

UMH PROPERTIES, INC.  
Form DEF 14A  
May 28, 2009

**UMH PROPERTIES, INC.**

**Juniper Business Plaza, 3499 Route 9 North, Suite 3-C**

**Freehold, New Jersey 07728**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**June 9, 2009**

Notice is hereby given that the Annual Meeting of Stockholders (Annual Meeting) of UMH Properties, Inc. (the Company) will be held Tuesday, June 9, 2009, at 4:00 p.m. at the offices of the Company at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey, for the following purposes:

1.

To elect three Directors, the names of whom are set forth in the accompanying Proxy Statement, to serve for a three-year term;

2.

To approve the selection by the Board of Directors of the appointment of PKF, Certified Public Accountants, a Professional Corporation, as the Company's independent registered public accounting firm for the year ending December 31, 2009; and

3.

To transact such other business as may properly come before the Annual Meeting and any adjournment thereof.

The books containing the minutes of the last Annual Meeting of Stockholders, and the minutes of all meetings of the Directors since the last Annual Meeting of Stockholders, will be presented at the Annual Meeting for the inspection of the stockholders. Only stockholders of record at the close of business on April 10, 2009 will be entitled to vote at the

Annual Meeting and at any adjournments thereof.

**IF YOU ARE UNABLE TO BE PRESENT IN PERSON, STOCKHOLDERS MAY VOTE PRIOR TO THE MEETING USING THE METHODS DETAILED ON PAGE 3 OF THIS PROXY STATEMENT.**

**BY ORDER OF THE BOARD OF DIRECTORS**

/s/ELIZABETH CHIARELLA

**ELIZABETH CHIARELLA**

**SECRETARY**

April 28, 2009

**UMH PROPERTIES, INC.**

**Juniper Business Plaza**

**3499 Route 9 North, Suite 3-C**

**Freehold, New Jersey 07728**

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**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**JUNE 9, 2009**

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**SOLICITATION AND REVOCATION OF PROXIES**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of UMH Properties, Inc. (the Company) of proxies to be voted at the Annual Meeting of Stockholders of the Company to be held on June 9, 2009, and at any adjournments thereof, for the purposes listed in the preceding Notice of Annual Meeting of Stockholders. This Proxy Statement and the accompanying Proxy card are being distributed on or about April 28, 2009 to stockholders of record on April 10, 2009.

A copy of the Annual Report, including financial statements, is being mailed herewith, and is available on the Company's website at [www.umh.com](http://www.umh.com).

**INTERNET AVAILABILITY OF PROXY MATERIALS**

Under rules adopted by the U.S. Securities and Exchange Commission (SEC), you are able to obtain proxy materials via the Internet, instead of being mailed printed copies of those materials. This will expedite stockholders' receipt of proxy materials, lower the cost of the annual meeting, and help conserve natural resources. Please visit the website [www.proxyvote.com](http://www.proxyvote.com) to view electronic versions of proxy materials and the Company's 2008 Annual Report, and to request electronic delivery of future proxy materials. Have your proxy card or notice of internet availability in hand when you access the website and follow the instructions. You will need your 12 digit Control Number which is located on your proxy card or notice of internet availability.

## **VOTING RIGHTS**

Only holders of the Company's \$.10 par value common stock (Common Stock) of record as of the close of business on April 10, 2009, are entitled to vote at the Annual Meeting. As of the record date, there were issued and outstanding 11,153,164 shares of Common Stock, each share being entitled to one vote on any matter which may properly come before the Annual Meeting. Said voting right is non-cumulative. The holders of a majority of the outstanding shares of Common Stock shall constitute a quorum. An affirmative vote of a majority of the votes cast by the holders of the Common Stock is required for approval of Proposals 1 and 2.

## VOTING METHODS

Stockholders may vote using any of the following methods:

### **By Telephone or on the Internet**

You can vote by calling the toll-free telephone number on your Proxy Card or Notice. Please have your Proxy Card or Notice in hand when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. The website for Internet voting is [www.proxyvote.com](http://www.proxyvote.com). Please have your Proxy Card or Notice handy when you go online. As with telephone voting, you can confirm that your instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day, and will close at 11:59 pm. Eastern Daylight Time on June 8, 2009. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, the Company recommends that you follow the voting instructions in the materials you receive. If you vote by telephone or on the Internet, you do not have to return your Proxy Card.

### **By Mail**

If you received your Annual Meeting materials by mail, you may complete, sign and date the Proxy Card or voting instruction card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed Proxy Card but do not indicate your voting preferences, the persons named in the Proxy Card will vote the shares represented by that proxy as recommended by the Board of Directors.

### **In Person at the Annual Meeting**

All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the Annual Meeting.

Any stockholder giving the accompanying proxy has the power to revoke it at any time before it is exercised at the Annual Meeting by filing with the Secretary of the Company an instrument revoking it, by delivering a duly executed

proxy card bearing a later date, or by appearing at the meeting and voting in person. Shares represented by properly executed proxies will be voted as specified thereon by the stockholder. Unless the stockholder specifies otherwise, such proxies will be voted FOR the proposals set forth in the Notice of Annual Meeting.

The cost of preparing, assembling and distributing this Proxy Statement and form of proxy, and the cost of soliciting the proxies related to the Annual Meeting will be borne by the Company. The Company does not intend to solicit proxies otherwise than by use of the mail, internet and telephone, but certain officers and regular employees of the Company, without additional compensation, may use their personal efforts, by telephone or otherwise, to obtain proxies.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

The Company's charter and bylaws provide for a classified board of directors comprised of Class I, II, and III directors. Class III directors are scheduled to be elected at the annual meeting to serve until the Company's annual meeting of stockholders in 2012 and until their successors are duly elected and qualify. The three nominees for election as Class III directors are set forth below. In the event any nominee is unable to serve or will not serve as a director before the annual meeting, the proxy holders will vote all proxies received by them for any nominee designated by the Company's Board of Directors. In the event that additional persons are nominated for election as Class III directors, the proxy holders intend to vote all proxies received by them for the nominees listed below and against any other nominee. As of the date of this proxy statement, the Company's Board of Directors is not aware of any other individual who may properly be nominated for election as Class III directors at the annual meeting or of any nominee who is unable or unwilling to serve as director. The nominees listed below are currently each serving as a director of the Company.

The proxies solicited cannot be voted for a greater number of persons than the nominees named.

Anna T. Chew, Eugene W. Landy and Samuel A. Landy, nominees for director, are also directors of Monmouth Real Estate Investment Corporation, a publicly-owned affiliate of the Company. In addition, the Officers and Directors of the Company may engage in real estate transactions for their own account, which transactions may also be suitable for the Company. In most respects, the activities of the Company and Monmouth Real Estate Investment Corporation, are not in conflict, but rather complement each other. However, the activities of the Officers and Directors of the Company on behalf of the other companies, or for their own account, may on occasion conflict with those of the Company and deprive the Company of favorable opportunities. It is the opinion of the Officers and Directors of the Company that there have been no conflicting transactions since the beginning of the last fiscal year.

The following table sets forth information regarding the Directors standing for election and the Directors whose terms continue beyond the Annual Meeting:

**CLASS III DIRECTORS STANDING FOR ELECTION**

<b><u>Nominee</u></b>	<b><u>Age</u></b>	<b><u>Present Position with the Company; Business Experience During Past Five Years; Other Directorships</u></b>	<b><u>Director Since</u></b>
Anna T. Chew	50	<b>Vice President and Chief Financial Officer (1995 to present), Controller (1991 to 1995) and Director.</b> Certified Public Accountant; Chief Financial Officer (1991 to present) and director (1993 to 2004, and 2007 to present) of Monmouth Real Estate Investment Corporation, an affiliated company.	1995
Eugene W. Landy	75	<b>Chairman of the Board (1995 to present), President (1969 to 1995) and Director.</b> Attorney at Law; President, Chief Executive Officer and Director (1968 to present) of Monmouth Real Estate Investment Corporation, an affiliated company.	1969
Samuel A. Landy	48	<b>President (1995 to present), Vice President (1991 to 1995) and Director.</b> Attorney at Law; Director (1989 to present) of Monmouth Real Estate Investment Corporation, an affiliated company.	1992



**CLASS I DIRECTORS WHOSE TERMS EXPIRE IN 2010**

<b><u>Nominee</u></b>	<b><u>Age</u></b>	<b>Present Position with the Company; Business</b>	<b><u>Director Since</u></b>
		<b>Experience During Past Five Years; Other Directorships</b>	
James E. Mitchell	68	<b>Independent Director.</b> Attorney at Law; General Partner, Mitchell Partners, L.P. (1979 to present); President, Mitchell Capital Management, Inc. (1987 to present).	2001
Stephen B. Wolgin	55	<b>Independent Director.</b> Managing Director of U.S. Real Estate Advisors, Inc. (2000 to present), a real estate advisory services group based in New York; Partner with the Logan Equity Distressed Fund (2007 to present); Director (2003 to present) of Monmouth Real Estate Investment Corporation, an affiliated company; prior affiliations with J.P. Morgan, Odyssey Associates, The Prudential Realty Group, Standard & Poor's Corporation and Grubb and Ellis.	2007

**CLASS II DIRECTORS WHOSE TERMS EXPIRE IN 2011**

<b><u>Nominee</u></b>	<b><u>Age</u></b>	<b>Present Position with the Company; Business</b>	<b><u>Director Since</u></b>
		<b>Experience During Past Five Years; Other Directorships</b>	
Richard H. Molke	82	<b>Independent Director.</b> General Partner of Molke Family Limited Partnership (1994 to present).	1986
Eugene Rothenberg	76	<b>Independent Director.</b> Retired physician. Director (2007 to present) of Monmouth Real Estate Investment Corporation, an affiliated company.	1977

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION TO THE BOARD OF DIRECTORS OF EACH OF THE THREE PERSONS STANDING FOR ELECTION NAMED ABOVE**

### **Director Independence**

After the annual meeting, the Company will have a Board of Directors consisting of seven members. The Board of Directors has determined that four members, James E. Mitchell, Richard H. Molke, Eugene Rothenberg and Stephen B. Wolgin, are independent as defined by the rules of the Securities and Exchange Commission (SEC) and the listing standards of the NYSE Amex. Three members, Anna T. Chew, Eugene W. Landy, and Samuel A. Landy, are not considered independent directors because of their employment as senior executives of the Company.

### **Committees of the Board of Directors and Meeting Attendance**

The Board of Directors had four meetings during the last fiscal year. No Director attended fewer than 75% of the meetings.

The Company has a standing Audit Committee, Compensation Committee and Nominating Committee of the Board of Directors.

#### **Audit Committee**

The Audit Committee's responsibilities include reviewing and overseeing financial reporting, policies and procedures and internal controls, retaining the independent registered public accounting firm, approving the audit fees, and discussing the independence of the independent registered public accounting firm. It also oversees the internal audit function, legal and regulatory compliance and adherence to the Code of Business Conduct and Ethics, establishing procedures for complaints received regarding the Company's accounting, internal accounting controls and auditing matters. In addition, the Audit Committee prepares the Audit Committee Report which is included in the Company's annual proxy statements. The Audit Committee had four meetings during the fiscal year, including an executive session with the independent registered public accounting firm, in which management did not attend.

The current members of the Company's Audit Committee are James E. Mitchell, Richard H. Molke, Eugene Rothenberg and Stephen B. Wolgin. The Board has determined that each member of the Audit Committee is independent as defined by the rules of the SEC and the listing standards of the NYSE Amex, and that each of them is able to read and understand fundamental financial statements. The Board has also determined that James E. Mitchell and Stephen B. Wolgin are audit committee financial experts within the meaning of the rules of the SEC and are financially sophisticated within the meaning of the rules of the NYSE Amex.

**Compensation Committee**

The Compensation Committee evaluates the performance of the Chairman of the Board and the President in light of the Company's goals and objectives, determines the executive officers' compensation, which includes base salary and bonus, and administers the Company's 2003 Stock Option Plan. The Compensation Committee had one meeting during the last fiscal year. The current members of the Compensation Committee are James E. Mitchell, Richard H. Molke, Eugene Rothenberg and Stephen B. Wolgin. The Board has determined that each

member of the Compensation Committee is independent as defined by the rules of the SEC and the listing standards of the NYSE Amex.

### **Nominating Committee**

The Nominating Committee identifies, considers and recommends candidates to serve as members of the Board and makes recommendations regarding the structure and composition of the Board of Directors and Committees. The Nominating Committee had one meeting during the last fiscal year. The current members of the Nominating Committee are James E. Mitchell, Richard H. Molke, Eugene Rothenberg and Stephen B. Wolgin. The Board has determined that each member of the Nominating Committee is independent as defined by the rules of the SEC and the listing standards of the NYSE Amex. Our Nominating Committee does not operate under a written charter.

The principal function of the Nominating Committee is to review and select candidates for nomination to the Board of Directors. The Nominating Committee will consider director candidates recommended by the Company's stockholders. Recommendations with regard to nominees for election to the Board of Directors may be submitted by any stockholder entitled to vote for the election of directors in writing, received by the Secretary of the Corporation at least 90 days but not more than 120 days prior to the first anniversary of the date on which the Company mailed its proxy materials for the prior year's annual meeting of stockholders. Each notice of nomination must set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of common stock of the Company which are beneficially owned by each such nominee, and (iv) such other information as required by the SEC pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (Exchange Act).

In connection with the formation of the Nominating Committee, the Company's Board of Directors established certain minimum qualifications for board members, including being at least 21 years old and possessing (1) the ability to read and understand corporate financial statements, (2) relevant business experience and professional skills, (3) high moral character and personal and professional integrity, and (4) the willingness to commit sufficient time to attend to his or her duties and responsibilities as a director of a public corporation. In addition, the Nominating Committee may consider a variety of other qualities and skills, including (i) the ability to exercise independent decision-making, (ii) the absence of conflicts of interest and, (iii) the ability to work effectively with other directors in collectively serving the long-term interests of all stockholders. Nominees must also meet any applicable requirements of SEC regulations, state law, and the Company's articles of incorporation and bylaws.

The Nominating Committee has established a process for identifying and evaluating nominees for director. The Nominating Committee will annually assess the qualifications, expertise, performance and willingness to serve of existing directors. If at this time or at any other time during the year the Board of Directors determines a need to add a new director with specific qualifications or to fill a vacancy on the Board, the Chairman of the Nominating Committee will then initiate the search, seeking input from other directors and senior management, considering nominees previously submitted by stockholders, and, if deemed necessary or appropriate, hiring a search firm. An initial slate of candidates satisfying the specific qualifications, if any, and otherwise qualifying for membership on the Board, will then be identified and presented to the Nominating Committee by the Committee Chairman. The



Nominating Committee will then prioritize the candidates and determine if the Nominating Committee members, other directors or senior management have relationships with the preferred candidates and can initiate contacts. To the extent feasible, all of the members of the Nominating Committee and the President will interview the prospective candidate(s). Evaluations and recommendations of the interviewers will be submitted to the Nominating Committee for final evaluation. The Nominating Committee will meet to consider such recommendations and to approve the final candidate. The Nominating Committee will evaluate all nominees for director, including nominees recommended by a stockholder, on the same basis.

To date, there are no third parties being compensated for identifying and evaluating candidates.

### **Independent Director Meeting**

The Company's independent directors, as defined under the listing standards of the NYSE Amex, have established a policy to meet separately from the other directors in a regularly scheduled executive session at least annually, and at such times as may be deemed appropriate by the Company's independent directors. Any independent director may call an executive session of independent directors at any time.

### **Stockholder Communications**

The Company has established procedures for stockholders to communicate with the Board of Directors on a confidential basis. Stockholders who wish to communicate with the Board or with a particular director may send a letter to the Secretary of the Company at 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728. The mailing envelope must contain a clear notation indicating that the enclosed mailing is a "Stockholder-Board Communication" or "Stockholder-Director Communication". All such letters must identify the author as a stockholder and clearly state whether the intended recipients of the letter are all of the members of the Board or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the directors addressed. If a stockholder wishes the communication to be confidential, such stockholder must clearly indicate on the envelope that the communication is "Confidential". The Secretary will then forward such communication, unopened, to the intended recipient.

### **Code of Conduct**

The Company has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers, and employees of the Company, including its principal executive officers and principal financial officer. This code is posted on our website at <http://www.umh.com>. During 2008, no violations of the Code of Business Conduct and Ethics were reported nor were any waivers granted.





## **PROPOSAL 2**

### **APPROVAL OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

On June 25, 2008, the Company dismissed Reznick Group, P.C. as the Company's independent registered public accounting firm. The decision to change accountants was approved by the Audit Committee of the Board of Directors of the Company.

Effective as of June 25, 2008, the Audit Committee of the Company's Board of Directors, under authority granted by the Board of Directors, has appointed PKF, Certified Public Accountants, a Professional Corporation (PKF) as the Company's independent registered public accounting firm, to audit the accounts of the Company for the year ended December 31, 2008. There are no affiliations between the Company and PKF, its partners, associates or employees, other than its employment as the Company's independent registered public accounting firm. PKF informed the Company that it has no direct or indirect financial interest in the Company. The Company expects a representative of PKF to be present at the Annual Meeting either to make a statement or to respond to appropriate questions.

At the Company's annual meeting of stockholders, the Company's common stockholders will be asked to consider and vote on a proposal to approve the appointment of PKF as the Company's independent registered public accounting firm for the year ending December 31, 2009. The Company's charter and bylaws do not require that its stockholders ratify the appointment of PKF as the Company's independent registered public accounting firm. The Company is asking its common stockholders to ratify this appointment as a matter of good corporate practice. If the Company's common stockholders do not ratify the appointment of PKF, the Company's audit committee will reconsider whether or not to retain PKF as the Company's independent registered public accounting firm, but may determine to do so. Even if the appointment of PKF is ratified by the Company's common stockholders, the audit committee may change the appointment at any time during the year if it determines that a change would be in the best interest of the Company.

### **THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL**

### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table lists information with respect to the beneficial ownership of the Company's common stock as of April 10, 2009 by:

- 

each person known by the Company to beneficially own more than five percent of the Company's outstanding shares;

-

the Company's directors;

- 

the Company's executive officers; and

- 

all of the Company's executive officers and directors as a group.

Unless otherwise indicated, the person or persons named below have sole voting and investment power and that person's address is c/o UMH Properties, Inc., Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728. In determining the number and percentage of shares beneficially owned by each person, shares that may be acquired by that person under options exercisable within sixty (60) days of April 10, 2009 are deemed beneficially owned by that person and are deemed outstanding for purposes of determining the total number of outstanding shares for that person and are not deemed outstanding for that purpose for all other stockholders.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percentage of Shares Outstanding (2)
Wells Fargo & Company  733 Marquette Avenue, 5 <sup>th</sup> Floor  Minneapolis, MN 55402	959,957(3)	8.61%
Anna T. Chew	154,942(4)	1.38%
Eugene W. Landy	1,143,778(5)	10.26%
Samuel A. Landy	570,983(6)	5.00%
Michael P. Landy	184,625(7)	1.65%
James E. Mitchell	171,141(8)	1.53%
Richard H. Molke	109,656(9)	*
Eugene D. Rothenberg	83,651(10)	*
Stephen B. Wolgin	6,067(11)	*
Directors and Officers as a Group	2,424,843	21.11%

\* Less than 1%

(1)

Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the Company believes that the persons named in the table have sole voting and investment power with respect to all shares listed.

(2)

Based on the number of shares outstanding on April 10, 2009, which was 11,153,164 shares.

(3) Based on Schedule 13G as of December 31, 2008, filed with the SEC by Wells Fargo & Company, Wells Fargo & Company owns 959,957 Shares as of the close of business on that date.

(4)

Includes (a) 96,029 shares owned jointly with Ms. Chew's husband, (b) 8,913 shares held in Ms. Chew's 401(k) Plan, and (c) 50,000 shares issuable upon exercise of stock options. Excludes 10,000 shares issuable upon exercise of a stock option, which stock option is not exercisable until September 25, 2009.

(5)

Includes (a) 125,651 shares owned by Mr. Landy's wife, (b) 172,608 shares held by Landy Investments, Ltd. for which Mr. Landy has power to vote, (c) 65,912 shares held in the Landy & Landy Profit Sharing Plan of which Mr. Landy is a Trustee with power to vote, (d) 57,561 shares held in the Landy & Landy Pension Plan of which Mr. Landy is a Trustee with power to vote, (e) 50,000 shares held in the Eugene W. Landy Charitable Lead Annuity Trust, a charitable trust for which Mr. Landy has power to vote, (f) 75,000 shares held in the Eugene W. Landy and Gloria Landy Family Foundation, a charitable trust for which Mr. Landy has power to vote, (g) 5,000 shares held in Windsor Industrial Park, over which Mr. Landy has shared voting and dispositive power, and (h) 5,676 shares held in Juniper Plaza Associates, over which Mr. Landy has shared voting and dispositive power.

(6)

Includes (a) 32,737 shares owned jointly with Mr. Landy's wife, (b) 40,044 shares in custodial accounts for Mr. Landy's minor children under the NJ Uniform Transfers to Minors Act in which he disclaims any beneficial interest but has power to vote, (c) 6,221 shares in the Samuel Landy Limited Partnership, (d) 13,293 shares held in Mr. Landy's 401(k) Plan, and (e) 275,000 shares issuable upon exercise of stock options. Excludes 75,000 shares issuable upon exercise of a stock option, which stock option is not exercisable until January 7, 2010.

(7)

Includes (a) 8,058 shares owned by Mr. Landy's wife, (b) 32,517 shares in custodial accounts for Mr. Landy's minor children under the NJ Uniform Transfers to Minors Act in which he disclaims any beneficial interest but has power to vote, (c) 3,399 shares held in Mr. Landy's 401(k) Plan, and (d) 10,000 shares issuable upon exercise of a stock option. Excludes 5,000 shares issuable upon exercise of a stock option, which stock option is not exercisable until September 25, 2009.

(8)

Includes 136,173 shares held by Mitchell Partners in which Mr. Mitchell has a beneficial interest.

(9)

Includes 50,563 shares owned by Mr. Molke's wife.

(10)

Includes 56,878 shares held by Rothenberg Investments, Ltd. in which Dr. Rothenberg has a beneficial interest.

(11)

Includes 691 shares in custodial accounts for Mr. Wolgin's minor children under the NJ Uniform Transfers to Minors Act in which he disclaims any beneficial interest but has power to vote.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Overview of Compensation Program**

The Compensation Committee (for purposes of this analysis, the "Committee") of the Board has been appointed to discharge the Board's responsibilities relating to the compensation of the Company's executive officers. The Committee has the overall responsibility for approving and evaluating the executive officer compensation plans, policies and programs of the Company. The Committee's primary objectives include serving as an independent and objective party to review such compensation plans, policies and programs.

Throughout this proxy statement, the individuals who served as the Company's chief executive officer and chief financial officer during fiscal 2008, as well as the other individuals included in the Summary Compensation Table presented below, are sometimes referred to in this proxy statement as the "named executive officers."

#### **Compensation Philosophy and Objectives**

The Compensation Committee believes that a well-designed compensation program should align the goals of the stockholders with the goals of the chief executive officer, and that a significant part of the executive's compensation, over the long term, should be dependent upon the value created for stockholders. In addition, all executives should be held accountable through their compensation for the performance of the Company, and compensation levels should also reflect the executive's individual performance in an effort to encourage increased individual contributions to the Company's performance. The compensation philosophy, as reflected in the Company's employment agreements with its executives, is designed to motivate executives to focus on operating results and create long-term stockholder value by:

establishing a plan that attracts, retains and motivates executives through compensation that is competitive with a peer group of other publicly-traded real estate investment trusts, or REITs;

linking a portion of executives' compensation to the achievement of the Company's business plan by using measurements of the Company's operating results and stockholder return; and

building a pay-for-performance system that encourages and rewards successful initiatives within a team environment.

The Compensation Committee believes that each of the above factors is important when determining compensation levels for named executive officers. The Committee reviews and approves the employment contracts for the Chairman of the Board and President, including performance goals and objectives. The Committee annually evaluates performance of these executive officers in light of those goals and objectives. The Committee considers the Company's performance, relative stockholder return, the total compensation provided to comparable officers at similarly-situated companies, and compensation given to named executive



officers in prior years. The Committee uses the Residential Sector of the Real Estate Compensation Survey (the survey), produced under the guidance of the National Association of Real Estate Investment Trusts (NAREIT), as a guide to setting compensation levels. Participant company data is not presented in a manner that specifically identifies any named individual or company. This survey details compensation by position type with statistical salary and bonus information for each position. The Company's salary and bonus amounts are compared to the ranges presented for reasonableness. To that end, the Committee believes executive compensation packages provided by the Company to its executive officers should include both base salaries and annual bonus awards that reward corporate and individual performance, as well as give incentives to those executives who meet or exceed established goals.

### **Role of Executive Officers in Compensation Decisions**

The Committee makes all final compensation decisions for the Company's executive officers. The president annually reviews the performance of the chief financial officer and then presents his conclusions and recommendations to the Committee with respect to base salary adjustments and annual cash bonus and stock option awards. The Committee exercises its own discretion in modifying any recommended adjustments or awards, but does consider the recommendations from the president.

### **Role of Grants of Stock Options in Compensation Analysis**

The Committee views the grant of stock options as a form of long-term compensation. The Committee believes that the grant of these options promotes the Company's goal of retaining key employees, and aligns the key employee's interests with those of the Company's stockholders from a long-term perspective.

### **Role of Employment Agreements in Determining Executive Compensation**

Each of the Company's currently employed executive officers is a party to an employment agreement. These agreements provide for base salaries, bonuses and customary fringe benefits.

### **Base Salaries**

Base salaries are paid for ongoing performance throughout the year. In order to compete for and retain talented executives who are critical to the Company's long-term success, the Committee has determined that the base salaries of executive officers should approximate those of executives of other equity REITs that compete with the Company for employees, investors and business, while also taking into account the executive officers' performance and tenure and the Company's performance relative to its peer companies within the REIT sector.

**Bonuses**

In addition to the provisions for base salaries under the terms of our employment agreements, the President is entitled to receive an annual cash bonus of up to 21% of base salary, based on the achievement of certain performance goals (7% of base salary for achievement of each performance goal) set by the Committee. The following are the performance goals for the President:

a.

FFO per share to increase 5% per year. Income to be calculated based on ordinary park operation including sales of homes after tax income. Extraordinary one time items are not to be included for performance purposes. Any increase or decrease in the number of shares is to be adjusted so that the determination is based on a constant number of shares.

b.

There shall be a minimum of 175 new home sales per year.

c.

Occupancy to increase 25 units per year, not including any increased occupancy occurring through acquisitions.

### **Stock Options**

The employment agreements also provide that certain executives are eligible for grants of stock options.

### **Perquisites and Other Personal Benefits**

The Company's employment agreements provide the executive officers with perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to the executive officers.

The named executive officers are provided the following benefits under the terms of their employment agreements: an allotted number of paid vacation weeks; eligibility for the executive and his spouse and dependents in all Company sponsored employee benefits plans, including 401(k) plan, group health, accident, and life insurance, on such terms no less favorable than applicable to any other executive; use of an automobile; and, supplemental long-term disability insurance, at the Company's cost, as agreed to by the Company and the executive. Attributed costs of the personal benefits described above for the named executive officers for the year ended December 31, 2008, are included in All Other Compensation of the Summary Compensation Table provided below.

In addition, the executives' employment agreements each contain provisions relating to payments upon change in control events and severance upon termination for events other than without cause or good reason (as defined under the terms of the employment agreements). These change in control and severance terms are designed to promote stability and continuity of senior management. Information regarding these provisions is included in Employment Agreements provided below.

### **Evaluation**

Mr. Eugene Landy is under an employment agreement with the Company. His base compensation under his amended contract was increased in 2004 to \$175,000 per year. Mr. Eugene Landy also received \$19,801 in director's fees and fringe benefits.

The Committee also reviewed the progress made by Mr. Samuel A. Landy, President, including funds from operations. Mr. Samuel Landy is under an employment agreement with the Company. His base compensation under this contract was \$363,739 for 2008. Mr. Samuel Landy also received bonuses totaling \$43,452 and \$23,750 in director's fees and fringe benefits. These bonuses were primarily based upon his meeting certain performance goals.

Ms. Chew is under an employment agreement with the Company. Her base compensation under this contract is \$248,208 for 2008. Ms. Chew also received bonuses totaling \$24,547 and \$26,220 in director's fees and fringe benefits. These bonuses were based on performance, recommended by the president and approved by the Committee.

Ms. Nagelberg is under an employment agreement with the Company. Her base compensation under this contract is \$169,644 for 2008. Ms. Nagelberg also received bonuses totaling \$8,525. These bonuses were based on performance, recommended by the president and approved by the Committee.

In addition to its determination of the executive's individual performance levels for 2008, the Committee also compared the executive's total compensation for 2008 to that of similarly-situated personnel in the REIT industry. The Committee used the Residential Sector of the Real Estate Compensation Survey (the survey), produced under the guidance of the National Association of Real Estate Investment Trusts (NAREIT), as a guide to setting compensation levels. Participant company data is not presented in a manner that specifically identifies any named individual or company. This survey details compensation by position type with statistical salary and bonus information for each position. The Company's salary and bonus amounts were compared to the ranges presented for reasonableness. The Company's total compensation fell in the lowest range (25th percentile) of this survey.

### **Compensation Committee Report**

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee:

James E. Mitchell

Richard H. Molke

Eugene Rothenberg

Stephen B. Wolgin



**SUMMARY COMPENSATION TABLE**

The following Summary Compensation Table shows compensation paid by the Company for services rendered during 2008, 2007 and 2006 to the Chairman of the Board, President, Vice President and General Counsel. There were no other executive officers whose aggregate cash compensation exceeded \$100,000:

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Option Awards (6)</b>	<b>All Other Compen-sation</b>	<b>Total</b>
Eugene W. Landy Chairman of the Board	2008	\$175,000	\$ -0-	\$ -0-	\$19,801 (1)	\$194,801
	2007	175,000	-0-	-0-	18,801 (1)	193,801
	2006	175,000	-0-	-0-	36,300 (2)	211,300
Samuel A. Landy President	2008	363,739	43,452	32,268	23,750 (3)	463,209
	2007	363,739	42,239	67,876	22,600 (3)	496,454
	2006	346,418	63,513	69,318	25,600 (3)	504,849
Anna T. Chew (5) Vice President	2008	248,208	24,547	2,800	26,220 (3)	301,775
	2007	236,389	22,092	12,600	25,070 (3)	296,151
	2006	225,133	23,659	15,000	25,969 (3)	289,761
Allison Nagelberg General Counsel	2008	169,644	8,525	1,400	-0-	179,569
	2007	149,138	3,107	6,300	-0-	158,545
	2006	-0-	-0-	-0-	143,202 (4)	143,202

(1)  
Represents Director s fees of \$17,000 and \$16,000 for 2008 and 2007, respectively, and fringe benefits.

(2)  
Represents Director s fees of \$16,000, legal fees of \$17,500 and fringe benefits.

(3)

Represents Director's fees of \$17,000, \$16,000 and \$16,000 for 2008, 2007 and 2006, respectively, fringe benefits and discretionary contributions by the Company to the Company's 401(k) Plan allocated to an account of the named executive officer.

(4)

Prior to 2007, Ms. Nagelberg worked as an independent contractor. Total payments to Ms. Nagelberg amounted to \$143,202 for 2006.

(5)

Approximately 25% of her compensation is billed to MREIC and, prior to the merger, MCC.

(6)

These values were established using the Black-Scholes stock option valuation model. The following weighted-average assumptions were used in the model for 2008, 2007, and 2006, respectively: expected volatility of 18.52%, 18.09% and 18.50%; risk-free interest rate of 3.46%, 4.79% and 4.63%; dividend yield of 8.13%, 6.54% and 6.33%; expected life of the options of eight years; and forfeitures of \$-0-. The actual value of the options will depend upon the performance of the Company during the period of time the options are outstanding and the price of the Company's common stock on the date of exercise.



(7)

Michael P. Landy, the Company's Vice President Investments, is paid by Monmouth Real Estate Investment Corporation (MREIC), a related company. Approximately 40% of his compensation cost, or \$75,000 for 2008, is allocated to the Company by MREIC, pursuant to a cost sharing agreement between the Company and MREIC.

Please see MREIC's annual report on Form 10-K for details of Mr. Michael Landy's employment agreement and compensation arrangement. Mr. Michael Landy also received stock options to purchase 5,000 and 10,000 shares of the Company's common stock, for 2008 and 2007, respectively. The estimated value of these options based on the Black-Scholes stock option valuation model as described in (5) above was \$1,400 and \$12,600 for 2008 and 2007, respectively.

### GRANTS OF PLAN-BASED AWARDS

On August 14, 2003, the stockholders approved and ratified the Company's 2003 Stock Option Plan (the 2003 Plan) authorizing the grant to officers and key employees of options to purchase up to 1,500,000 shares of common stock.

All options are exercisable one year from the date of grant. The option price shall not be below the fair market value at date of grant. If options granted under the 2003 Plan expire or terminate for any reason without having been exercised in full, the Shares subject to, but not delivered under, such options shall become available for additional option grants under the 2003 Plan. This Plan replaced the Company's 1994 Stock Option Plan which, pursuant to its terms, terminated December 31, 2003. The outstanding options granted under this plan remain outstanding until exercised, forfeited or expired.

The following table sets forth, for the executive officers named in the Summary Compensation Table, information regarding individual grants of stock options made during the year ended December 31, 2008:

Name	Grant Date	Number of Shares Underlying Options (1)	Exercise Price of Option Award	Grant Date Fair Value (2)
Samuel A. Landy	01/08/08	7,700	\$12.97	\$3,927
Samuel A. Landy	01/08/08	42,300	11.79	28,341
Anna T. Chew	09/25/08	10,000	7.55	2,800
Allison Nagelberg	09/25/08	5,000	7.55	1,400

(1)

These options expire 8 years from grant date.

(2)

These values were established using the Black-Scholes stock option valuation model. The following weighted-average assumptions were used in the model: expected volatility of 18.52%; risk-free interest rate of 3.46%; dividend yield of 8.13%; expected life of the options of eight years; and forfeitures of \$-0-. The actual value of the options will depend upon the performance of the Company during the period of time the options are outstanding and the price of the Company's common stock on the date of exercise.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth for the executive officers named in the Summary Compensation Table, information regarding stock options outstanding at December 31, 2008:

Name	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date
	Exercisable	UnExercisable (1)		
Samuel A. Landy	25,000		\$12.95	01/04/10
Samuel A. Landy	25,000		16.92	08/18/11
Samuel A. Landy	25,000		18.62	01/16/12
Samuel A. Landy	6,400		17.19	02/01/13
Samuel A. Landy	43,600		15.62	02/01/13
Samuel A. Landy	5,800		17.21	01/09/14
Samuel A. Landy	44,200		15.62	01/09/14
Samuel A. Landy	5,800		17.06	01/03/15
Samuel A. Landy	44,200		15.51	01/03/15
Samuel A. Landy		7,700	12.97	01/08/16
Samuel A. Landy		42,300	11.79	01/08/16
Anna T. Chew	10,000		15.00	08/25/11
Anna T. Chew	10,000		13.05	07/06/12
Anna T. Chew	10,000		15.05	07/18/13
Anna T. Chew	10,000		15.15	07/21/14
Anna T. Chew	10,000		14.21	07/19/15
Anna T. Chew		10,000	7.55	09/25/16
Michael P. Landy	10,000		14.21	07/19/15
Michael P. Landy		5,000	7.55	09/25/16
Allison Nagelberg	5,000		14.21	07/19/15
Allison Nagelberg		5,000	7.55	09/25/16

(1) All options are exercisable one year from date of grant, January 8, 2009 for Mr. Samuel Landy and September 25, 2009 for Ms. Chew, Mr. Michael Landy and Ms. Nagelberg.

### **Employment Agreements**

The Company has an Employment Agreement with Mr. Eugene W. Landy, Chairman of the Board. Under this agreement, Mr. Landy received an annual base compensation of \$150,000 (as amended) plus bonuses and customary fringe benefits, including health insurance, participation in the Company's 401(k) Plan, stock options, five weeks vacation and use of an automobile. Additionally, there may be bonuses voted by the Board of Directors. The Employment Agreement is terminable by either party at any time subject to certain notice requirements. On severance of employment by the Company, Mr. Landy will receive severance of \$450,000, payable \$150,000 on severance and \$150,000 on the first and second anniversaries of severance. In the event of disability, Mr. Landy's compensation will continue for a period of three years, payable monthly. On retirement, Mr. Landy will receive a pension of \$50,000 a year

for ten years, payable in monthly installments. In the event of death, Mr. Landy's designated beneficiary will receive \$450,000, \$100,000 thirty days after death and the balance one year after death. The Employment Agreement automatically renews each year for successive one-year periods. Effective January 1, 2004, this agreement was amended to increase Mr. Landy's annual base compensation to \$175,000. Additionally, Mr. Landy's pension benefit of \$50,000 per year has been extended for an additional three years. On April 14, 2008, the Company executed a Second Amendment to the Employment Agreement with Mr. Landy (the second amendment). The second amendment provides that in the event of a change in control, Eugene W. Landy shall receive a lump sum payment of \$1,200,000, provided the sale price of the Company is at least \$16 per share of common stock. A change of control shall be defined as the consummation of a reorganization, merger, share exchange, consolidation, or sale or disposition of all or substantially all of the assets of the Company. This change of control provision shall not apply to any combination between the Company and MREIC. Payment shall be made simultaneously with the closing of the transaction, and only in the event that the transaction closes.

Effective January 1, 2005, the Company and Samuel A. Landy, President and Chief Executive Officer, entered into a three-year Employment Agreement under which Mr. Samuel Landy receives an annual base salary of \$329,922 for 2005, \$346,418 for 2006 and \$363,739 for 2007 plus bonuses and customary fringe benefits. Bonuses are at the discretion of the Board of Directors and are based on certain guidelines. Mr. Samuel Landy will also receive four weeks vacation, use of an automobile, and stock options for 50,000 shares in each year of the contract. On severance by the Company, Mr. Samuel Landy is entitled to one year's salary. In the event of disability, Mr. Samuel Landy will receive lost wages from a disability insurance policy. In the event a merger of the Company, sale or change of control, Mr. Landy shall have the right to extend and renew this Employment Agreement so that the expiration date will be three years from the date of merger, sale or change of control. Mr. Samuel Landy's salary remained at \$363,739 for 2008.

Effective January 1, 2009, the Company and Samuel A. Landy entered into a new three-year Employment Agreement under which Mr. Samuel Landy receives an annual base salary of \$300,000 for 2009, \$315,000 for 2010 and \$330,000 for 2011, subject to increases in Funds from Operations (FFO) of 3% per year or 9% over the three-year period. If this increase is not met, the salary increase will be limited to the increase in the consumer price index. Bonuses are based on performance goals relating to FFO, home sales, occupancy and acquisitions, with a maximum of 21% of salary. Mr. Samuel Landy will also receive stock options to purchase 75,000 shares in January 2009 and 25,000 shares in January 2010. Mr. Samuel Landy will receive customary fringe benefits, four weeks vacation, reimbursement of reasonable and necessary business expenses and use of an automobile. The Company will reimburse Mr. Samuel Landy for the cost of a disability insurance policy. In the event of a merger, sale or change of voting control of the Company, excluding transactions between the Company and MREIC, Mr. Samuel Landy will have the right to extend and renew this employment agreement so that the expiration date will be three years from the date of merger, sale or change of voting control, or the employee may terminate the employment agreement and be entitled to receive one year's compensation in accordance with the agreement. If there is a termination of employment by the Company for any reason, either involuntary or voluntary, including the death of the employee, the employee shall be entitled to the greater of the salary due under the remaining term of the agreement or one year's compensation at the date of termination, paid monthly over the remaining term or life of the agreement.



Effective January 1, 2006, the Company and Anna T. Chew, Vice President and Chief Financial Officer, entered into a three-year Employment Agreement. Ms. Chew will receive an annual base salary of \$225,133 for 2006, plus bonuses and customary fringe benefits. Each year Ms. Chew will receive a 5% increase in her base salary. Ms. Chew will also receive four weeks vacation, use of an automobile, and stock options for 10,000 shares in each year of the contract. On severance by the Company, Ms. Chew is entitled to an additional one year's salary. In the event of disability, Ms. Chew will receive lost wages from a disability insurance policy. In the event of a merger of the Corporation, sale or change of control, Ms. Chew shall have the right to extend and renew this Employment Agreement so that the expiration date will be three years from the date of merger, sale or change of control.

Effective January 1, 2009, the Company and Anna T. Chew entered into a new three-year employment agreement, under which Ms. Chew receives an annual base salary of \$248,200 for 2009, \$260,600 for 2010 and \$273,700 for 2011, plus bonuses and customary fringe benefits. Ms. Chew will also receive four weeks vacation, reimbursement of reasonable and necessary business expenses and use of an automobile. The Company will reimburse Ms. Chew for the cost of a disability insurance policy such that, in the event of the employee's disability for a period of more than 90 days, the employee will receive benefits up to 60% of her then-current salary. In the event of a merger, sale or change of voting control of the Company, excluding transactions between the Company and MREIC, the employee will have the right to extend and renew this employment agreement so that the expiration date will be three years from the date of merger, sale or change of voting control, or the employee may terminate the employment agreement and be entitled to receive one year's compensation in accordance with the agreement. If there is a termination of employment by the Company for any reason, either involuntary or voluntary, including the death of the employee, other than a termination for cause as defined by the agreement, the employee shall be entitled to the greater of the salary due under the remaining term of the agreement or one year's compensation at the date of termination, paid monthly over the remaining term or life of the agreement.

Effective January 1, 2007, the Company and Allison Nagelberg, General Counsel, entered into a three-year employment agreement, under which Ms. Nagelberg receives an annual base salary of \$161,566 for 2007, \$169,977 for 2008 and \$178,126 for 2009, plus bonuses and customary fringe benefits. Ms. Nagelberg will also receive four weeks vacation and reimbursement of reasonable and necessary business expenses. Pursuant to this employment agreement, the Company's president must request annually that the Company's stock option committee grant Ms. Nagelberg an option to purchase 5,000 shares of the Company's common stock, although the employment agreement does not require that the stock option committee grant any options. In the event of a merger, sale or change of voting control of the Company, the employee will have the right to extend and renew this employment agreement so that the expiration date will be three years from the date of merger, sale or change of voting control. If there is a termination of employment for any reason, either involuntary or voluntary, including the death of the employee, the employee shall be entitled to one year's compensation.

### **Other Information**

Except as provided in the specific agreements described above, the Company has no pension or other post-retirement plans in effect for Officers, Directors or employees. The Company's employees may elect to participate in the Company's 401(k) Plan.





**DIRECTOR COMPENSATION**

The Directors receive a fee of \$1,500 for each Board meeting attended, \$500 for each Board phone meeting and an additional fixed annual fee of \$10,000, payable \$2,500 quarterly. Directors appointed to house committees receive \$150 for each meeting attended. Those specific committees are Compensation Committee, Audit Committee and Nominating Committee.

The following table sets forth a summary of director compensation for the fiscal year ended December 31, 2008:

Director	Annual Board Cash Retainer	Fees Earned or Paid in Cash		Total
		Meeting Fees	Committee Fees	
Ernest Bencivenga (1)	\$10,000	\$7,000	\$-0-	\$17,000
Anna T. Chew	10,000	7,000	-0-	17,000
Charles Kaempffer (1)	10,000	7,000	600	17,600
Eugene W. Landy	10,000	7,000	-0-	17,000
Samuel A. Landy	10,000	7,000	-0-	17,000
James E. Mitchell (2)	10,000	7,000	900	17,900
Richard H. Molke (2)	10,000	7,000	900	17,900
Eugene Rothenberg (2)	10,000	7,000	900	17,900
Robert G. Sampson (1)	-0-	1,500	-0-	1,500
Stephen B. Wolgin (2)	10,000	7,000	900	17,900
<b>Total</b>	<b>\$90,000</b>	<b>\$64,500</b>	<b>\$4,200</b>	<b>\$158,700</b>

(1)

Emeritus directors are retired directors who are not entitled to vote on board resolutions; however they receive directors fees for participation in the board meetings.

(2)

Mr. Mitchell, Mr. Molke, Mr. Rothenberg and Mr. Wolgin are members of the audit committee, the compensation committee and the nominating committee. The Board has determined that Mr. Mitchell and Mr. Wolgin are considered an audit committee financial expert within the meaning of the rules of the SEC and are financially sophisticated within the meaning of the listing requirements of the NYSE Amex.

**Compensation Committee Interlocks and Insider Participation**

There are no compensation committee interlocks and no member of the compensation committee has served as an officer or employee of the Company or any of its subsidiaries at any time.

### **REPORT OF THE AUDIT COMMITTEE**

The Board of Directors adopted a written charter for the Audit Committee in March, 2001. The Board of Directors amended this charter in January 2008 to state the responsibilities of the Chair of the Audit Committee. The amended charter is available on the Company's website [www.umh.com](http://www.umh.com).

The Company has an Audit Committee consisting of four independent Directors, as defined by the listing standards of the NYSE Amex. The Audit Committee's role is to act on behalf of the Board of Directors in the oversight of all material aspects of the Company's reporting, internal control and audit functions.

We have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2008.

We have discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees.

We have received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by Independence Standard No. 1, Independence Discussions with Audit Committees, and have discussed with the registered public accounting firm the independence of the independent registered public accounting firm.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Audit Committee:

James E. Mitchell

Richard H. Molke

Eugene Rothenberg

Stephen B. Wolgin

#### **Fees Billed by Independent Auditors**

Reznick Group (Reznick) served as the Company's independent registered public accountants for the years ended December 31, 2007 and 2006 and the first quarter of the year ended December 31, 2008. The following are fees billed by and accrued to Reznick in connection with services rendered:

	<u>2008</u>	<u>2007</u>
Audit Fees	\$17,000	\$130,000
Audit Related Fees	-0-	-0-
Tax Fees	-0-	45,000
All Other Fees	-0-	-0-
Total Fees	\$17,000	\$175,000

Audit fees include professional services rendered for the audit of the Company's annual financial statements, management's assessment of internal controls, and reviews of financial statements included in the Company's quarterly reports on Form 10-Q.

Audit related fees include services that are normally provided by the Company's independent registered public accounting firm in connection with statutory and regulatory filings, such as consents and assistance with and review of documents filed with the Securities and Exchange Commission.

Tax fees include professional services rendered for the preparation of the Company's federal and state corporate tax returns and supporting schedules as may be required by the Internal Revenue Service and applicable state taxing authorities. Tax fees also include other work directly affecting or supporting the payment of taxes, including planning and research of various tax issues.

PKF served as the Company's independent registered public accountants for the quarters ended June 30, 2008 and September 30, 2008 and for the year ended December 31, 2008. The following are fees billed by and accrued to PKF in connection with services rendered:

	<u>2008</u>	<u>2007</u>
Audit Fees	\$115,000	\$-0-
Audit Related Fees	-0-	-0-
Tax Fees	40,000	-0-
All Other Fees	-0-	-0-
Total Fees	\$155,000	\$-0-

Audit fees include professional services rendered for the audit of the Company's annual financial statements, management's assessment of internal controls, and reviews of financial statements included in the Company's quarterly reports on Form 10-Q.

Audit related fees include services that are normally provided by the Company's independent auditors in connection with statutory and regulatory filings, such as consents and assistance with and review of documents filed with the Securities and Exchange Commission.

Tax fees include professional services rendered for the preparation of the Company's federal and state corporate tax returns and supporting schedules as may be required by the Internal Revenue Service and applicable state taxing authorities. Tax fees also include other work directly affecting or supporting the payment of taxes, including planning and research of various tax issues.

**Audit Committee Pre-Approval Policy**

The Audit Committee has adopted a policy for the pre-approval of audit and permitted non-audit services provided by the Company's principal independent registered public accounting firm. The policy requires that all services provided by our principal independent registered public accounting firm to the Company, including audit services, audit-related services, tax services and other services, must be pre-approved by the Committee. The pre-approval requirements do not prohibit day-to-day normal tax consulting services, which matters will not exceed \$10,000 in the aggregate.

The Audit Committee has determined that the provision of the non-audit services described above is compatible with maintaining PKF's independence.

### **COMPARATIVE STOCK PERFORMANCE**

The line graph compares the total return of the Company's common stock for the last five years to the FTSE NAREIT ALL REIT Total Return Index published by the National Association of Real Estate Investment Trusts (NAREIT) and to the S&P 500 Index for the same period. The total return reflects stock price appreciation and dividend reinvestment for all three comparative indices. The information herein has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness is guaranteed.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

There are no family relationships between any of the Directors or executive officers of the Company, except that Samuel A. Landy and Michael P. Landy are the sons of Eugene W. Landy, the Chairman of the Board and a Director

of the Company.

Eugene W. Landy and Samuel A. Landy are partners in the law firm of Landy & Landy, which firm, or its predecessor firms, have been retained by the Company as legal counsel since the formation of the Company, and which firm the Company proposes to retain as legal counsel for the current fiscal year. The Company now uses outside counsel for most of the legal services required. The New Jersey Supreme Court has ruled that the relationship of directors also serving as outside counsel is not per se improper, but the attorney should fully discuss the issue of conflict with the other directors and disclose it as part of the proxy statement so that stockholders can consider the conflict issue when voting for or against the attorney/director nominee.



No director, executive officer, or any immediate family member of such director or executive officer may enter into any transaction or arrangement with the Company without the prior approval of the Board of Directors. The Board of Directors will appoint a Business Judgment Committee consisting of independent directors who are also independent of the transaction or arrangement. This Committee will recommend to the Board of Directors approval or disapproval of the transaction or arrangement. In determining whether to approve such a transaction or arrangement, the Business Judgment Committee will take into account, among other factors, whether the transaction was on terms no less favorable to the Company than terms generally available to third parties and the extent of the executive officer's or director's involvement in such transaction or arrangement. While the Company does not have specific written standards for approving such related party transactions, such transactions are only approved if it is in the best interest of the Company and its stockholders. Additionally, the Company's Code of Business Conduct and Ethics requires all directors, officers and employees who may have a potential or apparent conflict of interest to immediately notify the Company's General Counsel. Further, to identify related party transactions, the Company submits and requires our directors and executive officers to complete director and officer questionnaires identifying any transactions with the Company in which the director, executive officer or their immediate family members have an interest.

There are five Directors of the Company who are also Directors and stockholders of MREIC. Anna T. Chew, Eugene W. Landy and Samuel A. Landy, nominees for Director, are also Directors of MREIC. The Company holds common stock and convertible debentures of MREIC in its securities portfolio.

### **Transactions with Monmouth Real Estate Investment Corporation**

On July 31, 2007, Monmouth Real Estate Investment Corporation (MREIC) and Monmouth Capital Corporation (MCC), both related entities to the Company, completed a strategic combination whereby a wholly-owned subsidiary of MREIC merged with and into MCC, and MCC survived as a wholly-owned subsidiary of MREIC. Each outstanding share of MCC's common stock was converted into and exchanged for 0.655 shares of MREIC's common stock. At the time of the merger, the Company had 107,403 shares of MCC common stock which was converted and exchanged for 70,349 shares of MREIC's common stock. Additionally, the Company's \$1,000,000 investment in MCC's outstanding 8% Convertible Subordinated Debentures due 2013 (2013 debentures) is now convertible into MREIC common stock at an adjusted conversion price of \$9.16 per share. The Company's \$5,000,000 investment in MCC's outstanding 8% Convertible Subordinated Debentures due 2015 is now convertible into MREIC common stock at an adjusted conversion price of \$11.45 per share. On October 10, 2008, MREIC repurchased the Company's \$1,000,000 investment in MCC's 2013 debentures. The repurchase was at par.

Prior to the merger of MREIC and MCC, the Company operated as part of a group of three public companies (all REITs) which includes the Company, MREIC and MCC, (collectively the affiliated companies). Some general and administrative expenses were allocated among the affiliated companies based on use or services provided. Allocations of salaries and benefits are made based on the amount of the employees' time dedicated to each affiliated company. Subsequent to the merger, shared expenses are allocated between the Company and MREIC.



The Company has purchased shares of MREIC common stock primarily through MREIC's Dividend Reinvestment and Stock Purchase Plan. On September 13, 2007, the Company purchased 1,000,000 shares of MREIC common stock from Palisade Concentrated Equity Partnership, L.P. (Palisade), an unrelated entity. The total consideration for the purchase was \$8,500,000. On November 23, 2007, the Company purchased an additional 325,704 shares of MREIC common stock from Palisade for a total consideration of \$2,768,484. In addition to the convertible debentures, the Company now owns a total of 1,537,998 shares of MREIC common stock, representing 6.2% of the total shares outstanding at December 31, 2008.

### **Other Matters**

The Company has employment agreements with certain executive officers, which in addition to base compensation, bonuses and fringe benefits, provides for specified retirement benefits. The Company has accrued these benefits on a present value basis over the terms of the agreements. Amounts accrued under these agreements were \$567,058 and \$597,058 at December 31, 2008 and 2007, respectively.

In August, 1999, the Company entered into a lease for its corporate offices. The lease is for a five-year term at market rates with monthly lease payments of \$12,000, plus its proportionate share of real estate taxes and common area maintenance. The lessor of the property is owned by certain officers and directors of the Company. The lease payments and the resultant lease term commenced on May 1, 2000. Approximately 50% of the monthly lease payment of \$12,000, plus its proportionate share of real estate taxes and common area maintenance is reimbursed by other related entities utilizing the leased space (Monmouth Real Estate Investment Corporation and Monmouth Capital Corporation). On May 1, 2005, the Company renewed this lease for an additional five-year term. The monthly lease payment was increased to \$15,000, plus its proportionate share of real estate taxes and common area maintenance.

### **COMPLIANCE WITH EXCHANGE ACT FILING REQUIREMENTS**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's Officers and Directors, and persons who own more than 10% of the Company's Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, Directors and greater than 10% stockholders are required by Securities and Exchange Commission regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on review of the copies of such forms furnished to the Company, the Company believes that, during the year, all Section 16(a) filing requirements applicable to its Officers, Directors and greater than 10% beneficial owners were met.

### **OTHER MATTERS**

The Board of Directors knows of no other matters other than those stated in this Proxy Statement which are to be presented for action at the Annual Meeting. If any other matters should properly come before the Annual Meeting, it is intended that proxies in the accompanying form will be voted on any such matter in accordance with the judgment of the persons voting such proxies. Discretionary authority to vote on such matters is conferred by such proxies upon the persons voting them.

**The Company will provide, without charge, to each person being solicited by this Proxy Statement, on the written request of any such person, a copy of the Annual Report of the Company on Form 10-K for the year ended December 31, 2008 (as filed with the Securities and Exchange Commission), including the financial statements and schedules thereto.** All such requests should be directed to UMH Properties, Inc., Attention: Stockholder Relations, Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728.

### **STOCKHOLDER PROPOSALS**

In order for Stockholder Proposals for the 2010 Annual Meeting of Stockholders to be eligible for inclusion in the Company's 2010 Proxy Statement, they must be received by the Company at its office at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728 not later than December 4, 2009.

### **BY ORDER OF THE BOARD OF DIRECTORS**

**/s/Elizabeth Chiarella**

**Elizabeth Chiarella**

**Secretary**

Dated: April 28, 2009

**Important:** Stockholders can help the Directors avoid the necessity and expense of sending follow-up letters to insure a quorum by promptly casting their vote. The proxy is revocable and will not affect your right to vote in person in the event you attend the meeting. You are earnestly requested to cast your vote in order that the necessary quorum may be represented at the meeting.

