

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, 2006

Commission File No. 0-15940

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

(Exact name of registrant as specified in its charter)

**MICHIGAN**

(State or other jurisdiction of  
incorporation or organization)

**38-2593067**

(I.R.S. employer  
identification number)

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

(Address of principal executive offices) (Zip Code)

**(248) 645-9220**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:  
\$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. See definition of "accelerated filer and large accelerated  
filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated filer  Non-accelerated filer

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

UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND,  
A MICHIGAN LIMITED PARTNERSHIP

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

**BALANCE SHEETS**

<b>ASSETS</b>	<b><u>September 30, 2006</u></b> <b>(Unaudited)</b>	<b><u>December 31, 2005</u></b>
Properties:		
Land	\$5,280,000	\$5,280,000
Buildings and Improvements	27,441,801	26,509,706
Furniture and Fixtures	<u>254,619</u>	<u>241,169</u>
	32,976,420	32,030,875
Less Accumulated Depreciation	<u>(16,212,562)</u>	<u>(15,504,359)</u>
	16,763,858	16,526,516
Cash And Cash Equivalents	1,077,229	554,668
Cash - Security Escrow	305,158	305,158
Unamortized Finance Costs	1,115,166	108,548
Manufactured Homes and Improvements	36,569	996,878
Other Assets	<u>1,444,821</u>	<u>602,787</u>
Total Assets	<u>\$20,742,801</u>	<u>\$19,094,555</u>
<b>LIABILITIES and PARTNERS' DEFICIT</b>	<b><u>September 30, 2006</u></b> <b>(Unaudited)</b>	<b><u>December 31, 2005</u></b>
Note Payable-Bank	\$625,000	\$1,397,500
Accounts Payable	222,585	695,415
Other Liabilities	1,091,503	676,551
Note Payable-Affiliate	82,152	920,714
Mortgage Payable	<u>34,468,750</u>	<u>30,762,766</u>
Total Liabilities	\$36,489,990	\$34,452,946
Partners' Equity (Deficit) :		
General Partner	(6,209,412)	(5,800,252)
Class A Limited Partners	(11,129,832)	(10,920,514)
Class B Limited Partners	<u>1,592,055</u>	<u>1,362,375</u>
Total Partners' Deficit	<u>(15,747,189)</u>	<u>(15,358,391)</u>
Total Liabilities And Partners' Deficit	<u>\$20,742,801</u>	<u>\$19,094,555</u>

See Notes to Financial Statements

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

**STATEMENTS OF OPERATIONS  
(unaudited)**

	<b>NINE MONTHS ENDED</b>		<b>THREE MONTHS ENDED</b>	
	<u>September 30, 2006</u>	<u>September 30, 2005</u>	<u>September 30, 2006</u>	<u>September 30, 2005</u>
Revenue:				
Rental Revenue	\$5,863,623	\$5,699,489	\$2,079,991	\$1,868,609
Home Sale Revenue	954,654	1,406,963	0	295,329
Other Revenue	<u>1,057,801</u>	<u>324,042</u>	<u>231,916</u>	<u>108,343</u>
Total Income	<u>\$7,876,078</u>	<u>\$7,430,494</u>	<u>\$2,311,907</u>	<u>\$2,272,281</u>
Operating Expenses:				
Administrative Expenses (Including \$334,677, \$299,972, \$115,607 and \$98,273 in Property Management Fees Paid to An Affiliate for the Nine and Three Month Period Ended September 30, 2006 and 2005, respectively)	1,726,173	1,461,875	643,566	476,051
Property Taxes	755,247	731,724	251,667	243,657
Utilities	459,086	404,513	146,744	126,481
Property Operations	943,411	929,187	373,520	322,922
Depreciation	708,203	696,394	240,333	232,111
Interest & Amortization	2,274,673	2,005,395	869,598	672,565
Home Sale Expense	<u>983,833</u>	<u>1,346,755</u>	<u>748</u>	<u>296,032</u>
Total Operating Expenses	<u>\$7,850,626</u>	<u>\$7,575,843</u>	<u>\$2,526,176</u>	<u>\$2,369,819</u>
Net Income (Loss)	<u>\$25,452</u>	<u>(\$145,349)</u>	<u>(\$214,269)</u>	<u>(\$97,538)</u>
Income (Loss) Per Limited Partnership Unit:				
Class A	(\$10.35)	(\$13.68)	(\$10.16)	(\$5.87)
Class B	\$23.51	\$16.42	\$3.49	\$4.17
Distribution Per Limited Partnership Unit				
Class A	\$0.00	\$9.00	\$0.00	\$3.00
Class B	\$0.00	\$9.00	\$0.00	\$3.00
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)**

	<b>Total</b>	<b>General Partner</b>	<b>Class A Limited</b>	<b>Class B Limited</b>
Balance as of January 1, 2006	(\$15,358,391)	(\$5,800,252)	(\$10,920,514)	\$1,362,375
Net Income (Loss)	25,452	5,090	(209,318)	229,680
Distributions	<u>(414,250)</u>	<u>(414,250)</u>	<u>0</u>	<u>0</u>
<b>Balance as of September 30, 2006</b>	<u>(15,747,189)</u>	<u>(6,209,412)</u>	<u>(11,129,832)</u>	<u>1,592,055</u>

See Notes to Financial Statements

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

**STATEMENTS OF CASH FLOWS  
(Unaudited)**

	<b>NINE MONTHS ENDED</b>	
	<b><u>September 30, 2006</u></b>	<b><u>September 30, 2005</u></b>
Cash Flows From Operating Activities:		
Net Income (Loss)	<u>\$25,452</u>	<u>(\$145,349)</u>
Adjustments To Reconcile Net (Loss)		
To Net Cash Used In		
Operating Activities:		
Depreciation	708,203	696,394
Amortization	147,831	64,500
Decrease (Increase) in Homes and Improvements	204,130	(389,938)
Increase In Other Assets	(1,996,483)	(648,905)
(Decrease) Increase In Accounts Payable	(472,830)	92,721
Increase In Other Liabilities	<u>414,952</u>	<u>319,563</u>
Total Adjustments:	<u>(994,197)</u>	<u>134,335</u>
Net Cash Used In Operating Activities	<u>(968,745)</u>	<u>(11,014)</u>
Cash Flows Used In Investing Activities:		
Capital Expenditures	<u>(945,545)</u>	<u>(237,994)</u>
Cash Flows From Financing Activities:		
(Payments) Net Borrowing on Line of Credit	(772,500)	620,000
Distributions To Partners	(414,250)	(819,000)
( Payments) Proceeds from Note Payable - Affiliate	(82,383)	692,701
Proceeds (Payments) from Mortgage Payable	<u>3,705,984</u>	<u>(315,749)</u>
Net Cash Provided by Financing Activities	<u>2,436,851</u>	<u>177,952</u>
Increase (Decrease) In Cash and Equivalents	522,561	(71,055)
Cash and Cash Equivalents, Beginning	<u>554,668</u>	<u>200,760</u>
Cash and Cash Equivalents, Ending	<u>\$1,077,229</u>	<u>\$129,705</u>

See Notes to Financial Statements

UNIPROP MANUFACTURED HOUSING COMMUNITIES INCOME FUND,  
A MICHIGAN LIMITED PARTNERSHIP

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2006 (Unaudited)

**1. Basis of Presentation:**

The accompanying unaudited 2006 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, 2005 has been derived from the audited financial statements at that date. Operating results for the three and nine months ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006, 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, 2005.

**2. Related Party Transaction**

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

**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. The mortgage is payable in monthly installments of interest only through August 2010. Interest on this note is accrued at a variable rate of 2.25% in excess of one month LIBOR, which was 7.58% as of September 30, 2006.

In connection with the refinancing, the Company defeased the prior mortgage note payable with a balance of \$33,500,000 by purchasing Treasury securities sufficient to make the monthly debt service payments and the balloon payment due under the mortgage agreement. The Treasury securities were then substituted for the four properties that originally served as collateral for the mortgage.

As part of the defeasance, the Treasury securities and mortgage debt was transferred to a third party successor borrower that is responsible for all remaining obligations under this debt. As such, the mortgage debt is not reflected in the accompanying balance sheet as of September 30, 2006. In connection with the defeasance, the Partnership incurred early extinguishment of debt costs of approximately \$416,492.

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

### **FACTORS THAT MAY AFFECT FUTURE OPERATING RESULTS**

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

1. **Real Estate Investments.** The Partnership's investments are subject to the same risks generally incident to the ownership of real estate including: the uncertainty of cash flow to meet fixed or variable obligations, adverse changes in economic conditions, changes in the investment climate for real estate, adverse changes in local market conditions, changes in interest rates and the availability of mortgage funds or chattel financing, changes in real estate tax rates, governmental rules and regulations, acts of God and the inability to attract or retain residential tenants.

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

2. **The General Partner and its Affiliates have Conflicts of Interest.** Although the General Partner has a fiduciary duty to manage the Partnership in a manner beneficial to the Unit holders, the directors and officers of the General Partner have a fiduciary duty to manage the General Partner in a manner beneficial to its owners. Furthermore, certain directors and officers of the General Partner are directors or officers of affiliates of the General Partner. Conflicts of interest may arise between the General Partner and its affiliates and the Unit holders. As a result of these conflicts, the General Partner may favor its own interests and the interests of its affiliates over the interests of the Unit holders.
3. **Reliance on General Partner's Direction and Management of the Properties.** The success of the Partnership will, to a large extent, depend on the quality of the management of the Properties by the General Partner and affiliates of the General Partner and their collective judgment with respect to the operation, financing and disposition of the Properties. To the extent that the General Partner and its affiliates are unable to hire and retain quality management talent, the Partnership's financial results and operations may be adversely affected.

4. **Federal Income Tax Risks.** Federal income tax considerations will affect materially the economic consequences of an investment in the Properties. The tax consequences of the Partnership's activities are complex and subject to many uncertainties. Changes in the federal income tax laws or regulations may adversely affect the Partnership's financial results and its ability to make distributions to the Unit holders. Additionally, the tax benefits enjoyed by the Unit holders may be reduced or eliminated.
5. **Limited Liquidity of the Units.** The transfer of Units is subject to certain limitations. The public market for such Units is limited. Unit Holders may not be able to liquidate their investment promptly or at favorable prices, if at all.
6. **Competition.** The business of owning and operating residential manufactured housing communities is highly competitive. The Partnership competes with a number of established communities having greater financial resources. Moreover, there has been a trend for manufactured housing community residents to purchase home sites either collectively or individually. Finally, the popularity and affordability of site built homes has also increased in recent years while the availability of chattel financing has decreased. These trends have resulted in increased competition for tenants to occupy the Partnership properties.
7. **Management and Control of Partnership Affairs.** The General Partner is vested with full authority as to the general management and supervision of the business affairs of the Partnership. The Unit Holders do not have the right to participate in the management of the Partnership or its operations. However, the vote of Unit Holders holding more than 50% of the outstanding interests is required to: (a) amend the Partnership Agreement; (b) approve or disprove the sale in one, or a series of, transactions of all or substantially all of the assets of the Partnership; (c) dissolve the Partnership; (d) remove the General Partner; or (e) approve certain actions by the General Partner that the Consultant recommends against.
8. **Uninsured Losses.** The Partnership carries comprehensive insurance, including liability, fire and extended coverage, and rent loss insurance which is customarily obtained for real estate projects. There are certain types of losses, however, that may be uninsurable or not economically insurable such as certain damage caused by a hurricane. If such losses were to be incurred, the financial position and operations of the Partnership as well as the Partnership's ability to make distributions would be adversely affected.

9. **Environmental Matters.** Because the Partnership deals with real estate, it is subject to various federal, state and local environmental laws, rules and regulations. Changes in such laws, rules and regulations may cause the Partnership to incur increased costs of compliance which may have a material adverse effect on the operations of the Partnership and its ability to make distributions to Unit holders.
10. **No Guarantee of Distributions.** The General Partner may withhold cash for extended periods of time if such cash is necessary to build cash reserves or for the conduct of the Partnership's business. A Unit holder will be required to pay federal income taxes, and, in some cases, state and local income taxes on the Unit holder's share of the Partnership's taxable income, whether or not cash distributions are made by the Partnership. A Unit holder may not receive cash distributions from the Partnership equal to the holder's share of taxable income or even equal to the tax liability that result from the Unit holder's share of the Partnership's taxable income.
11. **The Partnership May Not be Able to Generate Sufficient Working Capital to Fund its Operations.** There can be no assurance that the Partnership will generate sufficient working capital from operations to operate the business or to fund distributions. Further, there can be no assurance that the Partnership will be able to borrow additional funds on terms favorable to the Partnership, if at all, to meet unanticipated working capital needs or to make distributions to the Unit holders.

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

### Capital Resources

The Partnership's capital resources consist primarily of its four manufactured housing communities. 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 through the repayment date of January 11, 2007.

The defeasance was subsequently assigned to a successor borrower and the Partnership has no additional obligation. As a result, the Partnership wrote off financing costs of approximately \$65,548 associated with the original loan.

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

On August 11, 2006, the Partnership borrowed \$34,468,750 from Marathon Structured Finance Fund, L.P. The note provides for future advance of \$3,031,250. The borrowing is secured by the four Properties. The note is payable in monthly installments of interest only through August 2010. Interest on this note is accrued at a variable rate of 2.25% in excess of One month LIBOR, which was 7.58% as of September 30, 2006.

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

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

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

### Liquidity

The Partnership'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. As of September 30, 2006, the Partnership's cash balance amounted to \$1,077,229. The level of cash balance maintained is at the discretion of the General Partner.

The Partnership holds a line of credit with National City Bank of Michigan/Illinois for \$1,000,000. Interest on this note is accrued at a variable rate of 1.80% in excess of One month LIBOR. This note was paid in full on August 11, 2006, as a result of the refinance, described previously.

The Partnership has 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 7.13% at September 30, 2006 and is due on October 19, 2010. The outstanding balance under this agreement was \$625,000 at September 30, 2006.

The quarterly Partnership Management Distribution due to the General Partner during the third quarter was \$157,125, or one-fourth of 1.0% of the most recent appraised value of the properties held by the Partnership (\$62,850,000 x ¼ %= \$157,125).

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

### Results of Operations

**Overall**, as illustrated in the tables below, the four properties had a combined average occupancy of 66% at the end of September 2006, versus 72% a year ago. The average monthly rent in September 2006 was approximately \$499; compared to the \$489 average monthly rent in September 2005 (average rent not a weighted average).

	Total Capacity	Occupied Sites	Occupancy Rate	Average* Rent
Aztec Estates	645	463	72%	\$543
Kings Manor	314	266	85	550
Old Dutch Farms	293	126	43	450
Park of the Four Seasons	<u>572</u>	<u>366</u>	<u>64</u>	<u>454</u>
Total on 9/30/06:	1,824	1,221	66%	\$499
Total on 9/30/05:	1,824	1,308	72%	\$489

\*Not a weighted average

	GROSS REVENUE Three months ended		NET INCOME (LOSS) Three months ended		GROSS REVENUE Nine months ended		NET INCOME (LOSS) Nine months ended	
	09/30/06	09/30/05	09/30/06	09/30/05	09/30/06	09/30/05	09/30/06	09/30/05
Aztec Estates	\$1,214,170	\$903,488	\$736,660	\$368,446	\$3,725,648	\$2,866,753	\$1,974,334	\$1,140,122
Kings Manor	426,063	543,531	255,069	306,287	1,782,191	1,964,870	1,021,686	939,722
Old Dutch Farms	179,060	233,833	38,919	71,200	769,950	777,385	145,989	250,496
Park of the Four Seasons	<u>479,046</u>	<u>585,678</u>	<u>235,206</u>	<u>292,047</u>	<u>1,573,264</u>	<u>1,809,553</u>	<u>737,184</u>	<u>927,537</u>
	2,298,339	2,266,530	1,265,854	1,037,980	7,851,053	7,418,561	3,879,193	3,257,877
Partnership Management	13,568	5,751	(154,929)	(52,766)	25,025	11,933	(398,920)	(220,857)
Other Expenses			(215,263)	(178,076)			(471,945)	(480,580)
Interest Expense			(869,598)	(672,565)			(2,274,673)	(2,005,395)
Depreciation			(240,333)	(232,111)			(708,203)	(696,394)
TOTAL:	\$2,311,907	\$2,272,281	(\$214,269)	(\$97,538)	\$7,876,078	\$7,430,494	\$25,452	(\$145,349)

Gross revenues increased \$39,626 to \$2,311,907 in 2006, as compared to \$2,272,281 in 2005. The increase was the result of higher revenue at Aztec Estates, due to the FEMA homes. This increase was offset by lower revenue at the remaining Fund I properties, as a result of decreased occupancy and elimination of home sale activities.

As described in the Statements of Operations, total operating expenses were \$156,357 higher, moving from \$2,369,819 in 2005 to \$2,526,176. The increase was mainly due to increased administrative and interest expenses and was offset by the elimination of the home sales activities.

As a result of the aforementioned factors, the Partnership had a net loss of \$214,269 for the third quarter of 2006 compared to a net loss of \$97,538 for the same quarter of the prior year.

### **Comparison of Nine months Ended September 30, 2006 to Nine months Ended September 30, 2005**

Gross revenues increased \$445,584 to \$7,876,078 in 2006, as compared to \$7,430,494 in 2005. The increase was mainly due to rent and other income from FEMA at Aztec Estates.

As described in the Statements of Operations, total operating expenses were \$274,783 higher, moving from \$7,575,843 in 2005 to \$7,850,626 in 2006. The increase was mainly due to higher wages to manage the increased occupancy relating to FEMA at Aztec Estates, and clean up of hurricane Wilma at both Aztec Estates and Kings Manor.

As a result of the aforementioned factors, the Partnership had net income of \$25,452 for the first nine months of 2006 compared to a net loss of \$145,349 for the same period of the prior year.

### **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 risk in the new variable rate mortgage debt. 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. The cost of the interest rate cap was \$10,400.

Note Payable: The Partnership has a note payable in the amount of \$37,500,000. Interest is accrued at a variable rate of 2.25% in excess of One Month LIBOR. The outstanding balance of this note at September 30, 2006, was \$34,468,750, and provides for future advance of \$3,031,250.

Line-of-Credit: The Partnership holds a line-of-credit with National City Bank for \$1,000,000. Interest is accrued at a variable rate of 1.80% in excess of One Month LIBOR. This note was paid in full on August 11, 2006, as a result of the refinance.

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 7.13% at September 30, 2006 and is due on October 19, 2010. The outstanding balance under this agreement was \$625,000 at September 30, 2006.

Note Payable - Affiliate: The Partnership has an unsecured note with an affiliated entity that expires in January 2011 used for financing the purchase of managers' homes. Interest on the outstanding balance is charged at a fixed rate of 12%. The outstanding balance under this agreement was \$82,152 as of September 30, 2006.

A 10% adverse change in interest rates of the portion of the Partnership's debt bearing interest at variable rates would result in an increase in interest expense of more than \$10,000 annually.

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 Proceeding**

See Note 3 of the Notes to Unaudited Financial Statements for information concerning legal proceedings.

### **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 14, 2006

## 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 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: November 14, 2006

Signature: /s/ Paul M. Zlotoff

Paul M. Zlotoff, Principal Executive Officer  
General Partner of P.I. Associates Limited Partnership  
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 14, 2006

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, 2006 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/ Joel Schwartz  
Joel Schwartz  
Principal Financial Officer of Uniprop, Inc.

November 14, 2006

