

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 September 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

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LIABILITIES and PARTNERS' DEFICIT	<u>September 30, 2008</u> (Unaudited)	<u>December 31, 2007</u>
Note Payable-Bank	\$475,000	\$475,000
Accounts Payable	12,786	18,209
Other Liabilities	8,593	63,616
Mortgage Payable	14,536,969	36,410,872
Liabilites of Discontinued Operations	<u>526,786</u>	<u>490,543</u>
 Total Liabilities	 \$15,560,134	 \$37,458,240
Partners' Equity (Deficit) :		
General Partner	(4,316,890)	(7,403,829)
Class A Limited Partners	(5,647,475)	(13,884,720)
Class B Limited Partners	<u>4,936,786</u>	<u>826,272</u>
 Total Partners' Deficit	 <u>(5,027,579)</u>	 <u>(20,462,277)</u>
 Total Liabilities And Partners' Deficit	 <u>\$10,532,555</u>	 <u>\$16,995,963</u>

See Notes to Financial Statements

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

**STATEMENTS OF OPERATIONS
(unaudited)**

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	<u>September 30, 2008</u>	<u>September 30, 2007</u>	<u>September 30, 2008</u>	<u>September 30, 2007</u>
Income:				
Rental Income	\$399,862	\$455,922	\$132,402	\$147,280
Other	<u>39,337</u>	<u>43,031</u>	<u>10,997</u>	<u>15,188</u>
Total Income	<u>\$439,199</u>	<u>\$498,953</u>	<u>\$143,399</u>	<u>\$162,468</u>
Operating Expenses:				
Administrative Expenses (Including \$90,954, \$170,448, \$9,268 and \$39,860, in Property Management Fees Paid to an Affiliate for the Nine and Three Month Period ended September 30, 2008 and 2007, respectively)	146,409	172,324	52,176	60,525
Property Taxes	114,603	115,077	38,178	38,325
Utilities	32,759	32,961	8,170	8,887
Property Operations	30,709	82,164	10,217	24,275
Depreciation	124,532	129,850	41,511	43,030
Interest	140,568	225,896	36,431	72,237
Loss on Sale of Home Loan Contracts	<u>0</u>	<u>5,424</u>	<u>0</u>	<u>5,424</u>
Total Operating Expenses	<u>\$589,580</u>	<u>\$763,696</u>	<u>\$186,683</u>	<u>\$252,703</u>
Loss from Continued Operations	<u>(\$150,381)</u>	<u>(\$264,743)</u>	<u>(\$43,284)</u>	<u>(\$90,235)</u>
Income (Loss) from Discontinued Operations	<u>\$15,585,079</u>	<u>(\$2,802,044)</u>	<u>\$16,438,250</u>	<u>(\$1,026,038)</u>
Net Income (Loss)	<u>\$15,434,698</u>	<u>(\$3,066,787)</u>	<u>\$16,394,966</u>	<u>(\$1,116,273)</u>
(Loss) Income Per Unit:				
Continuing Operations Class A	(5.61)	(8.73)	(1.68)	(2.96)
Continuing Operations Class B	(0.69)	(3.60)	(0.05)	(1.26)
Discontinued Operations Class A	412.79	(85.01)	437.39	(30.83)
Discontinued Operations Class B	421.42	(53.43)	440.33	(20.18)
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

STATEMENT OF PARTNERS' EQUITY (DEFICIT) (Unaudited)

	Total	General Partner	Class A Limited	Class B Limited
Balance as of December 31, 2007	(\$20,462,277)	(\$7,403,829)	(\$13,884,720)	\$826,272
Net Income	15,434,698	3,086,939	8,237,245	4,110,514
Distributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance as of September 30, 2008	<u>(5,027,579)</u>	<u>(4,316,890)</u>	<u>(5,647,475)</u>	<u>4,936,786</u>

See Notes to Financial Statements

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UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND
A MICHIGAN LIMITED PARTNERSHIP

STATEMENTS OF CASH FLOWS
(Unaudited)

	NINE MONTHS ENDED	
	<u>September 30, 2008</u>	<u>September 30, 2007</u>
Cash Flows From Operating Activities:		
Net Income (Loss)	<u>\$15,434,698</u>	<u>(\$3,066,787)</u>
Adjustments To Reconcile Net Income (Loss)		
To Net Cash Used In		
Operating Activities:		
Gain on Sale of Discontinued Operations	(17,005,189)	0
Loss on Sale of Home Loan Contracts	0	35,611
Depreciation	124,532	712,016
Amortization	216,459	216,459
Decrease in Security Deposit Escrow	73,144	172,014
Decrease in Homes & Improvements	0	30,000
(Increase) Decrease In Other Assets	(284,614)	159,112
Decrease In Accounts Payable	(105,631)	(134,168)
Increase In Other Liabilities	<u>81,429</u>	<u>303,112</u>
Total Adjustments:	<u>(16,899,870)</u>	<u>1,494,156</u>
Net Cash Used In Operating Activities	<u>(1,465,172)</u>	<u>(1,572,631)</u>
Cash Flows Provided By (Used In) Investing Activities:		
Capital Expenditures	0	(17,765)
Sale of Home Loan Contracts	0	(154,760)
Proceeds from Sale of Home Loan Contracts	0	119,149
Proceeds from Sale of Discontinued Operations	<u>23,266,460</u>	<u>0</u>
Net Cash Provided by (Used In) Investing Activities	<u>23,266,460</u>	<u>(53,376)</u>
Cash Flows (Used In) Provided By Financing Activities:		
Payments on Line of Credit	0	(112,500)
Distributions To Partners	0	(157,125)
(Payments On) Proceeds from Mortgage Payable	<u>(21,873,903)</u>	<u>1,396,117</u>
Net Cash (Used In) Provided by Financing Activities	<u>(21,873,903)</u>	<u>1,126,492</u>
Decrease In Cash and Equivalents	<u>(72,615)</u>	<u>(499,515)</u>
Cash and Equivalents, Beginning	<u>125,537</u>	<u>657,371</u>
Cash and Equivalents, Ending (1)	<u>\$52,922</u>	<u>\$157,856</u>

(1) Includes cash and cash equivalents of \$52,922 and \$157,856 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

September 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 nine months ended September 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 accordance with 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 \$2,863,791 has been advanced as of September 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 4.74% as of September 30, 2008. On July 11, 2008, net proceeds of \$22,795,572 from the sale of the Kings Manor and Park of Four Seasons properties as described in Note 4 were used to pay down the mortgage note payable. As of September 30, 2008 the balance on the note was \$14,536,969.

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 would also be offered for sale. This action was 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 properties. On July 11, 2008, the buyer closed on a purchase price of \$23,741,572 less closing costs resulting in proceeds in the amount of \$23,266,460, of which, \$22,795,572 was used to retire debt. The Partnership recorded a gain on the sale of \$17,005,189. 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 properties 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 September 30, 2008, were as follows:

Property and equipment, net	\$ 6,435,888
Other assets	1,289,096
Total Assets of Discontinued Operations	\$ 7,724,984
Accounts payable	\$ 83,020
Other liabilities	443,766
Total Liabilities of Discontinued Operations	\$ 526,786

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	1,379,838
Total Assets of Discontinued Operations	\$14,076,997
Accounts payable	\$ 183,078
Other liabilities	307,465
Total Liabilities of Discontinued Operations	\$ 490,543

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

<i>Nine Months Ended September 30,</i>	2008	2007
Rental income	\$ 1,354,880	\$ 2,651,561
Other Income	27,158	278,192
Administrative expenses	(559,076)	(1,029,254)

Property tax expense	(623,212)	(701,298)
Utilities expense	(145,919)	(236,083)
Property operations	(149,106)	(1,019,138)
Depreciation expense	-	(582,166)
Interest expense	(1,324,835)	(2,133,671)
Loss on Sale of home loan contracts	-	(30,187)
<hr/>		
(Loss) From Discontinued Operations prior to sale of Properties	(1,420,110)	(2,802,044)
Gain on Sale of Properties	17,005,189	-
<hr/>		
Gain (Loss) from Discontinued Operations	\$15,585,079	(\$2,802,044)

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

<i>Three Months Ended September 30,</i>	2008	2007
Rental income	38,778	615,383
Other Income	5,213	24,877
Administrative expenses	(146,717)	(262,649)
Property tax expense	(160,102)	(233,766)
Utilities expense	(22,338)	(53,645)
Property operations	(34,333)	(174,678)
Depreciation expense	-	(197,160)
Interest expense	(247,440)	(714,213)
Loss on Sale of home loan contracts	-	(30,187)
<hr/>		
(Loss) From Discontinued Operations prior to sale of Properties	(566,939)	(1,026,038)
Gain on Sale of Properties	17,005,189	-
<hr/>		
Gain (Loss) from Discontinued Operations	\$16,438,250	(\$1,026,038)

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 nine months ended September 30, 2008, the Partnership incurred a net loss from continuing operations of \$150,381. As of September 30, 2008, the Partnership had an accumulated deficit of \$5,027,579 and insufficient cash on hand to meet its expected liquidity requirements after the next two to three months. These factors raise substantial doubt as to the Partnership's ability to continue as a going concern. Management's sale of the Aztec Estates property, at an adequate price, will allow the Partnership to continue as a going concern.

The Partnership will deplete its liquid resources during the fourth quarter of fiscal 2008, at which time the General Partner may provide capital funding to meet liquidity requirements

at its discretion. Management is uncertain if the General Partner will be able to provide additional capital until the remaining properties are sold and as such can provide no assurance. In the event that management is unable to raise additional capital, 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 accordance with 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.

Liquidity and Capital Resources

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 recent sale of two of the properties generated cash in the amount of \$22,795,572 which was used to pay down the mortgage note payable. The General Partner may elect to have the Partnership own the remaining properties for as long as, in the opinion of the General Partner, it is in the best interest of the Partnership to do so. The remaining properties are now being actively marketed for sale. As of September 30, 2008, the Partnership's cash balance amounted to \$52,922. The level of cash balance maintained is at the discretion of the General Partner.

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 \$2,863,791 has been advanced as of September 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 4.74% as of September 30, 2008. On July 11, 2008, net proceeds of \$22,795,572 from the sale of the Kings Manor and Park of Four Seasons properties were used to reduce the mortgage note payable. As of September 30, 2008 the balance on the note was \$14,536,969.

The Partnership incurred \$1,154,449 in financing costs as a result of the refinancing which are being amortized over the life of the loan.

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 September 30, 2008 was 5.5%. This term loan was undertaken for the cost of the sewer connection at Old Dutch Farms. As of September 30, 2008, the outstanding balance was \$475,000. Management is currently in the process of renegotiating the terms of the note.

The partnership agreement provides for a quarterly Partnership Management Distribution to be made to the General Partner. For the quarter ended September 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

x ¼ %= \$132,500). The payment of this distribution has been suspended to conserve cash.

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 Home Loan Contract 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 remaining operating property, Old Dutch Farms, had an average occupancy of 34% at the end of September 2008, versus 39% a year ago. The average monthly rent in September 2008 was \$459; compared to \$450 average monthly rent in September 2007 (average rent not a weighted average).

	Total Capacity	Occupied Sites	Occupancy Rate	Average* Rent
Old Dutch Farms	<u>293</u>	<u>99</u>	<u>34</u>	<u>459</u>
Total on 9/30/08:	293	99	34%	\$459
Total on 9/30/07:	293	113	39%	\$450

*Not a weighted average

	GROSS REVENUE Three months ended		NET OPERATING INCOME AND NET INCOME (LOSS) Three months ended		GROSS REVENUE Nine months ended		NET OPERATING INCOME AND NET INCOME (LOSS) Nine months ended	
	<u>09/30/08</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/07</u>
Old Dutch Farms	\$143,399	\$162,468	\$ 37,258	\$ 40,529	\$ 439,199	\$ 498,953	\$120,977	\$ 144,743
Other Expenses			(2,600)	(15,497)			(6,258)	(53,740)
Interest Expense			(36,431)	(72,237)			(140,568)	(225,896)
Depreciation			(41,511)	(43,030)			(124,532)	(129,850)
TOTAL:	143,399	162,468	(43,284)	(90,235)	439,199	498,953	(150,381)	(264,743)

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 September 30, 2008 to Three months Ended September 30, 2007

Gross revenues from continuing operations decreased \$19,069 to \$143,399 in 2008, as compared to \$162,468 in 2007. This was due to a decrease in occupancy at the Old Dutch Farms property as a result of poor economic conditions in southeastern Michigan. (See table on previous page)

As described in the Statements of Operations, total operating expenses from continuing operations were \$66,020 lower, moving from \$252,703 in 2007 to \$186,683 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 \$43,284 for the third quarter of 2008 compared to a loss of \$90,235 for the same quarter of the prior year.

Discontinued Operations

Gross revenues from discontinued operations decreased \$596,269 to \$43,991 in 2008 as compared to \$640,260 in 2007. The decrease was mainly due to the redevelopment of the Aztec Estates property as a mixed-use residential development, and the sale of the Kings Manor and Park of Four Seasons properties in early July 2008.

Total operating expenses from discontinued operations were \$1,055,368 lower, moving from \$1,666,298 in 2007 to \$610,930 in 2008. The decreases were mainly due to the closure of Aztec Estates, and the sale of Kings Manor and Park of Four Seasons.

As a result of the aforementioned factors, the Partnership had a loss from discontinued operations of \$566,939 for the third quarter of 2008, which was offset by the gain on the sale of the Kings Manor and Park of Four Seasons properties in the amount of \$17,005,189. As compared to the same period in 2007, the Partnership suffered a loss from discontinued operations of \$1,026,038.

Comparison of Nine months Ended September 30, 2008 to Nine months Ended September 30, 2007

Gross revenues from continuing operations decreased \$59,754 to \$439,199 in 2008, as compared to \$498,953 in 2007. This was due to a decrease in occupancy at the Old Dutch Farms property as a result of poor economic conditions in southeastern Michigan. (See table on previous page)

As described in the Statements of Operations, total operating expenses from continuing operations were \$174,116 lower, moving from \$763,696 in 2007 to \$589,580 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 \$150,381 for the first nine months of 2008 compared to a loss from continuing operations of \$264,743 for the same period of the prior year.

Discontinued Operations

Gross revenues from discontinued operations decreased \$1,547,715 to \$1,382,038 in 2008 as compared to \$2,929,753 in 2007. The decrease was mainly due to the redevelopment of the Aztec Estates property as a mixed-use residential development, and the sale of the Kings Manor and Park of Four Seasons properties during third quarter of 2008.

Total operating expenses from discontinued operations were \$2,929,649 lower, moving from \$5,731,797 in 2007 to \$2,802,148 in 2008. The decreases were mainly due to the closure of Aztec Estates, lower occupancy, management's efforts to reduce administrative expenses, utility costs and other operating expenses within the Partnership's control, as well as, the sale of Kings Manor and Park of Four Seasons.

As a result of the aforementioned factors, the Partnership had a loss from discontinued operations of \$1,420,110 for the first nine months of 2008, compared to a loss from discontinued operations of \$2,802,044 for the same period in 2007. As a result of the sale of Kings Manor and Park of Four Seasons, the loss from discontinued operations was offset by a gain on the sale of \$17,005,189 for the first nine months of 2008.

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.

Note Payable: The Partnership had a note payable in the amount of \$34,468,750. Interest is accrued at a variable rate of 2.25% in excess of One Month LIBOR, which was 4.74% as of September 30, 2008. The note provides for future advances of \$3,031,250, of which \$2,863,791 has been advanced as of September 30, 2008. The availability of future advances is expected to be exhausted within three months based on current cash flow projections. As previously mentioned, the General Partner may provide capital funding to meet liquidity requirements at its discretion. On July 11, 2008, proceeds of \$22,795,572 from the sale of the Kings Manor and Park of Four Seasons properties were used to reduce the mortgage note payable. As of September 30, 2008, the balance on the note was \$14,536,970.

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 5.5% at September 30, 2008 and is due on October 19, 2010. The outstanding balance under this agreement was \$475,000 at September 30, 2008. Management is in the process of renegotiating the terms of the note.

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 less than \$100,000.

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 could 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 the Aztec Estates property. There can be no assurance, however, that management will be able to sell this property. 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: November 12, 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 Unipro Manufacturing 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: November 12, 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: November 12, 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 September 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.

November 12, 2008