494
Total on 6/30/07:	1,179	687	58%	\$490

\*Not a weighted average

	GROSS REVENUE Three months ended		NET OPERATING INCOME AND NET INCOME (LOSS) Three months ended		GROSS REVENUE Six months ended		NET OPERATING INCOME AND NET INCOME (LOSS) Six months ended	
	06/30/08	06/30/07	06/30/08	06/30/07	06/30/08	06/30/07	06/30/08	06/30/07
Old Dutch Farms	\$140,383	\$163,328	\$ 36,396	\$ 46,639	\$ 295,800	\$ 336,485	\$ 83,716	\$ 104,213
Other Expenses			(3,098)	(7,346)			(3,655)	(38,242)
Interest Expense			(46,882)	(70,400)			(104,137)	(153,659)
Depreciation			(40,194)	(43,030)			(83,021)	(86,820)
Continuing Operations	140,383	163,328	(53,778)	(74,137)	295,800	336,485	(107,097)	(174,508)
Discontinued Operations	662,896	990,564	(317,688)	(768,142)	1,337,924	2,284,366	(686,899)	(1,557,832)
Partnership Management	4	1,610	(66,928)	(116,752)	123	5,127	(166,272)	(218,174)
<b>TOTAL:</b>	<b>\$ 803,283</b>	<b>\$ 1,155,502</b>	<b>(\$438,394)</b>	<b>(\$959,031)</b>	<b>\$1,633,847</b>	<b>\$2,625,978</b>	<b>(\$960,268)</b>	<b>(\$1,950,514)</b>

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 Three months Ended June 30, 2008 to Three months Ended June 30, 2007**

Gross revenues from continuing operations decreased \$22,945 to \$140,383 in 2008, as compared to \$163,328 in 2007. The decrease was due to decrease in occupancy at the Old Dutch Farms property due to economic conditions in southeastern Michigan. (See table on previous page)

As described in the Statements of Operations, total operating expenses from continuing operations were \$43,304 lower, moving from \$237,465 in 2007 to \$194,161 in 2008. The decreases were mainly due to lower occupancy and management’s efforts to reduce administrative expenses, utility costs and other operating expenses within the Partnership’s control.

As a result of the aforementioned factors, the Partnership had a loss from continuing operations of \$53,778 for the second quarter of 2008 compared to a net loss of \$74,137 for the same quarter of the prior year.

#### *Discontinued Operations*

Gross revenues from discontinued operations decreased \$327,668 to \$662,896 in 2008 as compared to \$990,564 in 2007. The decrease was mainly due to the redevelopment of the Aztec Estates property as a mixed-use residential development, and decreasing occupancy levels at the Kings Manor and Park of Four Seasons properties.

Total operating expenses from discontinued operations were \$829,552 lower, moving from \$1,877,068 in 2007 to \$1,047,516 in 2008. The decreases were mainly due to the closure of Aztec Estates, lower occupancy and management’s efforts to reduce administrative expenses, utility costs and other operating expenses within the Partnership’s control.

As a result of the aforementioned factors, the Partnership had a loss from discontinued operations of \$384,616 for the second quarter of 2008, compared to a loss from discontinued operations of \$884,894 for the same quarter in 2007.

#### **Comparison of Six months Ended June 30, 2008 to Six months Ended June 30, 2007**

Gross revenues from continuing operations decreased \$40,685 to \$295,800 in 2008, as compared to \$336,485 in 2007. The decrease was mainly due to decrease in occupancy at the Old Dutch Farms property due to economic conditions in southeastern Michigan. (See table on previous page)

As described in the Statements of Operations, total operating expenses from continuing operations were \$108,096 lower, moving from \$510,993 in 2007 to \$402,897 in 2008. The decreases were mainly due to lower occupancy and management's efforts to reduce administrative expenses, utility costs and other operating expenses within the Partnership's control.

As a result of the aforementioned factors, the Partnership had a loss from continuing operations of \$107,097 for the first six months of 2008 compared to a loss from continuing operations of \$174,508 for the same period of the prior year.

### *Discontinued Operations*

Gross revenues from discontinued operations decreased \$946,442 to \$1,337,924 in 2008 as compared to \$2,284,366 in 2007. The decrease was mainly due to the redevelopment of the Aztec Estates property as a mixed-use residential development, and decreasing occupancy levels at the Kings Manor and Park of Four Seasons properties.

Total operating expenses from discontinued operations were \$1,874,281 lower, moving from \$4,065,499 in 2007 to \$2,191,218 in 2008. The decreases were mainly due to the closure of Aztec Estates, lower occupancy and management's efforts to reduce administrative expenses, utility costs and other operating expenses within the Partnership's control.

As a result of the aforementioned factors, the Partnership had a loss from discontinued operations of \$853,171 for the first six months of 2008, compared to a loss from discontinued operations of \$1,776,006 for the same period in 2007.

### Off Balance Sheet Arrangements

The Partnership has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Partnership's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to its investors.

### **ITEM 3.**

#### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Partnership is exposed to interest rate rise 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.

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.

Note Payable: 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, which was 4.70% as of June 30, 2008. The outstanding balance of this note at June 30, 2008, was \$37,127,106 and provides for future advances of \$372,894. The availability of future advances is expected to be exhausted within three to five months based on current cash flow projections. As previously mentioned, the Partnership is currently in discussion with the lender to renegotiate the terms of this loan as a result of the sale of the Kings Manor and Park of Four Seasons properties.

Term-Note: The Partnership has obtained an unsecured term note with National City Bank of the Midwest for \$750,000, requiring monthly payments of \$12,500 plus interest at LIBOR plus 1.80% which was 4.28% at June 30, 2008 and is due on October 19, 2010. The outstanding balance under this agreement was \$475,000 at June 30, 2008.

Beginning with the October, 2007 payment, National City Bank agreed to defer the principal portion of the monthly payment as a result of Management's efforts to conserve cash. The deferred principal payments will be due in October 2010.

No additional interest charges were incurred as a result of the principal payment deferral. This deferral was achieved by having a principal of the General Partner personally guarantee the note, receiving no compensation for the guaranty.

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 \$200,000. As part of the refinance, the Partnership negotiated a 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 or to manage its interest rate exposure, except for the interest rate cap previously described.

#### **ITEM 4.**

#### **CONTROLS AND PROCEDURES**

As of the end of the period covered by this report, the Partnership carried out an evaluation, under the supervision and with the participation of the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon, and as of

the date of, this evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in the quarterly report is recorded, processed, summarized and reported as and when required.

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

## **PART II – OTHER INFORMATION**

### **ITEM 1.**

#### **LEGAL PROCEEDINGS**

None.

### **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. 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 working capital needs or to make distributions to the Unit holders.
- 2. Real Estate Appraisals.** The Partnership appraises its properties annually. Should the Partnership actually sell a property, the net cash proceeds from the sale may or may not correspond to the appraised value. In the event the appraised value exceeds the actual value, the Partnership's ability to meet its obligations would be adversely affected.
- 3. 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.

The manufactured housing industry is now in the seventh consecutive year of declining unit sales due, in part, to lack of financing for the purchase of manufactured homes intended to be sited in land-lease communities.

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.

- 4. 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.

- 5. 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.
- 6. 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.
- 7. 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.

8. **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. The Partnership's inability to compete successfully with its competitors would adversely impact the Partnership's financial results and operations.
9. **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. Except for certain voting rights in specific circumstances, the unit holders do not have the right to participate in the management of the Partnership or its operations.
10. **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.
11. **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.
12. **No Guarantee of Distributions.** The General Partner has and, in the future, may withhold cash for distributions 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 which results from the Unit holder's share of the Partnership's taxable income.

13. **Going Concern.** The Partnership will likely deplete its liquid resources before the end of fiscal year 2008 unless it is successful in selling one or more of its Properties. There can be no assurance, however, that management will be able to sell any of the properties. In addition, there is no assurance that Management will be able to comply with its existing debt requirements or raise additional debt capital either immediately or in the future. In the event that management is

unable to raise additional capital from the sales of its properties or from additional financing, the Partnership may be forced to curtail or cease operations.

## **ITEM 6. EXHIBITS**

**Exhibit 31.1** Principal Executive Officer Certification pursuant to Rule 13a-14(a)/15d-14(a) of The Securities and Exchange Act of 1934, as amended

**Exhibit 31.2** Principal Financial Officer Certification pursuant to Rule 13a-14(a)/15d-14(a) of The Securities and Exchange Act of 1934, as amended

**Exhibit 32.1** Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes –Oxley Act of 2002.

## SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant 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,  
A Michigan Limited Partnership,  
its General Partner

BY: /s/ Paul M. Zlotoff  
Paul M. Zlotoff, General Partner

BY: /s/ Joel Schwartz  
Joel Schwartz, Principal Financial Officer

Dated: August 13, 2008

## Exhibit 31.1

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

I, Paul M Zlotoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Uniprop Manufactured Housing Income Fund;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this 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: August 13, 2008

Signature: /s/ Paul M. Zlotoff

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

## Exhibit 31.2

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

I, Joel Schwartz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Uniprop Manufactured Housing Income Fund;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-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: August 13, 2008

Signature: /s/ Joel Schwartz

Joel Schwartz, Principal Financial Officer  
Chief Financial Officer of Uniprop, INC

## 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 Quarterly Report of Uniprop Manufactured Housing Communities Income Fund (the "Company") on Form 10-Q for the period ending June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Paul M Zlotoff, Principal Executive Officer of the Company, Joel Schwartz, Principal Financial Officer, 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. Associated Corp.

s/s Joel Schwartz

Joel Schwartz  
Principal Financial Officer of Uniprop, Inc.

August 13, 2008